

# INVENTORY OF ASSISTANCE INSTRUMENTS IN THE FISHING INDUSTRY AND MANAGEMENT SYSTEMS

## INTRODUCTION

In 1992 the Committee for Fisheries endorsed the ad hoc Expert Group's recommendations for future work into the measurement of economic assistance to the fishing industry.

The ad hoc Expert Group recommended that the work be broadened to incorporate domestic support measures in addition to the restrictions to trade originally included in the document. The areas of assistance to be documented were:

### Section 1: Harvesting sector

- Border measures:
  - Fishing services (harvesting)
  - The free movement of capital and labour
- Domestic measures:
  - Harvesting sector

### Section 2: Processing sector

- Border measures:
  - Commodity trade
    - Raw fish
    - Processed fish
  - Processing services
- Domestic measures:
  - Processing sector

### Section 3: Domestic management systems

The Secretariat has compiled information in these areas as supplied by Member countries and other sources in particular the paper "Inventory of Restrictions to Trade in the Fishing Industry" that brings together data on measures adopted by member countries which restrict commodity trade, access to resources and direct investment. In addition the paper "Study of Economic Assistance to the Fishing Industry" contains a catalogue of programmes or measures which are in place in Member countries that provide direct economic assistance to the harvesting and processing sectors of the fishing industry.

## HARVESTING SECTOR

### **Border measures**

Barriers to the free-flow of harvesting services provide implicit assistance to those fishermen who are allowed to fish. Restrictions to the free flow in other fishing services, such as processing and marketing, are also likely to provide assistance to some sectors of the industry.

Assistance to inputs may effect the cost structure of fishing and processing operations. In such cases, domestic fishing operators would have a competitive advantage over foreign fishermen or processors who wished to enter the local market for these services. Under a situation of assisted inputs it is unlikely that there will be an efficient allocation of resources in the fishing sector.

Free flow of fishing services can be restricted in two major ways. The first of these is by restrictions on direct investment to the harvesting or processing sector. This is an institutional measure designed to control the level of foreign ownership or control. The second major restriction occurs by access restrictions. This usually is instituted through the medium of fisheries management.

### ***Access to resources***

Most governments are involved in some form of fisheries management. Such intervention is justified by the common property nature of fisheries resources resulting in inefficient and over-exploited commercial fisheries. The form government intervention takes, and hence the type of fisheries management programme implemented, is determined by the policy objectives of fisheries management for that particular fishery.

The policy objectives underlying fisheries management vary between different countries, and in different regions for different fisheries. Such objectives can include:

- maintenance of fishermen incomes;
- regional development;
- maximisation of revenue;
- catch maximisation;
- maximisation of economic efficiency;
- ecologically sustainable fisheries practices.

In many countries the government has retained ownership of the marine resource, and has allocated harvesting rights through various methods. In some OECD Member countries it is now accepted that society as a whole is the owner of the marine resource. In these countries, the government is seen as the custodian of the resource, and as a result, the objective of management to maximise the benefits of the fish resource to its owners -- society -- and to ensure its sustainability for future generations. This objective is best filled by management that encourages catch and effort levels to approach the point where economic yield is maximised.

In many OECD Member countries a major instrument of fisheries management is by use of limited entry schemes in conjunction with total allowable catch quotas. Access to fisheries may then be further restricted by various policies that prevent foreign vessels entering a fishery.

Article 61 of the United Nations Convention on the Law of the Sea provides that "the coastal state shall determine the allowable catch of the living resources in its exclusive economic zone". It goes on to say "where the coastal State does not have the capacity to harvest the entire allowable catch, it shall ... give other States access to the surplus of the allowable catch ...". This leaves the provision of access to the discretion of the coastal State. However, if a foreign fleet has lower costs of fishing, to exclude this fleet or restrict its access would not be concomitant with the objective of maximising economic efficiency in the harvesting sector.

### ***Direct investment***

Many countries prevent direct investment in the harvesting sector of the fishing industry by foreigners.

In 1988 the Secretariat gathered information on the nature of restrictions affecting the ownership of fishing vessels and fish processing plants and any other restraints to inward direct investment in fishing or fish-processing activities, document , "Direct Investments in the Fishing Sector".

In the Code of Liberalisation of Capital Movements, direct investment, is defined as "investment for the purpose of establishing lasting economic relations with an undertaking such as, and, in particular, investments which give the possibility of exercising an effective influence on the management thereof". Direct investments may take place in several forms, in particular the creation or extension of a wholly-owned enterprise, subsidiary or branch, or the acquisition or participation in a new or existing enterprise.

Restrictions on direct investments and/or ownership are applied mainly in the harvesting sector. Only two countries -- Iceland and Japan -- reported restrictions which effectively prohibit foreigners to invest in the processing industry.

Provisions which restrict direct investment in the harvesting sector of the fishing industry include:

- ownership/share holding restrictions;
- obtaining concession for owning fishing vessels;
- special authorisation granted only on a case by case basis;
- allocation of catch quotas reserved for nationals;
- nationality and residence of company officials (CEO);
- crew restrictions.

The Secretariat has identified three categories of countries for the harvesting sector:

- a group of countries that provide free access to foreigners, be they individuals or through companies and company holdings without limitations;
- countries that restrict the access of foreigners by imposing more severe restrictions than for their nationals;
- a group of countries where foreigners are barred from fishing.

Germany and the Netherlands belong to the first group, and provide free access to foreigners, either individuals or through companies and company holdings, without limitations. In addition, as far as EEC nationals are concerned, the Treaty of Rome offers all nationals of a Member State of the EEC free movement of labour and capital within this area.

Most countries, however, restrict the access of foreigners to the harvesting sector by imposing more severe measures than for their nationals. In some countries, individuals are barred from fishing whereas registered foreign companies (in some countries ownership can be limited +/- 50 per cent owned) can fish. Other countries restrict the issuing of fishing licences e.g. New Zealand, where quotas can only be bought by nationals. In the United States, vessels of more than 5 net tons should have US majority interest while no rules are applied for vessels under this limit.

Finally, there is a group of countries where foreigners are barred from fishing, no matter how they enter the territory, i.e. directly or through acquisitions. In Icelandic waters, fishermen must be Icelandic nationals and only Icelandic vessels used for fishing.

## **Domestic measures**

For the harvesting sector, a basic distinction is made between assistance provided for social reasons and assistance having a broader and a more far reaching objective to alleviate specific obstacles; while the latter type of measure may end once the aim has been reached, the first type tends to deal with recurrent problems. Meanwhile, economic assistance to the harvesting industry may be granted conditionally and, consequently, the assistance measures' budget implications cannot be viewed in isolation.

### ***Assistance of social character***

#### *Contingency programmes*

These are defined as short term ad hoc correction measures. Most Member countries report no specific programme for the fishing sector. Rather, Member countries' have mechanisms for dealing with unforeseen situations but their coverage is broad. Only Japan (insurance), Iceland (general programmes), Norway (seal programme), Sweden (fishing gear compensation insurance) have reported this type of programme. The Icelandic, Japanese and Swedish contingency programmes involve insurance where governments pay a part of the premium or administer the programme.

### *Regional development*

Two types of support should be distinguished, that offered by central government institutions and that administered by regional or local government. Only a few regional or local programmes have been reported to the Secretariat, while central government support seems to be on the decrease. This trend may be a consequence of the drive towards government decentralisation which has taken place over the past years.

Only a few programmes exist which assist fishermen in the form of direct payments for continuing fishing from a particular area. Rather, most of these programmes aim to improve infrastructure, e.g. by developing harbour facilities, while one programme (Japan) aims at improving fishing grounds, e.g. artificial reefs and propagating grounds.

For some programmes, it is difficult to distinguish specific aims from broader objectives. While, for example, their primary goal is to reduce fishing effort, the broader aim is to ensure the welfare or, in some cases, the survival of fishing communities. As most fishing communities are situated in remote areas with few alternative employment opportunities, regional policies are of particular importance. Thus, it is likely that regional development is the main cause for assistance, even if specific measures are reported under other headings.

### *Social welfare*

The most common social welfare measure is unemployment relief, often administered under existing unemployment programmes. However, there are special cases for fishermen where unemployment may be caused by adverse weather conditions. In at least one country (Norway), a minimum basic wage for fishermen has been introduced, while in other countries programmes conform to the general unemployment scheme. Also, a vacation scheme is operated in Norway. It is not clear from the country notes whether fishermen actively participate in the financing of the programmes by contributing to the system.

In only one country (France), is there a bad weather unemployment compensation scheme. Aid is available if vessels have been confined to harbour for a total of 15 days over a period of 30 days. Financing of this scheme is provided by members' contributions and the French intervention fund (FIOM). As to what constitutes bad weather, each local fund has its own measure depending on meteorological conditions of the region.

A special case is a Japanese programme which aims at facilitating re-employment of fishermen looking for jobs in other sectors.

### *Tax incentives*

Tax incentives specifically designed for the fishing sector are of two kinds: a) accelerated or deferred depreciation in fishermen's income for investments in new vessels or conversions; and b) the possibility of deferring taxable profits to later years. Tax incentives aim either at fleet renewal or easing fluctuations of fishermen's incomes.

The United States, New Zealand and Sweden report a system of deferring taxable profit to later years, i.e. levelling out the tax burden.

### *Direct Economic Assistance*

Direct economic assistance aims at adjusting the structure of the fishing industry in response to economic reality, i.e. to the level of harvest which will ensure the long term viability (costs vs. income) of fishermen. In addition, while social assistance measures are normally general in scope, covering the economy as a whole, there are direct economic assistance measures geared specifically towards the fishing industry. The consequences of the new regime of the sea and fisheries management have in themselves given rise to a change in assistance policy. Direct economic assistance may be discontinued when the objectives of the programme have been realised.

### *Operational subsidies*

A clear definition of operational subsidies was not provided in the questionnaire. However, judging from the information contained in the country notes, operational subsidies available to the harvesting sector are aimed either at cutting variable costs (e.g. better credit facilities, fuel subsidies), or at improving the prices received for landings (e.g. minimum landing prices).

Operational subsidies vary greatly from country to country, with most countries putting the emphasis on easing access to credit (for construction, conversion, etc.) sometimes combined with grants or interest rebates. Some countries run insurance schemes on a state level for vessels and equipment. However, as fishermen pay premiums for this insurance, it is not clear whether these schemes are subsidies. The reason for government provision of these facilities is that fishing is subject to fluctuating incomes and high risks which commercial banks or insurance companies are unlikely to cover.

In Australia and Canada, fishermen are exempted from fuel taxes (excise duties). Due to the long distances from landing sites to processing and commercial centres, Sweden, Finland and Norway offer assistance for the transportation of raw materials. Canada and Norway operate a bait service for fishermen in remote areas.

Within the EEC, and in Norway, Sweden and Finland, a price regulation system is in place.

The EEC system, administered through Producer Organisations (POs), gives compensation to fishermen, who are members of the PO and whose fish does not reach the established withdrawal price. This compensation is partly financed by the Community budget and partly financed by the PO via levies imposed on fish landed. The compensation provided by the Community varies with the amounts of fish withdrawn. Withdrawn fish must be removed from the market (e.g. used for fish meal) or for certain species and qualities of species eventually carried over, i.e. receive premium for transformation and stocking.

In Norway, most fish landed are delivered to the fishermen's sales' organisations which administer the price system. In general, a fixed amount per kilo or hectolitre of fish landed is paid to the fishermen.

The Swedish system of norm prices does not receive government support. Should the market price of the fish landed be below the pre-established norm price, a price supplement is paid to the fishermen; the supplement, however, does not completely cover the difference. In addition to the supplement, a system of fixed price supplements has been introduced covering a few species; in some cases the fixed price supplement varies according to the region in which the fish is landed. In principle the system is financed by levies on landed and imported fish.

Finland has a price support system for herring only. Price support is paid to fishermen on condition that a certain minimum price is paid by the buyer of the herring. The minimum price and the support vary according to the end use of the herring.

While price regulation systems are usually linked to market developments, this form of assistance has changed in recent years. On the whole, the amounts dispersed by government in these programmes seem to have been decreasing while, at the same time, tougher management measures have been introduced.

Within the EEC, the withdrawal price system has been changed, giving producer organisations more responsibility. Also, financial compensation decreases with the quantities withdrawn.

### ***Modernisation or diversification and***

#### ***Development***

Against the background of a changing environment for the fishing industry (the introduction of the 200 mile fishing jurisdiction or, in general, changing stock patterns), most Member countries have introduced programmes aimed at facilitating investment by fishermen in new and/or alternative technology.

The type of aid varies and may involve grants and/or loans. For some of the programmes, a definite priority is given to improving handling, safety, and conversion to fishing for under-utilised species, etc. often reflecting the situation in the fisheries sector in a specific country.

The distinction between modernisation/diversification programmes and development programmes is sometimes not clear. They can overlap, the best example being investments in fuel saving equipment.

Some Member countries have introduced development programmes with a view to improving efficiency of fleet, by lowering their running costs or for the purpose of improving quality of fish landed. The aid thus given almost always consists of both a partial grant and credit facilities, e.g. low interest loans.

For some Member countries (e.g. the United Kingdom), the accent of this type of assistance has been on quality enhancement.

#### ***Fleet restructuring***

Due to the changed conditions of access to resources and/or the full exploitation of fishable stocks, the past decade has been characterised by the restructuring of the fishing industry, which for some Member countries implies rationalisation of the fleet.

With the exception of the United States, Iceland, Canada and Finland, Member countries run some sort of fleet rationalisation programme involving public financing. The most common case involves grants towards the permanent or temporary laying-up of vessels where aid is directly linked to the physical removal from the fleet. In one country (New Zealand), however, excess capacity is removed by withdrawing licensing or buy-back of quotas.

Within the EEC, a Multi-annual Guidance Programme for the restructuring of the Community fishing fleet has been established; the goal of the programme is to adapt the fleet capacity to available resources. Vessels may be disposed of by scrapping, sale for non-fishing purposes or export and breaking-up. The British Government is to introduce a scheme to decommission surplus fishing boats at a cost of £25 million.

At least three countries (Australia, Canada and New Zealand) pursue fleet restructuring but offer little or no financial incentive. In Australia, the National Fisheries Adjustment Program's Fund provides long-term loans to sectors of the fishing industry where excess capacity is creating biological/economic problems. The programme, instituted in 1986/87, is partly on a self-help basis and has had some success in a number of fisheries. In Canada an enterprise allocation of catch quotas has given rise to a rationalisation in the enterprise fleets. The programme which, after a five-year trial period will now be enlarged to cover more firms, allows for more optimal utilisation of capacity. In New Zealand the introduction of the Individual Transferable Quota system has allowed for similar gains for the individual companies in flexibility to plan their fishing activities.

### *Institutional support and management*

While institutional support is provided by all Member countries to industry as a whole, only a few countries report having measures specifically designed for the fishing industry. One reason is that these measures are generic in their scope, covering more than just fishing; the most commonly cited example in the country notes is the assistance provided through measures by government departments' operations involving sanitary regulations, standards etc. The costs involved in providing such measures are rarely accounted or directly associated with fisheries: sanitary standards for example, are more likely to be imposed in the context of protecting consumers.

An important type of institutional measure is fishery management. As noted in , effective management measures may be taken to regulate the level of fishing activity in the harvesting sector but these measures do not involve direct economic assistance. However, management measures may affect the way other economic assistance measures to the harvesting industry work, i.e. their efficiency as well as their effects on the industry's environment. Whatever assistance measures are introduced, the way which they affect the industry is closely linked to the regime of fisheries management.

The costs involved in managing the fishery are, in general, borne by governments. In Australia, however, the fishing industry is expected to cover 90 per cent of the costs incurred by government for managing certain fisheries.

There are other types of institutional support which may have an effect on the harvesting sector. The organisation and functioning of national markets play, in this regard, a particularly important role. For example, the EEC system of Producer Organisations, which inter alia aims at enhancing quality of produce and hence prices; the way in which first-hand sales take place, by auction or contract sale or where fleets are owned by the processing industry, will affect price formation as will laws and regulations related to the overall management, e.g. minimum size, landing prohibitions, etc.

## PROCESSING SECTOR

### **Border measures**

#### *Commodity trade*

The border measures applying to commodity trade in fisheries products can be divided into tariff barriers (including tariff quotas), and non-tariff barriers.

The beneficiaries of the assistance offered by border protection need not, in all cases, be the primary producers. For example, on markets with no restrictions on imports of raw material but on processed products, the beneficiaries could be processors and not fishermen.

Tariffs are an important form of assistance in many countries. Tariffs can take the form of ad valorem, specific or composite duty rates. Tariffs are a very visible form of assistance and their effect is relatively easy to assess. Because of their transparency GATT has recommended that other less transparent forms of assistance be phased-out and replaced by tariff barriers. The effect of tariffs is to raise domestic producer prices by the same proportion as the landed prices of competing imports are increased by tariffs.

#### *Tariff barriers*

##### *Tariffs*

In previous studies by the Committee for Fisheries, including the Cod Study (1992) and "*Fisheries Issues : Trade and Access to Resources*" (1989) and "*Problems of Trade in Fishery Products*" (1985), tariffs on fish products were listed for all OECD Member countries. In Annex III of this study, an updated version of the key market areas is provided.

With the exception of the EC, there are few tariffs on raw fish in the main OECD markets; on the EC market, nominal MFN tariffs have been reduced or nullified -- although mostly temporarily -- through the application of tariff quotas, tariff suspensions and preferential agreements.

##### *Tariff quotas*

Tariff quotas do not set absolute limits on entry, but impose a higher tariff rate on imports above a specified amount.

The United States has a tariff quota for canned tuna (not in oil) fixed annually at 20 per cent of domestic production of canned tuna during the preceding year (excludes production in American Samoa). Tuna (in oil) is not under a tariff quota but is assessed a duty of 12.5 per cent.

The EEC applies several tariff quotas, some of which are bound in GATT, others are opened on an autonomous basis, and, finally, quotas under preferential agreements with certain countries. Particulars on EEC tariff quotas are found in Annex II.

### ***Tariff escalation***

In most OECD Member countries, tariffs applied to unprocessed fishery products are lower than tariffs on processed products. The amount of assistance given to domestic processors by tariff escalation has been discussed in some detail in "*Fisheries Issues : Trade and Access to Resources*" (1989) and will not be discussed any further here. However, on the three main markets for fish within the OECD area (the United States, the EC and Japan), tariff escalation is present in various degrees.

In the United States, raw fillets, including fish sticks or any other size and shape, coated with batter or bread crumbs, irrespective of species of fish and origin, are assessed a 10 per cent duty rate (MFN). This tariff is in place to provide assistance to domestic processors of breaded or battered products and enables them to increase their factory gate price.

In the EC, the rate of duty on fresh cod is 12 per cent. The duty on the semi-processed product of fresh or chilled fillets of cod is 18 per cent, while the tariff on frozen fillets is 15 per cent. The duty on salted or dried cod fillets is 20 per cent. The escalation present on crustacean imports is of a similar magnitude. For example, the duty on shrimp, frozen, in shell is 12 per cent, and for shrimp within airtight containers 20 per cent. Annex III provides more details on tariff escalation in the EC.

### ***Non-tariff barriers***

#### ***Quantitative restrictions***

Import quotas are quantitative restrictions applied to commodity imports. They differ from tariff quotas in that they provide an absolute limit of permitted imports.

Of the OECD Member countries, Japan, Finland, France and Norway apply import quotas, while Sweden applies quantitative import restrictions.

Certain quantitative restrictions may be applied by Spain and Portugal under their adhesion agreement with the EEC. These are to be phased out by 31 December 1992.

Finland applies a global import quota for salmon (except frozen fillets of salmon) and another one for other salmonid species and Baltic herring.

France has a global quota in place for canned tuna and sardines, which is a derogation from the EEC policy of no quantitative restrictions in Member States. This follows paragraph 4 of Regulation (EEC) 3796/81 (market organisation of fisheries products) which specifies that Member States of the Community, in the absence of a Community arrangement (which is not the case for canned sardines and tuna), may apply quantitative restrictions on those products.

In Norway, import quotas are applied for fresh and chilled mackerel. However, in the past few years imports have been granted freely.

Sweden applies quantitative restrictions on imports of fresh herring and cod, and mackerel fillets.

### *Other non-tariff barriers*

The EEC applies a price system for most landings and a parallel price system towards imports of fresh, whole fish. In addition, reference prices are in force for most derivatives (processed products) of raw fish, e.g. blocks, frozen fillets. Imports priced less than the reference price are, however, allowed to enter the EEC. Only if imports of significant quantities continuously enter at prices lower than the reference price, can action be taken.

### *Landing bans*

With the exception of within the EEC, most OECD Member countries apply landing bans to foreign vessels. Combined with the transport costs and the deterioration factor, such bans could effectively stop the free flow of fresh, chilled fish to certain markets. However, by the same token landing bans could penalise processors as their access to raw material is curbed.

### *Direct investment*

Only two countries -- Iceland and Japan -- reported restrictions which effectively prohibit foreigners to invest in the processing industry.

## **Domestic measures**

Assistance to the processing sector, including marketing and distribution of fish and fish products, generally includes, as the survey shows, short term adjustment measures, the objective being to alleviate adverse effects on the industry of cyclical fluctuation. Only a few countries admit to having "real" subsidies. Assistance for domestic and foreign marketing support is also considered.

In this section assistance measures granted to the processing industry, are examined. Issues considered are i) investment aid -- grants to individual companies; ii) structural adjustments -- where only specific parts of the sector enjoy support; iii) organisation of national markets, e.g. market support mechanisms and aid granted to domestic marketing and; iv) export and marketing assistance, i.e. measures assisting foreign trade.

### *Investments*

Incentives are given to the processing sector with a view to modernising plant and machinery and to build new processing factories. Direct grants, interest rebates and/or favourable tax provisions are provided. These different kinds of support usually are not combined.

Common to these measures is the goal of improving competitiveness in the processing industry. As such, they tend to affect efficiency and hence cost of production.

Besides EEC countries, Australia, Finland, Canada, Norway and Sweden, provide support for the processing sector. EEC Regulation 4028/89 provides for grants to processors (basic rate of 30 per cent by EAGFF and minimum 5 per cent by national government) towards the development or rationalisation of companies engaged in the processing or marketing of fish products. Investors have to provide at least 45 per cent of the overall cost of the investment.

In Canada, several measures are available through the Small Businesses' Loans Programme, Industrial and Regional Development Programme and Investment Tax Credit, aimed at improving the viability and the profitability of the fish processing industry.

In certain remote areas of Norway, the Regional Development Fund may provide grants and loans for the modernisation/rebuilding of plants and towards advanced product development. The grants, however, act as transitional compensation for the additional costs and problems caused by investing in regions with low levels of industrial development. Also, the Norwegian National Fishery Bank may intervene with loans. Sweden provides loans on favourable terms for investments which will increase the efficiency of the industry.

### ***Structural adjustment***

These measures may shorten the time span that the industry needs in adapting its capacity to available resources and hence secure a faster return to profitability for the industry as a whole.

Only Norway has assistance measures which qualify as structural adjustment programmes for the processing industry. Three programmes are in place:

- Modernisation, diversification and development: rationalisation and reorganisation of the processing industry.
- Factory rationalisation: incentives to close down processing plants and hence avoid over-capacity.
- Contingency schemes for fish meal factories: temporary closures of fish meal factories due to the raw material situation.

### ***Organisation of national markets***

These measures include market research, domestic publicity campaigns, fish marketing boards, price support programmes and price guarantee programmes. With regard to the two latter forms of support, the information available does not suggest any kind of direct price support to the processing industry in Member countries. However, at least for the sale and marketing of fresh fish (whole, fillets, etc.), the existence of a minimum import price system or reference prices may provide some indirect support.

Almost all Member countries have some sort of programme for the promotion of domestic fish consumption. The amounts involved are fairly limited and provide assistance for the publication of posters, cookery books, etc. and the making of commercials. In a few countries (e.g. the United Kingdom, Germany, Norway and Sweden), these expenditures are financed by the industry through levies on fish sold or imported or from aquaculture.

The EEC may grant assistance for projects to promote the consumption of fish products. However, assistance is only given when it concerns fish products derived from underfished or surplus species.

Only a few Member countries operate research programmes. However, it is likely that all Member countries provide assistance to research related to fishing under broader research support programmes.

Although the organisation of national markets may involve financial assistance in the form of market price support paid by governments, particular regulations in national markets (e.g. that all fish have to be marketed via auction, a ban on sales to the private sector, and a ban on using certain species for industrial purposes), will have an effect on the market situation. These regulations may indirectly provide support to the processing sector as well as to fishermen.

### ***Export and marketing assistance***

While section iii) considered measures affecting domestic markets, this section concerns measures introduced with a view to promoting sales of fish and fish-related products on the export market.

Australia, New Zealand, Iceland, Norway and the United States run export incentive programmes. With the exception of the New Zealand system which is to be phased out, direct grants are provided to processing companies for the costs of advertising their products abroad. The New Zealand system provides tax credits for costs involved in export promotion.

A special case is the Norwegian stockfish programme. Introduced due to the closure of the Nigerian market, the scheme allows for the payment of interest on loans on holdings that the stockfish processors were unable to ship.

Few Member countries report export and marketing assistance schemes, but it is likely that most countries provide limited assistance, through broader schemes not specifically aimed at fisheries.

### ***Other (social welfare, unemployment relief, social contracts, tax)***

Other programmes not listed here may provide economic assistance to the processing sector. The measures described above mostly affect capital formation and fixed costs of the industry, but little information on measures affecting the variable cost structure of the industry is available. Such measures are likely to assist the processing or harvesting plant in acquiring inputs (e.g. labour, raw material, fuel, electricity, etc.) at a lower than market price. Also, measures which provide higher than market prices for processing industry output (e.g. state purchase commitments for institutional programmes for schools, international development aid, etc.) have not been covered sufficiently. Very little information has been provided to the Secretariat on these issues and greater transparency is needed.

## **MANAGEMENT**

Management objectives generally sought to promote the conservation and sustained economic utilisation of the fisheries resources. A variety of input and output controls were used to achieve these goals. In addition some countries use individual quotas.

Input controls typically include limits on i.a. fishing licences, the type and size of gear, vessel length, fishing times and gears. Output controls set a limit on the harvestable biomass. Individual quotas, whether transferable or not, create a property right to which fishermen are entitled.

In Australia, the preferred management system is individual transferable quotas, and, within the quota system, the free operation of market forces. This is in line with Australia's objective to collect an appropriate charge from individual fishermen exploiting a community resource for gain.

Canada relies heavily on input controls. Once TACs and catch shares are set, the principal focus of fisheries managers is to control catch by regulating the inputs of the fishing process. In addition, virtually all commercial fisheries are subject to limited entry. New entrants must gain access through the re-issuance of an existing licence from someone leaving the fishery.

In New Zealand, the major commercial species are managed by an ITQ system, supplemented by input controls. The goals of management take into account recreational fishing uses as well as aboriginal fishing needs.

The U.K. operates a restrictive licensing policy under which no new fishing licences are issued. Owners of a new fishing vessel must acquire a licence from an existing vessel before they commence fishing. The U.K.'s objective in managing its fisheries is to keep them open for the full 12 months without exceeding quota limits.

In addition to TACs and input controls, the US is introducing access controls in the form of limited entry systems in an attempt to address overfishing problems. There are 5 such systems in place, including two ITQ programs. Also, limited entry systems are being considered for several other fisheries.

## ANNEX I - COUNTRY CHAPTERS

### AUSTRALIA

#### **Harvesting sector**

##### *Border measures*

##### *Restrictions on access*

Approval from the Australian Government is required before foreign vessels are allowed to fish in the Australian fishing zone. Under current policy guidelines, such approval is conditional on the use of the foreign fishing services generating tangible benefits to Australia and that the relevant resources are under-utilised by Australian fishermen.

The use of foreign fishing services is permitted under two broad categories: wholly foreign fishing or collaborative fishing.

Wholly foreign fishing activity is authorised under government to government agreements which set out the terms and conditions of access to the Australian fishing zone. Access may be granted in of two forms:

- Foreign fee fishing, which requires that foreign interests pay an access fees to the Australian Government (for example, under the current bilateral agreement with Japan, Japanese vessels are permitted to fish for tuna species in the Australian fishing zone). The fee charged for foreign fee fishing has two distinct components: a component relating to a return to Australia derived from permitting foreign access and a component relating to the costs incurred by the Government resulting from the administration and monitoring of foreign fishing activity.
- Foreign feasibility fishing, which enables foreign owned vessels to be used in an exploratory or research capacity, providing benefits in assessing the commercial viability of new fisheries and new fishing techniques.

Collaborative fishing involves foreign boats being granted a foreign fishing licence in situations where an Australian principal has a commercial interest (including equity or control) in a venture involving the use of a boat in the Australian fishing zone. Australian involvement may take a number of forms including: equity in the controlling enterprise, equity in related onshore facilities such as processing plants, ownership and control of fishing rights on which the activity relies (such as quota), and formation of a joint venture company involving bona fide Australian involvement and investment in conjunction with foreign principals.

### *Direct Investment*

Australian Government approval for direct investment in the fishing industry is only required for those proposals involving investment in excess of \$A50 million. As there are few investments in the fishing industry likely to exceed this amount, there are virtually no restrictions by the Australian Government on foreign direct involvement and investment in the harvesting sector of State managed fisheries.

### **Domestic measures**

The policy of the Australian Government is to shift the emphasis of primary industry policies and programmes away from direct forms of assistance. Policies and programmes are designed to boost the effective use of resources and to enhance economic performance, and industry competitiveness both domestically and internationally. Reducing tariffs, protection and other forms of financial assistance to Australian industries is an important element of this strategy.

Overall, financial assistance to the fishing industry has traditionally been low compared to other primary and secondary industries in Australia as well as that accorded the industry in other countries. Most of the assistance programmes are not specific to the fishing industry but are broadly aimed at primary industries or at all industries in the economy.

Australian Government sources of finance at commercial rates include the Primary Industry Bank of Australia, the Commonwealth Development Bank and the Australian Industry Development Corporation.

Financial assistance is available through taxation concessions, marketing programmes and via government funding of research projects.

Research is primarily undertaken through the Commonwealth Scientific and Industrial Research Organisation and to a lesser extent by the Australian Bureau of Agricultural and Resource Economics, the Bureau of Resource Sciences, State Departments, universities, private companies and individuals.

Australian Government research funds are made available through the Fisheries Research and Development Corporation (FRDC) and the Fisheries Resource Research Fund (FRRF), both of which operated for the first time in 1991-92, replacing the Fishing Industry Research and Development Fund and the Fisheries Development Trust Account.

The Australian Government provides the FRDC with a grant equivalent to 0.5 per cent of the gross value of production (GVP) of the fishing industry. The grant is calculated on the basis of the average GVP over the three immediately preceding years. Research levies are also collected from the industry which the Government matches on a dollar for dollar basis up to a maximum of 0.25 per cent of GVP.

The Government also provides a grant equivalent to 0.25 per cent of GVP under the FRRF which is used to finance management research in developing fisheries, collapsed fisheries or for exploratory fishing and research related to the public interest and accountability.

Hence the maximum direct Government contribution to fisheries research and development under FRRF and the FRDC is 1 per cent of GVP.

The catching sector of the fishing industry, along with forestry and agricultural activities, receive a rebate of the full Commonwealth excise duty on distillate fuel. In July 1992, the excise was 26.15 cents per litre.

A National Fisheries Adjustment Programme was established in May 1987 with an Australian Government grant of \$A6 million. Loans and grants are made from this fund to sectors of the fishing industry where excess capacity is creating biological and/or economic problems and where the industry is prepared to finance self-help adjustment programmes. These funds are used to buy out excess capacity, with those remaining in the fishery repaying the loan. The term of loans is up to 10 years and interest rates are based on the long-term bond rate plus 1 per cent to cover administrative costs. To date, A\$8.25 million has been loaned for the purpose of buying out excess capacity in the Northern Prawn Fishery, the Southern Rock Lobster Fishery and the New South Wales abalone Fishery. Grants from this Programme totalling \$A9 million over three years have been allocated to assist industry restructuring within the Northern Prawn, Southern Shark and South East Fisheries.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

The only tariff for fisheries products entering Australia is on canned tuna. Tariff reductions for tuna imports are being implemented so that by 1 July 1996, the maximum ad valorem rate applicable will be 5 per cent.

### ***Domestic measures***

A number of market development schemes are in operation. These include the Export Market Development Grants scheme, the Innovative Agricultural Marketing Programme and the Primary Industries Marketing Skills Programme.

The Export Market Development Grants provide financial incentives in the form of taxable cash grants for such activities as market research and development, advertising and participation in overseas exhibitions. During 1990-91, A\$635 000 was spent on fisheries related activities.

The Innovative Agricultural Marketing Program started in 1986 and has been extended to 1996, providing expenditure to stimulate innovation in primary industries at the rate of \$A5 million per annum. Fish products are included in the scheme. In 1990-91, \$A130 000 was spent on fisheries and aquaculture projects, compared to \$A154 000 in 1991-92. The Government-based scheme is aimed essentially at stimulating innovation in the marketing of agricultural products, with the emphasis on export marketing and associated production, processing and development activities for agricultural products.

The Primary Industries Marketing Skills Programme was announced in May 1988. The programme is aimed at fostering improved international competitiveness for Australian primary products by assisting the development of export marketing skills in a number of primary industry sectors including fisheries and aquaculture. The first phase of the Programme ran for four years with a total allocation of \$A5 million. From this, grants totalling some A\$280 000 were spent on fish or seafood products. For the

second phase, \$A6.05 million is available to the Programme over four years beginning in 1992-93, again, only a small proportion of this will be spent on fish or seafood products.

The International Trade Enhancement Scheme began on 1 July 1990. Up to \$A5 million annually is provided by the Australian Government for loans to companies undertaking export market development activities. Loans are available on a matching basis.

The Rural Industries Business Extension Service (RIBES) commenced operation in 1992-93. RIBES is designed to facilitate the development of a number of industries, including fishing, with particular emphasis on assisting businesses and industry groups with an export or value-added orientation. Its purpose is to advance the international competitiveness of industries by improving access to professional, business and marketing support services. Depending on whether the applicant is an individual corporation or industry group, the support will generally be limited to 50% or 75% of the cost of facilitators and experts on the project. Total funds allocated in 1992-93 amounted to \$A1.79 million, increasing to A\$2.00 million in 1993-94.

## **Management**

The responsibility for management of Australian fisheries is shared between Federal and State Governments. In general the Federal Government jurisdiction extends from 3 nautical miles from the coastline to the limit of the Australian fishing zone, while State Government jurisdiction extends from the coastline to three nautical miles offshore (special arrangements apply to the Torres Strait Protected Zone). In order to overcome management problems created by the same fishery being under more than one jurisdiction, the Federal and State Governments have negotiated agreements under the Offshore Constitutional Settlement (OCS) for management of fisheries under a single law by either State or Federal Governments. In some cases fisheries may be managed jointly, by the Federal and State Governments.

The Australian's Government's approach to fisheries management was presented in its 1989 policy statement: "New Directions for Commonwealth Fisheries Management in the 1990s". The three overriding objectives of the Australian fisheries management system are:

- to ensure the conservation of fisheries resources and the environment which sustains those resources;
- to maximise economic efficiency in the exploitation of those resources; and
- to collect an appropriate charge from individual fishermen exploiting a community resource for private gain.

To achieve the above objectives, the preferred management measure is individual transferable quotas, and, within the quota system, the free operation of market forces. Before other management controls are used, fishery managers must demonstrate that these controls are superior to transferable quotas for a particular fishery.

Nevertheless there remains a range of management regimes in Australian fisheries based on both output and input controls. ITQs currently apply to the southern bluefin tuna fishery and to 16 species of fish in the south east fishery. Management regimes based on input controls include limited entry (all fisheries), limitations on boat numbers and size (for example, northern prawn fishery, south east fishery), seasonal closures (for example, northern prawn fishery), limits on number and/or specifications of nets

(for example, northern prawn fishery, south east fishery), and gear restrictions (for example, southern shark fishery).

## BELGIUM

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

All vessels of 25 grt and over, which habitually fish at sea, must have at least 50 per cent ownership by Belgian citizens who reside in Belgium or by a Belgian company which has its head office in Belgium.

All vessels fishing in the Community's fishing zone require a licence. These licences are based on the EEC quota system and the quantities which may be fished by the national fishing fleet is determined by Member States. With the limited quota given to Belgium, the Ministry for Agriculture introduced a licensing system which authorises a restricted number of Belgian vessels to operate in Community waters (Royal Decree of 28 January 1988). The Royal Decree of 28 January 1988 was superseded on 1 January 1992 by the Royal Decree of 18 December 1991 and further modified by the Royal Decree of 29 June 1992.

#### ***Domestic measures***

##### *Social aid*

##### Fixed salaries for apprentices

In order to improve recruitment to the maritime fisheries industry the Royal Decree of 20th November 1974 introduced an Apprentices Fund, to encourage apprentices to join Belgian fishing vessels by remunerating them on a day-at-sea basis. The Fund is financed by central government grants and compulsory contributions from shipowners. The latter cover 50 per cent of the Fund's expenditure. In view of extended compulsory schooling, the maximum age for apprentices has been raised to 19.

##### *Economic aid*

##### Restructuring -- modernisation or diversification

##### Interest reductions

Under the Maritime Credit Act (Royal Decree of 23rd August 1948) the Minister of Transport may provide State assistance towards the construction of a fishing vessel. State intervention takes the form of advantageous credit terms, at a reduced rate of interest on 70 per cent of the investment over 15

years. This grant is only available if the engine power declines by 10 per cent and does not exceed 1 200 hp.

Maritime credit assistance is also available for full-scale modernisation of a fishing vessel. The discounted value of interest rate reductions on a 7-year loan works out at some 10 per cent of the investment.

When these investments form part of the multi-annual guidance programme, intended to adjust the fleet's capacity to the scope of catches by reducing its engine power, EEC assistance may also be available.

In these circumstances, shipowners no longer receive shipbuilding premiums.

#### Licensing system

In order to advance the aims of the new multi-annual guidance programme, all Belgian fishing vessels have been subject to a licensing system as from February 1988 (Royal Decree of 28th January 1988). This Royal Decree has since been replaced by another Royal Decree (of 18th December 1991), which is even stricter. Anyone wishing to fish for species subject to the quota system is required to hold a government licence for the vessel. The owner of a licensed fishing vessel replacing it with a new one receives a licence for the new vessel, provided that the power and the tonnage of the new ship do not exceed the power and the tonnage of the ship being replaced, and that the ship it is to replace permanently ceases to form part of the Belgian maritime fleet and that he reinvests within three years.

#### Decommissioning grants

Following the introduction of the licensing system, the residual value of vessels has increased appreciably. There has consequently been no request for intervention under the Royal Decree of 29th June 1984 on the decommissioning grant. The grant amounts to BF 30 000/ton and is awarded for scrapping, final transfer of a vessel to a third country or application of the vessel to uses other than fishing. The Royal Decree of 24th January 1989 appreciably increased the premium. The heavier the ship to be withdrawn the smaller the premium per ton. On a 70-ton "eurokotter" it amounts to some BF 100 000/ton whereas a 120-ton vessel qualifies for BF 86 666 per ton and a 200-ton vessel for BF 66 000 per ton. A 300-ton vessel qualifies for only BF 56 567 per ton. Since 1991 the Flemish Executive has the jurisdiction to issue premiums for those vessels that are removed from marine fisheries. The decree of October 30th, 1991 raised the premiums considerably and makes a distinction according to the vessel's age and its destination.

#### Premiums of the Province of West Flanders

In order to encourage restructuring of the fleet the Province of West Flanders has been providing assistance towards the construction of new vessels. The premium could be up to BF 2.5 million but could not exceed 10 per cent of the amount of the investment. The recipient was paid the premium in three instalments, BF 1 million in year one, BF 0.75 million in years two and three. But the system is being phased out and the first instalment was paid for the last time in 1987.

## *Development*

### Improving efficiency

The Ministry of Agriculture has an BF 5 million budget to provide assistance with smaller improvements and enhancing efficiency. Depending on circumstances, the premium amounts to 10, 20 or 30 per cent of the investment.

The book-keeping premiums amount to only BF 2 000 per vessel. Even so, 121 operators have participated in constituting the data file on which a study of the trend for vessel performance is based.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

Belgium is bound by the rules and regulations of the European Economic Community.

#### *Domestic measures*

### Investments

#### Distribution (small and medium enterprises)

Under the Economic Reorientation Act of 4th August 1978, a small business (SME) may be eligible for financial and fiscal assistance. Additional assistance may be available when new jobs are created.

To qualify as an SME a business must meet three criteria:

- it must be either a distributive business with up to 40 employees, or an industrial or service business with up to 50 (though in some cases, up to 70);
- its annual turnover must not exceed BF 300 million;
- it must be investing not more than BF 60 million.

The benefits are:

- *Interest rebate*: for investments funded out of fixed-term borrowings over at least three years;
- *Capital premium*: for investment funded out of own resources (provided that the own resources represent at least 50 per cent of the business investment) and for leasing operations;
- *Exemption from real estate withholding tax*: for real estate investment if it qualifies for an interest rebate and/or capita premium;

- *Accelerated depreciation:* for investment qualifying for interest rebate and/or capital premium;
- Exemption from proportional levy on business capital contributions solely for businesses in development areas;
- *Employment premiums:* for small businesses (maximum 14 employees) creating new jobs regardless of any investment.

Investments qualifying for subsidies are:

- Land purchased for business purposes;
- Purchase, construction or renovation of industrial property;
- Contribution of real estate as business assets, though only in certain cases;
- Purchase of new and, very rarely, second-hand equipment;
- Intangible investments;
- Acquisition of equity, though only in certain cases.

Size of the subsidy depends on what kind of business the SME engages in. Three categories (A, B and C) are used for this purpose, and the subsidy is calculated differently in each case. The interest rebate amounts to:

- 5 per cent over three years on three-quarters of the industrial investment qualifying for category A;
- 4 per cent over three years on two-thirds of the industrial investment qualifying for category B;
- 3 per cent over three years on half of the industrial investment qualifying for category C.

The capital element of the premium is equivalent to the amount of the interest rebate.

The maximum interest rebate is 7 per cent over five years on three-quarters of the industrial investment qualifying. The maximum capital premium is 21 per cent of the industrial investment qualifying. Maximum subsidies of this kind can be awarded directly to certain types of business.

Modernisation, distribution (larger enterprises)

An enterprise exceeding at least one of the three SME criteria may be eligible to have an investment project treated under the Economic Expansion Acts of 17th July 1959 or 30th December 1970. The 1970 Act applies only to the development areas recognised by the EEC: the Province of Limbourg and the Turnhout, Diksmuide, Ieper/Ypres and Veurne areas.

To be considered for assistance the investment must amount to at least BF 10 million and the capital premium must amount to BF 50 000.

The interest rebate and/or the equivalent capital premium amount to:

- 4 per cent of the amount of the investment under the 1959 Act;
- 8 per cent of the amount of the investment under the 1970 Act.

The maximum assistance available amount to 12 per cent under the 1959 Act and 21 per cent under the 1970 Act.

### *Marketing assistance*

The National Agricultural and Horticultural Marketing Board exists to promote outlets for livestock and vegetable produce. In order to provide additional financial resources for the development of outlets for agricultural, horticultural and maritime fishery products, a compulsory contribution system was introduced in 1985.

Annual compulsory contributions for the promotion of fishery outlets are determined as follows:

- Businesses licensed to process fish: BF 10 000;
- Points of sale specialising in fish products: BF 1 000;
- Vessel operators contribute between BF 5 000 and BF 10 000 depending on engine power;
- Fish farmers contribute BF 0.25/kg of fish food purchased.

## CANADA

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

Federal foreign ownership restrictions exist in the fish harvesting sector. The Fisheries Act provides the Minister of Fisheries and Oceans with complete discretion to issue licences. The Act and accompanying regulations make no reference to foreign ownership, but commercial fisheries licensing policy for eastern Canada (1990) does. An identical policy exists for western Canada. Under this policy, fishing licences must be relinquished by Canadian firms if foreign ownership levels exceed 49 per cent. Foreign-owned firms may buy out minority share holdings of other foreign subsidiaries in Canadian operations provided these foreign firms are of the same country.

In 1990, foreign fishing vessel licence fees were increased by 12.5 per cent. The increase was the final part of a programme that began in 1984 to phase-in recovery of costs associated with surveillance activities.

#### ***Domestic measures***

##### *Federal-Provincial Agreements*

Some \$26 million is spent under multi-year fishery co-operation and development agreements for regionally disadvantaged areas of the country. Agreements exist between the federal government and the Provinces of Quebec, Nova Scotia, Newfoundland, New Brunswick and Prince Edward Island. The intent of the agreements is to enhance the stability and viability of the commercial and recreational fisheries sectors, thereby contributing to the economic development of these provinces.

##### *Atlantic Fisheries Adjustment Program*

On May 7, 1990, the federal government announced a major funding initiative in response to the crisis in Atlantic Canada created by declining groundfish stocks. Known as the Atlantic Fisheries Adjustment Programme, it is a 5-year, \$584 million initiative designed to address the major challenges facing the Atlantic fishery. The Program comprises three major components:

- Rebuilding fish stocks (\$150 million) through scientific research, new conservation measures to protect young fish, expanded surveillance and enforcement, and improved accuracy of fisheries data.

- Adjusting to Current Realities (\$130 million) through a new program for older fish workers and trawlermen to assist them in the event of lay-offs and the development of professionalization and certification program for fishermen which may eventually become a prerequisite for licensing.
- Economic Diversification (\$146 million) through diversification within and outside the fisheries.

In addition, \$130 million is targeted for short-term adjustment measures to assist fishery-dependent communities and \$28 million for intensified aerial surveillance.

#### *Northern Cod Adjustment and Recovery Program (NCARP)*

On July 2, 1992, the Minister of Fisheries and Oceans announced a two-year moratorium on the Northern Cod fishery along with a Northern Cod Adjustment and Recovery Program. NCARP is designed to address the immediate income and adjustment needs of fishermen and plant workers made idle by the closure of the Northern Cod fishery. The objective of NCARP is to emerge from moratorium with a more economically viable and environmentally sustainable Northern Cod fishery.

Under NCARP, approximately 20 000 fishermen and plant workers affected by the moratorium are in receipt of income replacement payments ranging from \$225 to \$406 per week, until the re-opening of the fishery scheduled for May 1994. An integral component of NCARP is the provision for displaced individuals to choose among a variety of alternative training and skills development programs to assist them to prepare to work outside the fishery and upgrade skills for those who choose to remain in the fishery. Other important elements of NCARP are to include an early retirement program for older fishermen and plant workers and retirement of fishing licences for those who chose to leave the fishery.

On November 25, 1992, a \$15 million Vessel Support Program was announced. The program is designed to assist vessel owners who have incurred costs in maintaining their boats during the Northern Cod Moratorium.

#### *Investment Tax Credit*

The Investment Tax Credit (ITC) was introduced in 1975 and applies to acquisitions of depreciable property used in Canada in the manufacturing, farming and fishing sectors. New equipment acquired for use in Canada for fishing may qualify for a tax credit. Federal tax payable may be reduced by an amount equal to the credit rate applied to the cost of the property or the amount of expenditure less than amount of any assistance or inducement. Special rates of 15 and 45 per cent apply to Atlantic Canada and Cape Breton Island in Nova Scotia, respectively.

#### *Fisheries Prices Support Board*

The Fisheries Prices Support Board is responsible for investigating and when appropriate, recommending action to support prices of fishery products. No price support programmes were in effect for the year ending 31st March 1989. In 1988/89 the Board's only activity was to act as an agent for the Canadian International Development Agency (CIDA) in the procurement of canned mackerel for use in official developmental assistance. In total, The Board spent \$4.2 million on behalf of CIDA in 1991/92.

In addition, the Board administered a Herring Export Programme in 1991/92 to improve access to non-traditional markets. Expenditures under the program amounted to \$1.4 million. The Government of Canada spent \$154 000 on administration in 1991/92.

### *Newfoundland Bait Service*

The Newfoundland Bait Service (NBS), which has been operating since 1935 and run by the federal government since 1949, stores and distributes 20-25 per cent of Newfoundland's and Labrador's bait requirements. The total cost of the NBS in 1990/91 was approximately \$2.5 million, with total revenues of \$0.8 million.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

Canada has generally low tariff restrictions (see Annex III).

Canada has no import quotas, but when an imported product fails to comply with Canadian Fish Inspection Regulations, that product is placed on the Mandatory Inspection List of the Department of Fisheries and Oceans, where it is subject to mandatory inspection until such a time as four consecutive importations of that product comply with the fish inspection regulations.

There is a prohibition on the export of whole fresh or frozen Pacific roe herring to all countries other than the United States. A permit issued by the Canadian government is required to export Pacific roe herring to the United States.

## **Management**

The objective of Canadian fisheries management is to provide for the conservation, development and sustained economic utilisation of Canada's fisheries resources. Canada pursues this objective through a comprehensive fisheries management program which includes setting allowable catch levels based on scientific stock assessments, allocating allowable catches to a variety of user groups, limiting access to the fishery, regulating fishing methods, verifying compliance with fisheries management rules and exercising enforcement authority.

Virtually all commercial fisheries are subject to limited entry. New entrants to commercial fisheries must gain access through the re-issuance of an existing licence from someone leaving the fishery.

Canadian fisheries management relies heavily on input controls. Total allowable catches for a fish stock are generally subdivided and allocated to specific groups. Once catch shares are assigned, the principal focus of fisheries managers is to control catch by regulating the inputs of the fishing process. Such regulations limit type and size of gear, vessel length, fishing times and areas. Once the quota assigned to the fleet sector has been reached, the fishery is closed for the season.

Since the early 1980s many Canadian fisheries have come under individual quota (IQ) fisheries management. IQ management programs allocate annual harvesting rights to individuals for specific quantities of fish.

Canada uses extensive air and sea surveillance to verify location, catch reports and to detect unlicensed vessels. Radar-equipped aircraft, helicopters and patrol vessels are used. Fishery officers have authority to board and inspect vessels for the purpose of verifying catch on board, log records, and ensuring compliance with regulations.

## DENMARK

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

There are no general limitations on direct investments or on the establishment by foreigners in the Danish fisheries sector. However, there are certain limitations concerning individuals wanting to engage in commercial fishing in Denmark. These limitations include:

- One has to be a Danish citizen or has to have been living in the country for an uninterrupted period of no less than two years.
- One has to be engaged in commercial fishing no less than 12 months preceding the beginning of the fishing season in Denmark.
- Limited companies, co-operative societies and the like can only be registered as entitled to engage in commercial fishing in Denmark when no less than two-thirds of the participants are registered as active fishermen.
- Fishing vessels engaged in commercial fishing must be registered in Denmark. In addition, two-thirds of the crew members must either be Danish citizens or be able to produce valid Danish residence permits for a continuous period of no less than two years.

#### ***Domestic measures***

##### *Introduction*

In Denmark no special regulations on national economic assistance to the fishing industry are laid down, besides what is stated in the section below concerning structural aid to fisheries and aid for structural measures in the fishing industry (for human consumption).

##### *Investments*

Aid may be granted within the framework of the relevant Community Regulations and pursuant to an Act of 1978. The conditions of the fishing industry for human consumption are difficult and characterised by the fact that the supplies of raw materials are getting still more scarce and that the raw materials must be purchased at constantly increasing prices.

To maintain the fishing industry for human consumption and the rate of employment in this industry it is necessary to make some readjustments and investments with the purpose of obtaining a greater efficiency and a further processing of the limited supplies of raw materials. Furthermore, measures must be taken to include new, or until now, less exploited species of fish in production.

When evaluating the applications for aid, it is taken into consideration whether the project or the measure is of importance to the rate of employment and to further processing and whether the project or the measure is profitable.

The aid is legally limited to a maximum of 25 per cent of the project costs. In 1986 the national aid paid out amounted to DKr 4.5 million. On the total, the aid made up 6 per cent of the project costs. In 1991 a total of DKr 12.6 million was expended

### *Structural aid to fisheries*

#### *Introduction*

Pursuant to Council Regulation (EEC) No. 4028/86 and No. 3944/90 Community measures are laid down to improve and adjust the structures in the fisheries and aquaculture sector of the Member States.

The Regulation contains the following categories covered by the aid scheme and at present implemented in Denmark, which in practice means a continuation of the schemes existing up until now:

- cessation (permanent withdrawal of vessels from fishery);
- modernisation of the fishing fleet;
- restructuring and renewal of the fishing fleet;
- exploratory fishing;
- fish farming.

Payment of Community aid is subject to aid from the Member State, and Danish aid is subject to Community aid.

The application of the Regulation aims at:

- contributing to an efficient development of the fishing industry according to Danish fisheries policy and in the light of the financial funds reserved on the Community budget for structural political measures;
- constituting a framework for development of fisheries so as to reach the same level of development -- with regard to quality and quantity -- as in other countries and in the light of the available fishing possibilities.

### *Cessation*

The aid scheme on cessation (permanent withdrawal of vessels from fishery) has been implemented in order to adjust the capacity of the Danish fishing fleet to the catch possibilities. The scheme will contribute to a permanent withdrawal of vessels from the commercial fishing fleet. This will improve the possibilities of carrying out a rationally organised and profitable fishery within the framework of the fishing possibilities and besides it will give the opportunity for a minor but much needed renewal of the Danish commercial fishing fleet. The scheme must be seen in relation to the Danish measures on regulation of fisheries, according to which it is laid down that new capacity must not be inserted in the Danish commercial fishing fleet without observing some formalities.

Through application of the cessation scheme, guidelines will be made contributing to secure that the Danish fishing fleet will still be broadly composed of both small and big vessels with the necessary geographical spread without distorting the structure as regards volume and geography through a concentration of the cessation aid.

The intention is, as a basis, to apply the maximum rates of aid granted for permanent cessation pursuant to the Community Regulation No. 4028/86 and No. 3944/90. Of these premiums, 70 per cent is reimbursed by the Community.

Furthermore, the financial aid must not exceed 80 per cent of the insured value on 1 January, two years before the year in which the application for the premium was sent in, provided that the insured value is reasonably measured by the commercial value of the vessel.

### *Modernisation*

With a view to improving the profitability of the Danish commercial fishing fleet and the quality of the raw materials, financial aid may be granted to modernisation of commercial fishing vessels. When administrating the scheme concerning aid for modernisation projects, great importance is attached to measures which aim at introducing new and improved technology as to fishing technology and handling of catches.

As a basis the Regulation makes it possible to grant an aid of 10 to 25 per cent.

### *Exploratory fishing*

Financial aid may be granted for exploratory fishing etc. with the purpose of establishing alternative fishing possibilities in a situation with limited traditional fish resources.

For instance, the intention is to grant aid for integrated exploratory fishing projects including, i.a., fishing, catch handling, landings, production and marketing of alternative fish species.

### *Fish farming*

Financial aid may also be granted for fish farming. The establishment of such units and the granting of aid for them are implemented as far as it is certain that no environmental risks are present. A special aid may be granted, for instance, for mussel farming and for projects which may have a direct

water-purifying effect. As a basis the regulation makes it possible to grant an aid of 35 per cent of the project costs.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

Denmark is bound by the rules and regulations of the Economic Community. As such, its trade restrictions can be found under that heading.

## EUROPEAN ECONOMIC COMMUNITY

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

See under individual EC Member country notes.

#### ***Domestic measures***

The Community programme to improve and adopt fisheries' and aquaculture structures provides for Member countries to submit multi-annual guidance programmes covering initially the five-year period 1987-1991. After the adoption of a transitional programme in 1992, the Commission adopted multi-annual guidance programmes for the fleet covering 1993-1996. Multi-annual guidance programmes for aquaculture were adopted in 1991 for 1992-1996. These programmes are designed with a view to establishing a viable fishing fleet taking into account the catch prospects and economic and social needs of the regions, to adjust to changes in consumer demand, to account for the socio-economic consequences in the adjustment of the sector, and to develop technically viable and profitable aquaculture facilities.

The multi-annual guidance programmes, as submitted by Member states, are the main tools for the Community to secure that sectors develop in a satisfactory manner. Upon approval by the Commission, the Community may participate in financial assistance varying in accordance with the objective. These contributions are, however, given on the understanding that the Member states themselves participate in the financing. For the restructuring, renewal and modernisation of fishing fleets, the Community's contribution varies from 5% to 35% depending on type of vessel and region, and for aquaculture from 25% to 40%. For laying-up and cessation, the amount of premiums depends on size and life of vessels.

For the 6 year period from 1987 to 1992, a breakdown by country and payment is provided in Table 1.

The basic element in the EEC market-organisation is the establishment of producer organisations which will ensure that fishing is carried out in a rational manner. In particular, the producer organisations will implement catch plans and regularise prices. Members of the producer organisations are required to market their entire catches through the producer organisations which will ensure that the withdrawal price system is observed. The withdrawal price is the price at which the fishermen are obliged to withdraw their products from the market.

Withdrawal prices for species in the Community system are fixed annually and are between 70% and 90% of the guide price for the species in question. This guide price is mainly based on the average

prices recorded during the 3 preceding years in the main landing ports. (For a full explanation see Appendix P to "Problems of Trade in Fishing Products", OECD 1985.)

The Community provides compensation (from the EAGGF guarantee sector) to producer organisations that have withdrawn fish from the market. However, the compensation is digressive and since 1 January 1993 it fluctuates between 87.5 and 75 per cent of the withdrawal price, falling to 0 per cent if the quantities taken out of the market exceed 14 per cent of the annual sales.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

The European Economic Community employs a uniform tariff towards non-Member countries. This is referred to as the Common Customs Tariff (CCT).

The CCT sets out two rates of duty -- the autonomous rate and the conventional rate. Both rates are expressed on an ad valorem basis. Conventional rates are applied on all third countries, whether or not they are signatories to GATT. Autonomous rates are only applied when they are inferior to conventional rates.

In addition to these two rates, the EEC has concluded preferential agreements on an autonomous basis with several countries. These agreements contain various measures, with a reduction in duty rates for specific products imported into the Community under the agreement.

The EEC's generalised preference scheme came into effect on the 1 July 1971 and provides tariff preferences to the developing countries and total duty exemptions to the least-developed countries.

The Lomé Convention is a convention on trade and aid between the EEC and developing countries from Africa, the Caribbean and the Pacific. All fishery products are covered by a duty exemption.

The formation of the European Economic Area (EEA) on the 1 January 1993 will provide for the removal of trade restrictions between the EEC and the signatories of this agreement. Further the majority of EFTA originating fishery products will, as of the entry into force of the EEA, be able to enter the Community either duty free or with specific duty reductions.

The EEC also has autonomous tariff quotas and suspensions for a number of fisheries products.

In the EC, fisheries products may be withdrawn from the market as a stabilisation measure. Withdrawal prices are fixed annually for limited numbers of species and product categories. Members of the producers' organisations are granted an indemnity when their products are withdrawn. This indemnity is applied in a digressive way relative to the quantities withdrawn. The producers participate in the financing of the system. For certain species not covered by this system there is a system with carry-over premiums. Producers of salmon and lobsters and tuna and sardines destined for the canning industry can be paid compensating indemnifications under certain circumstances.

### *Domestic measures*

The Community Programme of measures to improve the processing and marketing of fishery and aquaculture products was reviewed in 1990 and subsequently incorporated in the general provisions introduced as part of the reform of Community structural funds. The inclusion of this programme has resulted in a significant increase in the size of grants, a programme-based approach and the large-scale transfer of administrative responsibilities to national and regional authorities.

Financial support from the Community is primarily aimed at the regions and at sectors experiencing the greatest hardship, and priority given to investment aimed at:

- improving the quality and hygiene of production and marketing processes and, in particular, at ensuring compliance with new Community hygiene and public health regulations;
- the restructuring and modernisation of sectors in difficulty, while as far as possible avoiding the risk of creating excess production capacity;
- promoting technological innovation and the development of new products;
- increasing value added.

Before financial support can be granted by the Community, a Community support framework (CSF), a kind of contractual three-year programme drawn up on the basis of a sectoral plan established by individual Member States, must first be established by the Commission in collaboration with Member States. These CSFs then serve as a basis for drawing up operational investment plans which set out the details of individual investment projects. Community support covers 50 per cent of the cost of projects in the most underdeveloped regions and 30 per cent of the cost of projects in other regions, with Member States contributing at least 5 per cent of the total funding. Community aid is given in the form of capital subsidies.

A breakdown of expenditures over the period 1990-1992 is given in Table II.

**Table 1. Community action to improve the conditions under which fishery products are processed and marketed  
1987-1992**

Member States	Regulation 355/77						Regulation 4042/89					
	1987		1988		1989		1990		1991 <sup>1,2</sup>		1992 <sup>1,2</sup>	
	No.proj	Contr.	No.proj	Contr.	No.proj	Contr.	No.proj	Contr.	No.proj	Contr.	No.proj	Contr.
Belgium	1	0.53	2	0.97	5	0.58	2	1.70	4	1.26	16	0.35
Denmark	14	0.94	10	1.49	25	1.81	16	1.70	19	2.26	19	3.30
France	8	2.34	12	1.78	11	5.45	22	6.03	39	5.41	27	7.94
Germany	6	1.82	5	1.34	10	1.43	16	2.61	146	6.64	0	10.96
Greece	2	1.55	3	2.65	4	5.07	3	2.67	3	3.60	0	0.00
Ireland	5	2.76	7	1.35	10	5.25	12	6.15	9	3.95	9	4.18
Italy	7	4.01	8	4.64	19	9.59	12	9.67	14	8.13	21	12.70
N'lands	7	0.41	7	0.81	3	0.70	4	0.30	12	0.76	16	1.79
Portugal	23	4.77	11	3.76	19	8.22	21	7.53	31	7.46	17	21.53
Spain	14	3.82	22	6.50	22	7.19	38	9.65	40	9.06	60	16.60
U.K.	22	2.35	19	3.76	22	3.45	24	4.11	48	6.87	55	8.37
<b>TOTAL</b>	<b>109</b>	<b>25.30</b>	<b>106</b>	<b>29.05</b>	<b>150</b>	<b>48.74</b>	<b>170</b>	<b>52.12</b>	<b>365</b>	<b>55.40</b>	<b>240</b>	<b>87.72</b>

1. The figures from 1991 onwards for Germany include projects with a Community contribution for the New Lander.
2. In the framework of the reform of the Structural Funds the projects financed under Council Regulation No. 4092/89 are included in multi-annual Operational Programmes. The above figures for each Member State represent the total amount committed for all Operational Programmes which have been approved.

**Table 2. Community action for the improvement and adaptation of fishing and aquaculture structures**  
1990

Member States	Building		Modernisation		Aquaculture		Coastline		TOTAL	
	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount
Belgium	-	-	18	0.50	-	-	-	-	18	0.50
Denmark	-	-	-	-	7	1.38	-	-	7	1.38
Germany	15	2.54	37	0.60	2	0.50	-	-	54	3.64
Greece	-	-	33	0.76	37	6.42	-	-	70	7.18
Spain	46	13.13	248	10.24	81	9.34	4	0.38	379	33.09
France	24	9.37	48	1.75	51	4.68	-	-	123	15.80
Ireland	5	1.30	38	1.93	10	2.21	-	-	53	5.44
Italy	20	9.84	168	8.73	19	11.53	-	-	207	30.10
Netherlands	-	-	10	0.04	8	0.84	-	-	18	0.88
Portugal	36	8.00	24	1.00	32	7.36	-	-	92	16.36
U.K.	-	-	27	0.67	15	2.83	-	-	42	3.50
<b>TOTAL</b>	<b>146</b>	<b>44.18</b>	<b>651</b>	<b>26.22</b>	<b>262</b>	<b>47.09</b>	<b>4</b>	<b>0.38</b>	<b>1063</b>	<b>117.87</b>

**Table 2. Community action for the improvement and adaptation of fishing and aquaculture structures**  
1991

Member States	Building		Modernisation		Aquaculture		Coastline		TOTAL	
	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount
Belgium	-	-	5	0.051	-	-	-	-	5	0.051
Denmark	-	-	17	0.274	9	0.904	-	-	26	1.178
Germany	3	0.341	26	0.283	2	0.392	-	-	31	1.016
Greece	-	-	33	0.900	33	7.713	-	-	66	8.613
Spain	11	3.952	217	8.691	67	8.134	8	1.665	303	22.442
France	-	-	18	0.487	64	5.427	-	-	82	5.914
Ireland	-	-	48	1.682	6	1.449	-	-	54	3.131
Italy	12	1.969	129	7.014	12	8.156	-	-	153	17.139
Netherlands	-	-	3	0.027	5	0.646	-	-	8	0.673
Portugal	2	1.510	47	1.055	18	2.919	-	-	67	5.484
U.K.	-	-	50	0.959	10	1.901	-	-	60	2.860
<b>TOTAL</b>	<b>28</b>	<b>7.772</b>	<b>593</b>	<b>21.423</b>	<b>226</b>	<b>37.641</b>	<b>8</b>	<b>1.665</b>	<b>855</b>	<b>68.501</b>

**Table 2. Community action for the improvement and adaptation of fishing and aquaculture structures**  
1992

Member States	Building		Modernisation		Aquaculture		Coastline		TOTAL	
	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount	No.proj.	Amount
Belgium	-	-	8	0.10	1	0.04	-	-	9	0.14
Denmark	-	-	22	0.36	6	1.75	-	-	28	2.11
Germany	8	1.11	76	1.67	2	0.83	-	-	86	3.61
Greece	-	-	51	0.64	35	7.45	-	-	86	8.09
Spain	32	1.74	175	3.56	37	5.46	6	1.03	250	11.79
France	6	0.56	55	1.54	62	6.79	-	-	123	8.89
Ireland	-	-	40	1.69	6	0.78	-	-	46	2.47
Italy	5	0.90	99	3.40	17	8.67	-	-	121	12.97
Netherlands	-	-	-	-	1	0.03	-	-	1	0.03
Portugal	3	0.70	29	0.58	14	4.82	-	-	46	6.1
U.K.	-	-	69	1.29	7	2.05	-	-	76	3.34
<b>TOTAL</b>	<b>54</b>	<b>5.01</b>	<b>624</b>	<b>14.83</b>	<b>188</b>	<b>38.67</b>	<b>6</b>	<b>1.03</b>	<b>872</b>	<b>59.54</b>

## FINLAND

### Harvesting sector

#### *Border measures*

##### *Direct investment and access restrictions*

There are no limitations on ownership of fishing vessels or fish processing plants. However, in order to sail under the Finnish flag, 60 per cent of the vessel must be owned by Finnish nationals or companies.

#### *Domestic measures*

##### *Price support*

In 1992, direct price support was paid for herring and sprat in order to achieve reasonable incomes for the fishermen and steady prices of raw material for the processing industry. A condition for this is that a certain minimum price is paid by the buyer. For price support the appropriation in 1992 was (Mk) 21 978 000 was used for price support.

The following table shows price formation for herring and sprat in 1992 (Mk/kg).

**Table 1. Prices for herring and sprat**

	Raw material for industry			
	Consumption as fresh	Freezing and canning	Other purposes	Fodder (herring)
Target price	2.80	2.90	2.00	-
Price support	-	1.25	1.00	-
Minimum price	2.80	1.65	1.00	-

##### *Transport subsidy*

To stabilise prices in different parts of the country, transport subsidies are paid for herring for fodder according to the distance of transportation.

The herring must be purchased in the period between April 16 to July 15 and the minimum price must be paid. The minimum distance of transport is 100 km and the maximum distance is 500 km. The minimum amount during the period is 30 tons. The subsidy is 2 pennies/kg from 100 km to 250 km and an additional 4 pennies/kg for the distance between 250 km and 500 km. The transport subsidy appropriation in 1992 was Mk 1 000 000. Mk 1 400 000 is additionally reserved for transport subsidy of catches in archipelago areas.

#### *Support to promote commercial fishery and fish consumption*

This measure is intended to promote commercial fishery and fish consumption both in the marine and inland fisheries. In 1992 Mk 9 731 000 was used for this purpose.

#### *Loans for fishermen*

The Government supports commercial fishermen by granting interest rebates on loans from private banks. The loans are intended to acquire fishing gear, equipment and vessels. The rate of interest for fishermen is 5 per cent, while the total rate of interest of these loans is 10.5 per cent. In 1992 Mk 2 469 000 was used for this purpose.

#### *Fishing insurance*

Fishing insurance activities are the responsibility of six fishery insurance associations and one private insurance company operating in the Province of Aaland. The main part of the indemnifications come from the Government. Claims for loss and damage of up to Mk 3 000 receive 50 per cent from the Government and 25 per cent from the association. Claims exceeding Mk 3 000 receive 90 per cent and 5 per cent respectively. Only commercial fishermen are entitled to insure their vessels, gear and equipment under this scheme, which applies to fisheries in the Baltic Sea region. In 1992 Mk 6 968 000 was used for this purpose.

#### *Compensation due to fishing restrictions*

In managing wild salmon stocks, some restrictions in the fishing industry have been introduced; as a consequence commercial fishermen have suffered economic losses. In 1991 the Government compensated this kind of loss with an appropriation of Mk 1 550 000.

### **Processing sector**

#### ***Border measures***

##### *Commodity trade assistance*

After July 1, 1990 Finland only has import restrictions for Baltic Herring and salmonids (salmonidae). The only salmonid for which licenses are needed for import from EFTA countries is salmon. From other countries licences are also required for species including i.a whitefish and vendace. Licences for Baltic herring and salmon are issued only under special circumstances, while for other species licences are almost always approved.

## ***Domestic measures***

### *Loans to the processing industry*

Investments in the processing industry are supported by interest rebates on loans. The loans are intended for the construction or purchase of fish handling, processing and storage establishments and their machinery as well as for acquisition of transport facilities. The loans are granted by private banks and the industry pays 6 3/4 per cent of interest. In 1992 Mk 1 059 000 was used for this purpose.

### *Sales promotion*

In the Government budget there is an appropriation intended for sales promotion by enhancing product development and fish consumption with advertising activities. The 1992 appropriation was Mk 1 800 000.

## **ÅLAND**

## **Harvesting sector**

### ***Domestic measures***

#### *Price support*

The appropriation for price support in 1992 was Mk 3 500 000.

#### *Transport subsidy*

The budget appropriation in 1992 was Mk 2 300 000, mainly for subsidies to transport catches from the archipelago areas to the mainland.

#### *Loans for fishermen*

The Government of Åland supports commercial fishermen by granting interest rebates on loans from private banks, as in other parts of Finland. The 1992 appropriation was Mk 400 000.

#### *Fishing insurance*

Fishing insurance appropriation in 1992 was Mk 950 000.

**Processing sector**

*Domestic measures*

*Loans to the processing industry*

The appropriation for these loans in 1992 was Mk 55 000.

## **FRANCE**

### **Commodity trade assistance**

For imports of oysters, mussels and other molluscs when intended for human consumption or for submergence in special stations (restocking), an agreement with the country of origin (or reciprocal recognition of various sanitary documents and standards) is required.

### **Direct investment and access restrictions**

All vessels fishing in the Community's fishing zone require a licence. These licences are based on the EEC quota system and the quantities which may be fished by the national fishing fleet is determined by Member States.

## GERMANY

### Harvesting sector

#### *Border measures*

##### *Direct investment and access restrictions*

There are no regulations affecting direct investment or establishment by non-residents or foreigners in fishing or fish processing activities.

The fishing laws do not differentiate between German nationals and foreigners registered under the German flag. Furthermore, there are no policies or administrative practices which discriminate between residents and non-residents or German nationals and foreigners in these areas.

#### *Domestic measures*

Type of aid	Brief particulars	Amount provided (DM)	Classification of economic assistance
Loans for the small deep-sea and coastal fisheries	<b>Federal Government:</b> Loan for construction of new cutters and purchase of used ones up to 30% and for cutter modernisation and conversion measures up to 60% of eligible costs. Interest: 2% Period: 7-15 years	4 891 000	I, b) ii), iii)
	<b>Regional:</b> <i>Bremen:</i> DM 10 000 - 100 000 Interest: 3% Period: 6-15 years <i>Lower Saxony:</i> Maximum DM 150 000 No interest Period: 6-15 years <i>Schleswig-Holstein:</i> Interest: 4% Period: up to 10 years	997 000 (1990)	I, b)iii, iii)

Type of aid	Brief particulars	Amount provided (DM)	Classification of economic assistance
Interest reduction on money market loans to promote the construction of cutters and the modernisation of fishing vessels	<p><b>Federal:</b> Reduction by 4% (small deep-sea and coastal fisheries) or 3% (large deep-sea fisheries) for 10 years</p> <p><b>Regional:</b> <i>Bremen:</i> Reduction by maximum 3% for 7 years <i>Hamburg:</i> by maximum 3% DM 150 000 10 years <i>Lower Saxony:</i> by maximum 4% period: 3-7 years: <i>Schleswig-Holstein:</i> reduction to 4% for maximum 10 years</p>	767 000	I, b) I)
Measures for capacity adjustment in sea fisheries		Total: 16 716 000	I, b) iv)
a) Grants for temporary laying-up of vessels of large deep-sea fisheries	Up to 20 days for freezers and up to 28 days for fresh fish trawlers if average of temporary laying-up days during last 3 years is exceeded by a minimum of 45 additional lay-up days.	1 284 000	
b) Grants for temporary laying-up of cutters	. Baltic Sea (Mecklenburg-Vorpommern) up to 60 days Baltic Sea (Schleswig-Holstein) up to 50 days North Sea up to 28 days Shrimpers up to 20 days if average of temporary laying-up days during last 3 years is exceeded by a minimum of 45 additional lay-up days DM 280 - DM 7 062 per day according to size of ship		
c) Scrapping premiums (grants) for cutters	DM 3 500 per grt for cutters up to 250 grt	4 353 000	

Type of aid	Brief particulars	Amount provided (DM)	Classification of economic assistance
Grants for structure and consolidation measures:		Total: 7 173 000	
a) Grants for modernisation of vessels (large deep-sea fisheries) and for the construction of new vessels (cutter fisheries)	Amount of subsidies up to 20% of costs	4 912 000	I, b) ii)
b) Grants for the purchase of second-hand cutters and for modernisation and conversion measures	Amount of subsidies up to 10% of costs	2 261 000	I, b) i) I, b) ii)
c) Grants for the construction of fishing vessels in the large deep-sea fisheries	Maximum 25% of costs	0	I, b) iii)
Grants for the cutter fisheries (Regional)	<i>Bremen</i> : up to 20% of investment costs <i>Hamburg</i> : up to 15% <i>Schleswig-Holstein</i> : up to 10% for construction of new vessels, up to 15% for renovation of vessels, up to 25% for other measures <i>Lower Saxony</i> : for rationalisation measures up to 25% of costs	Total: 425 000	I, b) ii), iii)
Grants for the fish processing industry	Up to 30% of investment costs: a) Federal: DM 4 371 000 b) Regional: DM 2 914 000	Total: 5 800 000	II, I), ii)
Promotion of sales of fish	Statutory levies paid by shipowners, first buyers and importers of fish (DM 0.50 per 100 kg of fish for human consumption)	5 800 000	II, iii) iv)

1. The national aid must fit into the framework of the EC Multi-annual Guidance Programme concerning Fishery Fleets for 1987/91, under Regulation (EEC) no. 4028/86. They have to be notified to the Commission.

### ***Cutter grants***

#### *Measures due to:*

Progressive ageing if the fleet.

*Objectives of measure*

Renewal and rationalisation of cutter fleet (especially construction of new modern deep-sea cutters and combined shrimpers).

*Policy frame*

Supplementary to structural measures and interest reduction

*Principal provisions*

No limit in time  
Funds available: 5 m DM (1991)  
5 m DM (1992)  
Condition: Eligibility under the German fishery policy

*Effects*

Because of too little capital owing to the high costs of building better boats, cutter owners are not capable of modernising their obsolete fleet with their own resources. Because of the decreasing importance of cutter fisheries for domestic fresh fish supplies and for the sake of rational exploitation of fish stocks as well as the sustainability of quotas further support is necessary.

***Interest reduction***

*Measures due to*

Progressive ageing of the fleet.

*Objectives of measure*

Renewal and rationalisation of cutter fleet, modernisation of deep-sea fleet.

*Policy frame*

Supplementary to cutter grants and structural measures.

*Principal provisions*

No limit in time  
Funds available: 1.2 m DM (1991)  
1.2 m DM (1992)  
Condition: Eligibility under the German fishery policy

*Effects*

Encouragement of investments.

***Adjustment of capacities***

*Measures due to*

Lack of catch possibilities due to the Law of the Sea development and stock conservation measures.

*Objectives of measure*

Facilitate adjustment of production capacities to change in catch possibilities.

*Policy frame*

Independent measure.

*Principal provisions*

No limit in time

Funds available: 23 m DM (1991)

17 m DM (1992)

Condition: Eligibility under the German fishery policy

*Effects*

Adjustment problems of fishing fleets of Community member states have not been solved as yet. There continues to be a considerable disequilibrium between fleet capacities and catch possibilities. This why the Community finances, with financial participation by the member country concerned, measures for temporary and permanent withdrawal of fishing vessels under EC regulation no. 4028/86/EEC and the guidance programme approved by the EC Commission in accordance with this regulation on fisheries structures. These are supplemented by national adjustment programmes (for temporary withdrawal of cutters between 6 and less than 12 m length between perpendiculars).

***Structural measures***

*Measures due to*

Progressive ageing of the fleet.

*Objectives of measure*

Restructuring, renewal and modernisation of the fleet.

*Policy frame*

Supplementary to cutter grants and interest reduction.

*Principal provisions*

No limit in time

Funds available: 17 m DM (1991)

10 m DM (1992)

Condition: Eligibility under the German fishery policy

*Effects*

These budgetary means are the necessary financial contribution of the member country concerned in investment projects (building of new vessels, modernisation) which are eligible under Regulation no. 4028/86/EEC for Community funding; in addition, there are certain levels of supplementary national structural measures that are possible (to buy used cutters and for cutter conversion measures). For new investments account must be taken of binding maximum capacities laid down in the Commission's decisions on multi-annual guidance programs and likely catch opportunities. The program objectives laid down for 1987-1992 still have to be adjusted for the period 1993-1996. In this context, the development of the fleet of the new Federal state of Mecklenburg-Vorpommern must be taken particular account of.

***Laender subsidies and loans for cutter fisheries***

*Measures due to*

Progressive ageing of the fleet.

*Objectives of measure*

Promotion of cutter fisheries (construction of new vessels, modernisation of old ones, purchase, interest reduction).

*Policy frame*

Supplementary to Federal assistance.

*Principal provisions*

No limit in time  
Funds available: various funds  
Condition: Eligibility under the German fishery policy

*Effects*

Encouragement of investments.

***Federal and Laender subsidies for fish processing industry***

*Measures due to*

Partly obsolete structures.

*Objectives of measure*

Promotion of modernisation.

*Policy frame*

Independent measure.

*Principal provisions*

Varying.  
Condition: Eligibility under the German fishery policy

*Effects*

Encouragement of investments.

***Fish sales promotion***

*Measures due to*

Decline/stagnation of fish consumption.

*Objectives of measure*

Increase fish consumption through sales promotion measures.

*Policy frame*

Independent measure.

*Principal provisions*

No limit in time.

Since 1955.

Varying in accordance with revenue from levies in accordance with Fish Budgetary Plan of Marketing Institute for Fisheries.

*Effects*

Increase in per capita consumption.

**Processing sector**

*Border measures*

*Commodity trade assistance*

See chapter on EEC.

## GREECE

### Harvesting sector

#### *Domestic measures*

In Greece special regulations on national economic assistance to the fishing industry are laid down in accordance with the framework of the relevant Community Regulations.

In order to aid fishing enterprises damaged by unforeseeable reasons financial aid is granted for the damages from credits drawn from the regular budget.

Pursuant to Council Regulation (EEC) n° 4028/86 of 18 December 1986, Community measures are laid down to improve and adjust the structures in the fisheries and aquaculture sector of the Member States. The Regulation has a duration of ten years as of 1 January 1987. It contains various aid possibilities which may be used by the Member States within the framework of a multi-annual guidance programme for the fisheries sector. This programme is to be elaborated by each Member State, and as of 1 January 1987 replaces the aid possibilities which were previously given pursuant to Council Regulation (EEC) n° 2908/83.

The Regulation contains the following categories covered by the aid scheme and currently implemented in Greece, which in practice means a continuation of the schemes existing up until now:

- cessation (permanent withdrawal of vessels from fishery);
- modernisation of the fishing fleet;
- restructuring and renewal of the fishing fleet;
- exploratory fishing;
- fish farming.

#### *Cessation*

The aid scheme on cessation (permanent withdrawal of vessel from the fishery) has been implemented in order to remove less profitable and often energy-consuming vessels from the fishing fleet. This will improve the possibilities of carrying out a rational, organised and profitable fishery within the framework of the fishing possibilities and additionally it will give the opportunity for a much needed renewal of the Greek fishing fleet. The scheme must be seen in relation to fisheries Greek regulations of fisheries, according to which new capacity must not be added the Greek fishing fleet without observing some formalities. The intention is, as a basis, to apply the maximum aid grants for permanent cessation

pursuant to the Community Regulation (EEC Regulation n° 4028/86). Of the premiums, 50 per cent is reimbursed by the Community.

#### *Modernisation*

With a view to improving the profitability of the Greek fishing fleet and the quality of the raw materials, financial aid may be granted to modernisation of fishing vessels. The grant follows Community regulations.

#### *Purchase or new construction*

Financial aid may be granted for the purchase or construction of new fishing vessels provided that the new vessel is under 9 meters. The Greek government provides 10 per cent of eligible costs for the purchase or construction of new fishing vessels.

#### *Exploratory fishing*

Financial aid may be granted for exploratory fishing, etc. with the purpose of establishing alternative fishing possibilities (vessels under 18 meters).

#### *Fish farming*

Financial aid may also be granted for fish farming (according Regulation EEC n° 4028/86).

#### *Results*

The results achieved from the aid programmes are closely related to the provisions contained in the EC structures Regulation 4028/86 and its predecessors. The objectives of the Greek fisheries support policy have been to maintain a viable industry through the promotion of the modernisation of the fishing fleet and improved harbours, whilst having due regard to the social and economic importance of fishing communities. Within the processing, marketing and distribution sector, economic assistance is also linked with the provision set down by the European Community (Regulation EEC n° 4042/89).

### **Processing sector**

As in all Member States of the European Communities, the Greek fish processing industry is eligible for grants under EC Regulation 4042/89. Under this Regulation, the Commission makes grants towards the cost of investment to improve the marketing and processing of fishery products.

## ICELAND

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

Fishing within Iceland's exclusive economic zone may be carried out by vessels holding a fishing licence (operational licence), registered in Iceland and owned by Icelandic nationals. Notwithstanding legislation introduced in March 1992 to encourage foreign direct investment in Iceland, only Icelandic nationals or domestically registered companies have access to ownership of fishing vessels and primary fish processing industry in the country.

The new bill allows foreign fishing vessels to land catches and make use of services in Icelandic harbours. The bill allows landings of all fish species except those owned jointly with other countries and whose utilisation is not covered by mutual agreement. However, the fisheries minister is empowered to make exceptions under specific circumstances.

#### ***Domestic measures***

##### *Social help*

##### Contingency programmes

Most catastrophes, such as damages caused by earthquakes, volcanic eruptions, avalanches and floods, are covered by the National Catastrophe Fund. The income of this fund is derived from a levy on the value of most property, whether owned by individuals, companies, municipalities or the State. No direct contributions are forthcoming, either from the State or the municipalities.

##### Regional development

Fisheries management measures adopted in Iceland are, for the most part, general and national in character. Purely local interest and measures adopted to protect them apply only with regard to the fjord shrimp and scallop fishery. In these isolated cases, there are no aid measures involved. It should be mentioned that by far the greatest number of Icelandic fishing vessels, be they large or small, are operated on a year round basis, subject, however, to conservation and management measures adopted.

## Institute of Regional Development

This has two main functions:

- It gives advice to municipalities, companies and farmers in outlying areas, concerning financial restructuring, planning and development. A contribution by the State to the Institute amounted to IKr 81 million in 1987.
- To grant loans, only on a commercial basis, to the above-mentioned parties.

## Social welfare - Unemployment Insurance Fund

Total income in 1986 amounted to IKr 482 million, of which one-half consisted of a contribution by the State, one-quarter from municipalities and one-quarter from employers. In 1986, unemployment benefits amounted to IKr 189 million. Information on the amounts paid to fishermen and employees of processing plants is not available. It is, however, the considered opinion of the management of the fund, that these payments were negligible.

## Tax incentives

According to Law, the method of accelerated depreciation is possible, applicable, however, to all industries. Fishermen are able to deduct IKr 408 per day of operation from their income tax.

## *Economic help*

Operational subsidies - none.  
Modernisation or diversification - none  
Development - none.  
Fleet rationalisation - none.  
Institutional support - none.

## *Absence of policy*

No support is given.

## *Effort management*

This might possibly apply to unemployment benefits and to tax incentives for fishermen.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

The creation of the European Economic Area from 1 January 1993 is expected to allow 96 per cent of Iceland's exports customs free access.

There are no import quotas or import restrictions. Landings from foreign vessels have been allowed since 1992 but the Ministry of Fisheries is empowered to refuse landings if the fish is caught from common stocks where there exists no agreement of common utilisation.

In the interest of sanitation, imports of fish roes are subject to licensing.

In general there are no tariffs on the imports of raw fish material, while imports of processed fish and crustaceans are subject to a tariff of 22%. Trade with the EEC will be subject to the EFTA/EEC agreement and therefore the principal fisheries products attract low or no tariffs.

### ***Domestic measures***

Investment - none.

Structural adjustments (see Institute of Regional Development).

Organisation of natural markets - none.

Export and marketing assistance - The Icelandic Export Board -- A contribution by the State amounted to IKr 10 million last year, about one-eighth of the Board's budget. The fishery industry contribution was IKr 30 million.

## IRELAND

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

All Irish sea fishing boats must be licensed prior to registration. Under Section 222B(4)(a) (inserted by the Fisheries (Amendment) Act, 1983) of the Fisheries (Consolidation) Act, 1959, a licence to fish for sea fish may only be granted to an Irish national, or to an Irish registered company.

To qualify for the licence, the company must be Irish registered. No distinction is made between the treatment of a branch or a subsidiary. There is no restriction or limit on non-resident participation in an Irish registered company. At least 75 per cent of the members of the crew must be Irish or other EEC nationals, excluding until 1 January 1993, Spanish or Portuguese nationals with certain exceptions.

A licence under Section 222B of the 1959 Act is required prior to the registration of a vessel; such a licence may only be issued to the owner of a vessel, who must be an Irish national or an Irish registered company; there is no provision for reciprocity. Only sea fishing vessels registered under Part IV of the Merchant Shipping Act, 1894 and, if over 35 feet in registered length, Section 18 of the Mercantile Marine Act, 1955, may fly the Irish flag. These are also the only vessels which may fish against quotas allocated to Ireland; vessels over 65 feet in registered length must, in addition, have at all times the licence on board. Vessels fishing for certain stocks (herring, mackerel and hake) must have an additional licence.

Licences and thus fishing opportunities are granted only to the owner of an Irish registered vessel; the licence relates solely to the vessel in respect of which it is granted. There is no provision for leasing boats or transferring fishing opportunities.

Licences to fish for herring or mackerel are limited in that a licence for a new vessel may only be granted if an existing boat or boats with active history of fishing for these species is removed from the fleet, and whose aggregate tonnage and horsepower is at least equivalent to the tonnage and horsepower of the boat being introduced to the fleet. Licences to fish by means of beam trawls may only be granted, if an existing boat or boats is removed from the beam trawler fleet, and whose aggregate tonnage and horsepower is at least equal to the tonnage and horsepower of the new vessel.

There are no laws, policies or practices that differentiate between residents/nationals and non-residents/non-nationals in respect of direct investment, in or establishment of, fish processing enterprises.

### ***Domestic measures***

In Ireland, economic assistance to the fishing industry is largely guided by the terms of the European Community's Common Fisheries Policy and its implementing regulations.

#### *Government policy*

The future development of the sea fishing industry for the period 1988 to 1991 is set out in the BIM (Irish Sea Fisheries Board) document "Charting a New Course .... Development Strategy for the Seafish Industry".

#### *Fisheries/Aquaculture*

##### Sea fisheries

Grants are available from BIM's Marine Credit Plan to develop the catching sector of the fleet in order to increase landings. In addition, regional grants are made available to Gaeltacht (Irish-speaking) areas for the construction of small vessels as part of a regional development scheme.

##### Aquaculture

This developing sector of the Irish fishing industry is grant-aided by both BIM's Marine Credit Plan and by Udaras na Gaeltachta, a board established to promote development in Gaeltacht areas.

A total of approximately Ir£ 16.6 million in State capital grants is budgeted over the period 1988-1991.

### **Processing sector**

#### ***Border measures***

##### *Commodity trade assistance*

See chapter on EEC

### ***Domestic measures***

A number of Irish agencies work to improve the processing industry in order to bring about the optimum utilisation of raw materials which will satisfy demand and create maximum value-added and employment in Ireland. To this end, grants are made available by BIM, Udaras na Gaeltachta, Industrial Development Authority and Shannon Free Airport Development Company.

### *Marketing*

BIM is the State-agency in fish marketing and it works with any other agency deemed necessary to promote seafood on internal and overseas markets.

Within the EC Common Market Organisation, the Irish sea fishing fleet is a beneficiary of intervention payments where appropriate.

## ITALY

### **Introduction**

The third National Plan for sea fisheries and aquaculture for the three-year period 1991-1993 is the starting point for a thorough reorganisation of this sector. But it also takes into account the fact that modernisation will be fully achieved and produce the expected results only in the medium and long term.

Accordingly, while still catering to the action which has already been initiated which are mainly intended to streamline production activities, the innovative proposals will also make it possible to find solutions for this sector's main structural problems.

Some clauses of Act No. 41/82 must therefore be quickly amended and national, regional and Community regulations harmonised to a greater extent. In addition, the third National Plan allows for the need to give the general reference basis a wider scope than Act No. 41/82 and recommends that the labour and fiscal policies in force in other sectors of the national economy should be applied to the fishing industry, particularly with regard to the creation of employment-training contracts and the adoption of a new welfare and retirement system for fishermen.

### **Harvesting sector**

#### ***Border Measures***

##### *Direct investment and access restrictions*

Fishing in territorial waters is reserved for Italian nationals.

Ownership of vessels by foreign-controlled companies or citizens is possible if the vessels are over 50 per cent owned by Italian nationals, Italian public institutions, companies established and having headquarters in Italy or private institutions whose capital and management are over 50 per cent Italian.

Installations for processing fish onboard come under the same regulations as land-based installations. If fish is processed at land-based processing units, no restriction is made with regard to foreign investments.

#### ***Domestic measures***

##### *Welfare aid*

Act No. 72 of 5 February 1992 set up a "National Fisheries Solidarity Fund" with a total appropriation of L 24 450 million for the year 1992 to help owner-operated vessels, fisheries co-operatives

and fish, oyster and mussel farmers who had suffered serious losses as a result of a natural catastrophe. A 5 per cent share of this fund has been allocated to scientific research into the impact of natural catastrophes on production in this sector.

### *Direct economic aid*

#### *Government action*

The regulations in force provide for two kinds of action:

- action concerning the definition of general measures;
- action intended to identify and resolve the specific weaknesses and difficulties in the fishing industry.

In the first case a highly innovative programme has been drawn up comprising:

Promotion of investment initiatives exclusively by granting low-interest loans. The aim is thus to prepare for a switch in the sector's economic development policy to objectives requiring those receiving loans to carry an increased share of management responsibility.

The fact that loans have to be repaid in regular instalments is an incentive to opt for investments with a good profitability potential.

Adjustment of financial intervention on the basis of the priorities attached by the Plan to the initiatives eligible for subsidy.

Use of resources for outright grants for investment in the general interest or the solution of cyclical problems. Some of the resources are to be used to: promote and facilitate the creation of co-operative associations for the management of fishing sectors and new fishing systems, and the preparation of company restructuring plans to improve the management of co-operatives and their associations; facilitate the provision of capital for fishing in territorial, i.e. non-Community waters; and finance training courses for co-operative members and heads.

Giving fishermen's co-operatives and associations exclusive rights in coastal waters in order to facilitate action for changes in and the development of production.

Introduction of a licence fee for specific fisheries that are to be discouraged in order to prevent possible speculation due to the introduction of certain administrative restrictions.

The sums provided in the years 1991 and 1992 were respectively L 89 000 and L 99 000 million which were broken down as follows for each investment sector:

**Table 1. Breakdown of sums in 1991 and 1992**  
(L million)

Investment sector	Percent	1991	Percent	1992
Fisheries credit funds	65	57 850	65	64 350
Research in fishing and aquaculture	10	8 900	10	9 000
Advertising	4	3 560	4	3 960
Outright grants	20	17 800	10	9 900 <sup>1</sup>
Operating expenses	1	890	0.1	99
Co-operative bodies			10	9 900
Fisheries statistical system			1.9	891
<b>TOTAL</b>	<b>100</b>	<b>89 000</b>	<b>100</b>	<b>99 000</b>

1. Funds in the current year for grants have been cut half; in addition, grants towards the modernisation of vessels must not exceed ECU 25 000.

In selecting the studies and research to be financed, priority must go to biological, economic and statistical projects concerning the evaluation and rational management of the sea's biological resources and studies of aquaculture in marine and brackish waters.

*Central fund for fishing credits:*

**Table 2. Breakdown of payments by item**  
(L '000)

Item	Percent	1991	Percent	1992
Vessel construction	32	18 512 000	25	16 087 500
Aquaculture facilities	25	14 462 500	20	12 870 000
Onshore facilities and machinery	18	10 413 000	20	12 870 000
Sales outlets and depots <sup>1</sup>	5	2 892 500	20	12 870 000
Restructuring of enterprises			5	2 217 500
Guarantee fund	20	11 570 000	10	6 435 000
<b>TOTAL</b>	<b>100</b>	<b>57 850 000</b>	<b>100</b>	<b>64 350 000</b>

1. In accordance with Community policy, vehicles have been excluded from any form of funding.

*Outright grants:*

**Table 3. Breakdown of investment by item**  
(L '000)

Item	Percent	1991	Percent	1992
Semi-public companies	1	178 000	1	99 000
Vessel scrapping	1	178 000	1	99 000
Vessel construction	10	1 178 000	15	1 483 000
Modernisation	15	2 670 000	6	594 000
Aquaculture			23	2 277 000
Onshore facilities & machinery			16	1 584 000
Sales outlets and depots	10	1 178 000	4	396 000
Action by associations				
resource monitoring & dvlpt.	28	4 984 000	15	1 287 000
company restructuring			21	2 079 000
aid for co-operatives	35	6 230 000		
<b>TOTAL</b>	<b>100</b>	<b>17 800 000</b>	<b>100</b>	<b>9 900 000</b>

Still in connection with the measures adopted by the authorities for financial aid to the sector, Act No. 267 of 8.8.1991 concerning emergency provisions for the conversion of drift-net fishing vessels should be mentioned.

However, as a result of the new Community regulation on drift nets which limits their maximum length to 2.5 km but does not prohibit their use, this objective is still far from being achieved.

Of the L 15 000 million earmarked under the Act, only L 750 million have been disbursed.

#### *Community action*

Under Regulation (EEC) No. 4028/86, supplemented by Regulation (EEC) 3944/90, on Community measures to improve and adapt structures in the fisheries and aquaculture sector, the Commission has agreed to Community funding for the following projects:

**Table 4. Community funding**

Type of measure	Year	Number of programmes	Investment total	Community aid	Nation contribution
Construction	1991	12	8 889 354	3 041 274	2 606 806
	1992	5	4 812 791	1 443 837	1 203 198
Modernisation	1991	129	37 735 039	16 755 099	10 560 693
	1992	99	30 889 618	5 343 117	3 084 904
Aquaculture facilities	1991	11	31 414 788	10 942 744	7 589 200
	1992	14	30 546 384	11 613 419	8 917 204
Exploratory fishing	1991	2	1 385 058	1 385 058	6 925 291
	1992	3	2 950 661	2 950 661	14 751 057
Reconversion	1992	1		162 661	812 661
Temporary joint ventures <sup>1</sup>	1992	3			
Semi-public companies	1991	1		3 248 488	1 642 244
	1992	1		4 678 024	2 339 012
Decommissioning	1991				24 000 000 <sup>2</sup>
	1992				
Temporary decommissioning	1991				85 000 000 <sup>2</sup>
	1992				
Fishing port facilities	1991	1	4 150 000	2 072 000	1 038 000
	1992	7	12 950 829	5 022 494	2 923 191

1. The Community and national contributions will be determined on an ex post facto basis after the temporary joint ventures have been wound up.
2. Funds provided by the Italian Government for the payment of grants for temporary or definitive decommissioning even if in this case Community participation is determined on an ex post facto basis.

## **Processing sector**

### ***Border Measures***

#### *Commodity trade assistance*

See chapter on EEC.

### *Domestic measures*

The Italian fish preserves industry has a quite complex structure with industrial, semi-industrial and small-scale enterprises. Differences are mainly due to the various methods of purchasing the raw materials, trends in demand, import/export flows and more generally the trend in each preserves sector.

There are over 60 large industrial firms with a workforce of about 7 100 people, while the small-scale and family firms number about 200 and use traditional methods such as salting and pickling.

The trend in the fish preserves industry shows an increase, albeit moderate, in the production of salted tuna and anchovy preserves, a marked increase for anchovy filets and frozen fishery products, and a steady decline for sardines and clams.

More attention must be paid to this sector considering its importance as a market for raw materials and source of employment, as well as its economic weight.

Two types of plants exist in the case of deep-frozen products: those actually involved in the processing of deep-frozen fish products and those used exclusively for storage purposes.

In the first case, the sector is extremely concentrated, which is to be mainly attributed to the great difficulty of setting up a refrigerated distribution network, and to very high advertising costs. Four firms together account for about 77 per cent of the L 1 400 million in turnover.

In the case of storage facilities, the present capacity of refrigerated warehouses can be put at about 570 000 m<sup>3</sup>, with an even distribution throughout the country.

It seems, however, that a denser refrigeration facility network must be provided if demand from Italian consumers is to be met fully.

As consumer demand rises and imports correspondingly increase, the marketing sector requires a precise national innovation strategy.

The continual and growing call for foreign products demonstrates the pressing need to modernise the entire sector, framing a development policy for the fish product marketing network and creating depots and marketing centres run by co-operatives and their associations.

### *Government aid*

See tables 2 and 3.

### *Community aid*

Under Regulation (EEC) No. 4042/89 on the improvement of the conditions under which fishery and aquaculture products are processed and marketed, the Community has approved an operational programme for the implementation of 15 projects involving a total investment of L 41 481 065 000 in:

- 8 projects concerning the marketing network and the collection and storage of fishery products, intended to improve supply structure as well as quality and hygiene in the marketing phase;

- 3 tuna and anchovy processing projects intended to increase competitiveness on the domestic market;
- 4 projects concerning the processing and marketing of deep-frozen fishery products.

Community aid and the national contribution are respectively L 12 431 765 000 and L 10 365 615 000 for this programme.

In accordance with the criteria imposed by the above-mentioned Regulation, a pilot project has also been undertaken for R&D work on new ideas for products and new versions of traditional products. This work will be carried out in the period 1992-1993 at a total cost of L 1 630 400 000 (Community aid of L 324 912 000, national contribution of L 1 072 760 000).

Under Regulations EEC No. 3117/85 and 3460/85, AIMA (government agency for intervention on the agricultural market) made compensatory payments to Mediterranean sardine processors (L 739 882 025 for the 1991 fishing campaign and L 240 651 360 for a part of the 1992 campaign).

## **Management**

### ***Conflicts between gear types and regulation of fishing activity***

Production in the Italian fishing industry is mainly affected by two kinds of conflict: over the small drift nets often used within the three-mile strip, and the second by conflicts between gear types.

In the former instance, it is considered that some intervention is necessary to promote the creation of co-operatives and partnerships by making it possible to build vessels, whether or not equipped with drift nets, of at least 30 grt, thus reducing fishing activity in the three-mile limit.

In the latter instance, a management strategy based on two approaches, indirect and direct, has been adopted. The indirect approach is to make local authorities responsible for regulating and defining the fishing gear, while direct measures aim to restore a balance between fishing activity and available resources, mainly by:

- encouraging a reduction in fishing activity by vessels equipped with drift and surrounding nets;
- allowing low-interest loans for the construction of vessels of up to 70 grt equipped for fishing with drift, surrounding and closed nets, to replace scrapped vessels; with the same grt and power;
- proscribing any form of low-interest loans for the construction or purchase of vessels using turbo blower apparatus for fishing bivalve molluscs;
- allowing the construction of vessels for fishing with drift nets, basket traps, long lines and similar systems.

It is considered that financial measures must be supplemented by:

- banning fishing on Saturdays, Sundays and holidays;

- matching the decommissioning and building of vessels for fishing in coastal waters and for the same types of fishing systems;
- encouraging the sale of second-hand equipment, thus making for less intensive fishing in certain areas.

### ***Deep sea fishing***

The development of deep-sea fishing is of great importance as part of the strategy for the development of domestic food supplies.

The radical change in the possibilities of access to international resources has put a large number of traditional deep-sea fishing enterprises out of business, and most of them have applied for the definitive decommissioning grant.

Alongside this, it is thus becoming necessary to draw up a programme for the development of modern deep-sea fishing.

### ***Onshore structures***

The conditions in this sector have already been briefly described. Suffice it to say that for the sake of rational resource management all funding has been ruled out for the construction of any new facilities handling tuna, sardines, cockles and other "problem" products, although interest-relief is granted for the modernisation of facilities that are already operational.

### ***Aquaculture***

Aquaculture is seen as complementary to and not as a replacement for fishing.

The factors which are still an obstacle to more efficient activity in this sector are many and varied, such as the lack of specific legislation, the lack of juvenile fish production capacity, and the persistent problem of optimising the use of environmental resources while minimising the environmental impact.

To resolve the difficulties and provide a sound basis for the programme which is to be carried out under the Third Plan, it is proposed to:

- promote the improvement and construction of breeding centres guaranteeing high, quality production;
- promote projects for the more or less intensive use of coastal lagoons, depending on environmental requirements;
- promote marine aquaculture activities based on established techniques, side by side with non-industrial fishing (first priority);

- facilitate the modernisation of existing facilities in order to reduce production costs and improve competitiveness, particularly as regards sea bass, bream and eel farming (second priority);
- promote any modernisation and new construction work not covered above (third priority).

## **JAPAN**

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

Under the Foreign Exchange and Foreign Trade Control Law, prior notification to the Minister of Finance and to the Minister(s) in charge of the industry involved is required before any foreign investment can be undertaken. In most cases, foreign investment is automatically allowed except when it involves the following industries:

- agriculture, forestry and fisheries;
- mining;
- oil;
- leather and leather product manufacturing,

all of which have been reserved under the Code.

For fisheries, if the foreign investment might adversely affect the activities of the domestic fishery business, the Ministers concerned may recommend or give directives to alter the details of that direct investment or to suspend the execution thereof.

Direct investment shall be understood to mean either:

- acquisition of any company's stock or shares;
- substantial alteration of the objective of a company's business;
- establishment of a branch; or
- money lending.

A licence, permission or approval is required under the Fishery Law to run a fishery business. Just as other countries impose restrictions on fishery activities carried out by foreigners in their fishing zones, so Japan prohibits fishery activities and the capture of marine life in its territorial waters by foreigners, except for minor activities under the Law for Regulation of Fishing Operations for Foreign Nationals. Furthermore, under a tentative law concerning Japan's fishing zone, permission is required by the Minister of Agriculture, Forestry and Fisheries before a foreigner can run fishery activities or catch

marine life in the Japanese fishing zone (200-mile zone). Permission is given only when it is recognised that the fishery activities or the capture of marine life will be undertaken in accordance with international agreements or other measures, that the amount of capture will not exceed the amount determined by Japan and that the foreign country involved will show proper consideration to the fishing activities of Japanese fishermen.

For fishing vessels, non-residents are not allowed to own Japanese vessels under Article 1 of the law which deals with vessel registration and under Article 2 of the fishery law which defines Japanese fishing boats. While foreigners cannot own fishing boats, the fishing boat law does not prohibit foreigners from using fishing boats, and thus, no restrictions exist on borrowing and using fishing boats.

### *Domestic measures*

Japanese government policy towards economic assistance to the fishing industry has been described as follows:

- For the offshore and pelagic fishing industries, no subsidy will, in principle, be provided on the premise that free competition among companies should prevail in these sectors. Fishing, however, will be regulated and supervised through the licensing system.
- The coastal fishing industry is not only conducted by a host of small family businesses, but is also placed in a position where it is necessary to maintain a balance in the use of coastal waters with the uses by other industries. Moreover, the industry is constantly affected by such external factors as reclamation and pollution. Hence, in order to maintain and increase production and stabilise management, subsidy measures will be undertaken where necessary in such a way as to maintain and improve the fishing grounds, control pollution, reinforce the facilities for communal use and improve production means and methods.
- In addition to the above, financial support measures will be undertaken where necessary towards such programmes as insurance against marine disasters, mutual aid systems, training of fishery workers, promotion of fishermen's welfare and rationalisation of marine product distribution.

### *Social help*

#### Contingency programmes

*Fishing Boat Damage Compensation System:* This was established to compensate for fishing boat damage incurred from unforeseen accidents. The Government takes partial charge of risks by re-insuring the system and providing a portion of premium payment from fishermen.

*Natural Disaster Relief Programme for Public Property:* In order to help rebuilding or repairing of fishing ports and sea banks damaged by natural disasters, the Government provides support to local governments.

*Red Tide and Oil Contamination Sufferer Relief Scheme:* The Government offers economic assistance to relieve sufferers from oil contamination caused by unknown polluters. Subsidy for premium payment of insurance against red-tide in aquaculture is also provided.

*Fisheries Damage Compensation System:* This aims at compensating small and medium scale fishing companies for the loss of revenue and the damage on their fishery assets from natural disasters, accidents, unforeseen fluctuation of catches, etc. The Government takes charge of insurance on the risks anticipated among the mutual re-insurance system carried out by the central association of insurers. The Government also aids a portion of premium payment of fishing companies.

## Regional Development

Regional development is one of the most important objectives of Japan's fishery policy as a whole. For the country, which stretches along a chain of islands surrounded by rich marine resources, there are a great many fishing communities along long coast lines. Most of them depend heavily on fisheries and related industries. The majority of their fishing companies are small and medium sized in scale. Therefore, without any major government programmes intended solely to a specific region, most policy measures are pursued for the purpose of regional developments according to the needs and situations of each respective region.

In this respect, most of the fishery policies can be classified as regional policy measures.

However, for reference purposes, policy measures relating to the infrastructure or social capital are dealt with in this section.

*Improvement of Coastal Fishing Grounds:* Government support is provided for the construction of artificial fishing shelters and propagating grounds, the improvement of existing natural reefs, etc.

*Consolidation of Fishing Ports*

*Development of Fishing Villages*

*Installation of Infrastructure to Protect Coasts and Ports*

## Social Welfare

*Measures for Job Change:* In order to facilitate re-employment of fishery workers who look for jobs in other sectors, vocational advice and employment exchange services are provided to them in close co-operation with the seamen's employment security offices, as well as the public employment security offices.

*Economic help*

## Modernisation or diversification

*Fishery Production Structure Reorganisation Programme:* In order to promote reorganisation of fishery production of small and medium scale fishery sectors, necessitated by severe internal and external conditions, low interest loans are provided to the participants in mutual fleet reduction plan, for the purpose of lightening the remaining fishermen's burden in compensating their fellow fishermen. In this programme, conversion loans are also provided to fishermen having severe debt problems.

*Emergency and Relief Loan:* To small and medium scale fishery bodies in trouble, due to internal and external conditions, low interest emergency and relief loans are provided to stabilise and rehabilitate their management.

*Agriculture, Forestry and Fishery Finance Corporation:* Long term loans to maintain and enhance productivity of the fishery industry is provided through the AFFFC. The policy coverage of the finance is extensive; ranging from infrastructure investment to fleet rationalisation.

*Fishery Modernisation Loan:* With the aim of modernising and rationalising fishery management by better utilisation of fishery co-operatives' funds, interest subsidies are given by the Government.

#### Fleet rationalisation

*Fishery Production Structure Reorganisation in Specific Sector:* The Government promotes the reorganisation of the fishery production structure in a designated sector by providing support to fleet reduction plan proceeded by the fishermen's association on a voluntary and planned basis.

#### Other economic assistance

*Fishery Radio Station System Improvement Programme:* Economic assistance is given to local governments which reorganise the fishery radio station system.

*Research and Development in Fishery Sector:* The Government engages in basic research and development in the fishery sector. For example, in order to promote an increase in fishery resources and to establish an effective management system of these, the application of biotechnology and remote-sensing techniques to fisheries are being developed.

*Development of Marine Fishery Resources:* Development of new fishing grounds and development research for non-utilised resources, etc. are conducted with government support.

*Promotion of planned management of coastal fisheries by regional groups of fishermen:* In promoting planned management of coastal fisheries, consultations and planning by regional groups of fishermen allow for such advantages as follows: attainment of optimum fishery operation in accordance with the levels of resources, promotion of joint and co-operative fishery operations, new development of aquaculture, increase of the value-added in production and increase of job opportunities through processing and selling in the community. The Government encourages these consultations and planning.

### **Processing sector**

#### ***Border measures***

##### *Commodity trade assistance*

Import quotas are applied to a number of species, based upon the Foreign Exchange and Foreign Trade Control Law.

Japan applies an import quota for cod (including cod-like fish such as hake) and yellowtail, mackerel, sardine, horse mackerel, saury, scallops, adductors of shellfish and "Niboshi". This import quota is based on the total import value in a basket of these products, i.e. there is no individual import quota for each product.

Imports of herring, Alaska pollack, hard roes of pollack, cuttlefish and squid are also subject to quotas as follows:

**Table 1. Imports subject to quotas**  
(tons)

	1985/86	1986/87	1987/88	1988/89	1989/90
Atlantic herring	68 000	70 000	n.a.	50 000	52 000
Pacific herring	-	-	n.a.	50 000	50 000
Alaska pollack	670 000	1 240 000	n.a.	1 024 000	631 000
Hard roes of pollack	14 000	15 000	n.a.	20 000	25 000
Squid	46 000	53 000	53 000	53 000	53 000

Import quota is applied to squid and cuttlefish (except for mongo-ika) in live, fresh, chilled, frozen and dried form. However, in practice the quota is only imposed on frozen squid and cuttlefish and dried squid and cuttlefish.

The Government determines the quota size, on the basis of supply and demand in the domestic market. Quota allocations are announced twice a year, except for dried cuttlefish and squid, which are announced once a year.

Japan imposes a number of tariffs on raw and processed fish. These are summarised in Annex III, and range from 0-15 per cent.

Japan has four types of tariff rates to be applied; general, GATT, preferential and temporary. In the preferential rate there is a special rate (free) applied to countries in the Least Less-Developed Countries category. The assessment of duty is dependent on the Harmonised System Code of the product and the country of origin.

As a rule, the GATT rate applies before the general rate, and the preferential rate before the general rate.

### ***Domestic measures***

#### ***Structural Adjustment***

*Establishment of Distribution and Processing Core Facility:* In order to rationalise the distribution and processing system, the Government aids the local governments to establish distribution and processing core facilities in major fishery ports.

*Organisation of National Market*

*Promotion Campaign for Fish Consumption:* In order to promote fish consumption, the Government supports information services on fish and fish products to consumers.

## NETHERLANDS

### **Harvesting sector**

#### ***Border Instruments***

See Chapter on EEC.

The laws, policies and administrative practices in the Netherlands pertaining to fishing activities, do not discriminate between domestic and foreign enterprises. Any foreigner or foreign enterprise may set up, acquire or participate in an enterprise.

Licences are issued only to persons or enterprises that hold office in the Netherlands. Holders of licences have access to the Netherlands fish catch quota.

No public, private or mixed monopolies exist in the fishing sector.

#### ***Domestic Instruments***

The general objective of the Dutch fisheries policy is "to promote responsible fishing efforts". This means that within the constraints imposed by other uses the government tries to promote fishing as an economic activity. For fishing to be a responsible effort environmental values are to be taken into account. Finally, a balanced exploitation implies that fishing resources are to be managed in such a way that the continued visibility of the fisheries sector is insured. The sector is encouraged to take more responsibility to organise their own affairs. This can help increase support within the sector for a proper regulation of the fisheries.

There exist important legal frameworks in the Community within which and with the help of which the structural adjustments of the fisheries sector can be realised. Their implementation has been reinforced in two multi-annual guidance programs under Council Regulation 4028/86. One program concerns the development of the fleet and the other program the development of aquaculture. The former program, especially the objective regarding the reduction of fleet capacity, has priority. With the implementation of the program regarding fleet development, a contribution is made to the Community objective of restoring the balance between catch possibilities and catch capacity.

As indicated above, the program aims to eliminate the discrepancy between the size of the fleet on the one hand and the catch possibilities on the other hand, by simultaneously seeking to realise two sub-objectives:

- reduction of the total catch capacity of the fleet (reduction of engine power);
- reduction of the total fishing activity of the same fleet.

The capacity target for 31 December 1996 set by the multi-annual guidance program (MGP) of the EC:

- cutter trawler fleet 286 110 kW;
- trawler fleet 46 278 kW.

The emphasis on this scheme is to reduce physical capacity. The Dutch government values measures to further restrict fishing effort, because of the high profitability of its fleet. In practice such measures will have the same effect.

The situation on 1 January 1992, according to the EC was:

- cutter trawler fleet 367 199 kW,
- trawler fleet 60 254 kW.

In 1992, Gld 11 533 000 were used for the implementation of this program of which Gld 5 235 000 were paid by the EC.

The program does not provide for aid for the building of new fishing vessels. For the purpose of modernisation it provides aid for investments to improve the quality of on-board processing. For this purpose the total national aid is estimated at Gld 0.5 million annually.

## **Processing sector**

### ***Border Instruments***

See Chapter on EEC.

The laws, policies and administrative practices in the Netherlands pertaining to fish processing activities, do not discriminate between domestic and foreign enterprises. Any foreigner or foreign enterprise may set up, acquire or participate in an enterprise.

No limitations or special regulations exist with regard to activities in the fish processing sector.

No public, private or mixed monopolies exist in the fish processing sector.

### ***Domestic Instruments***

#### ***The Promotional Fund for the Mussel Industry***

The aim of the Promotional Fund is to promote mussel consumption at home and abroad. The Fund is used to finance activities through the media, such as newspapers, folders, trade fairs and posters. The same or a lower levy is imposed on imported mussels as that of domestically produced mussels. The measure also benefits imported products. The duration is not restricted and depends on the yield of the levy.

#### *Financing research into promotion of quality improvement of Crangon crangon shrimps*

Aid is offered through payment of research costs financed by a levy. The same levy is imposed on import shrimps (Crangon crangon) as on the domestic product. The measure benefits imported products. This programme is a once-only fund; levies are collected up to a maximum of Gld 100 000.

#### *Financing of promotion of Crangon crangon shrimps*

Advertisements are placed in the media such as newspapers and free local papers. The same levy is imposed on imported shrimps (Crangon crangon) as on the domestic product. The measure also benefits imported products. The measure is financed through the formation of a once-only fund of Gld 130 000 and is in force until the maximum amount of Gld 130 000 has been spent.

#### *Financing of research into quality improvement of mussels*

This involves the payment of costs within the framework of the research, such as the payment of fees and expenses of technical advisers. The same levy is imposed on imported products as on the domestic products. The measure also benefits imported products. This is a once-only fund; levies are collected with a maximum of Gld 100 000 and is in force as long as the research lasts.

### **Management**

The Common Fisheries Policy (CFP), which has very recently been revised, aims to achieve rational and responsible exploitation of the living marine aquatic resources on a sustainable basis, in appropriate economic and social conditions for the sector, thereby taking into account the consequences for the marine ecosystem.

To that end the CFP establishes a system for the management of exploitation activities, which should enable a balance to be achieved between resources and exploitation.

## NEW ZEALAND

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

Fish quota may not be owned by any organisation that is foreign controlled. In addition, no foreign controlled organisation may register a fishing vessels, inclusive of foreign charter vessels. An organisation is defined as "foreign controlled" in the Fisheries Amendment Act 1986 if 25 per cent (or more) of the voting power is held by foreigners.

In general foreign charter vessels are treated identically to domestically owned vessels. The single exception relates to foreign vessels chartered to purse seine for skip-jack tuna. In this case, charter vessels may not fish within 12 miles the west coast of the north Island, or 18 miles of the east coast. No such restrictions apply to domestically owned vessels.

Foreign licensed vessels are under a different regime, in terms of access, licence fees, and certain fishing restrictions. However, because a foreign licensed vessel can easily register as a domestic vessel for chartering purposes, assistance is determined by the regime for foreign vessels only. The vessels would have to meet survey requirements applicable to all domestic vessels, but no crewing or ownership requirements are imposed.

There is a special restriction on the foreign ownership of quota. Effective ownership and control of quota is limited to 25 per cent. This limit does not apply to other investments in fish processing or fish harvesting.

#### ***Domestic measures***

##### *Social help*

##### Contingency programme

Not applicable.

##### Regional Development

Assistance measure: Regional Development Investigation Grant Scheme

a) Critical development: The recognition in 1985-86 that the previous regional development assistance measures, in particular, concessional and suspensory loans in priority regions, were not meeting their objectives. The RDIG scheme was subsequently adopted in 1986. The RDIG has been replaced by the Business Development Programme which comprises a range of assistance to businesses throughout the country by 21 Business Development Boards. However, this program is not skewed towards fish harvesting or processing, versus other types of business, and so does not constitute special assistance.

b) Objective: To encourage full utilisation of the resources of each region via the stimulation of soundly based, economically viable development opportunities.

c) Policy Frame: The regional development programme is designed to be in accordance with overall objectives for national development.

d) Principle provisions:

Quantitative: Provides up to 50 per cent of qualifying costs to investigate the technical and/or commercial viability of a project. The limit of any grant is NZ\$50 000 and the total budget of the scheme for the 1989/90 fiscal year NZ\$12.2 million.

Conditions: The project must be new to the region or sub-region.

Changes: Previous schemes targeted priority areas, whereas the RDIG scheme is available throughout New Zealand.

e) Effects: Since the new scheme was introduced, approximately 17 per cent of the total budget has been allocated to fishing and aquaculture investigations.

#### Social Welfare

Not applicable.

#### Tax Incentives

Assistance measure:

Depreciation on temporary buildings.

a) Critical development:

Recognition that temporary buildings depreciate more rapidly than permanent buildings.

b) Objectives:

To allow a more rapid depreciation of temporary buildings for taxation purposes.

c) Policy Frame: Part of the general policy frame of using tax incentives for industry assistance.

d) Principle provisions:

Quantitative: Temporary buildings are eligible for accelerated depreciation of 10 per cent diminishing value.

Conditions: Those eligible are restricted to builders, farmers, manufacturers and those in the fishing and forestry industries.

Changes: Previously depreciation was 2.5 per cent.

e) Effects: Although no analysis has been carried out on the effects of these incentives, it can be assumed that they have been of assistance to the fishing industry.

### *Economic help*

#### Operation subsidies

Not applicable.

#### Modernisation or Diversification

Not applicable.

#### Development

Not applicable.

#### Fleet rationalisation

Assistance measure: Buy-back of fish stocks

a) *Critical development:* By the mid-80's, it had become apparent that there was substantial overcapitalisation in New Zealand's inshore fisheries and that some fish stocks were declining rapidly. The Government responded by adopting a management regime based on Individual Transferable Quotas (ITQs). In 1986, on the introduction of the regime, the Government offered to buy back (via a tender procedure) from fishermen, fishing rights for those quantities of selected species for which the total allowable catch had been exceeded. In the absence of the buy back, fishermen would have been deprived of fishing rights without compensation (which did occur to some extent as compensation was only given for 73 per cent of the necessary output reduction).

b) *Objective:* The dual objectives were to reduce the level of overcapitalisation in the inshore fishery to a level which facilitated maximum profitability and to reduce fishing effort to a level which would allow stocks to recover.

c) *Policy Frame:* The buy back of fish stocks must be seen in the context of the whole ITQ management policy. Management of fish stocks by ITQs allows fishermen to buy and sell quotas to match their fishing plan and ensures that they are free to maximise the efficiency of catching those species for which they have quotas. A Total Allowable Catch (TAC) is established annually to ensure the sustainability of each fish stock. New Zealand has moved from a fixed tonnage to a proportional quota

system. Accordingly, apart from transitional compensation arrangements, the costs of a TAC reduction are born by the industry alone. Annual resource rentals are payable on each ITQ annually. These capital transfers remove the economic surplus from the fishery and ensure that the public are adequately compensated for the relinquishment of public property to the private sector. Resource rentals may be seen as a form of negative assistance to the fishing industry. The New Zealand government assists the New Zealand harvesting sector by charging a lower resource rental compared to foreign-chartered vessels. In most cases, domestic vessels are charged one-half of the full rate. The assistance effect of this differential is probably negligible as resource rentals total only \$20 million annually against a first-hand sale value of the fishery of around \$500 million.

d) *Principal provisions:*

Quantitative: Inshore Fishery buy back (9 species) NZ\$55 million for 15 000 tons August-October 1986. Paua Fishery buy back (1 species), anticipated expenditure of NZ\$1.4 million to reduce fishing rights by 260 tons. October 1987.

Conditions: Possession of Provisional Maximum ITQ.

Changes: Change in management from input controls to output controls.

e) *Effects:* The ITQ system is dependent to a large degree on industry co-operation. The buy back arrangement was a condition of the industry's co-operation. The buy back effected compensation to fishermen for withdrawal of fishing effort.

#### Institutional support

Assistance measure: Public service

a) *Critical development:* Many government departments give assistance to the fishing industry through their operation.

b) *Objective:* Government departments are responsible for the management of New Zealand's commercial, recreational and traditional fisheries, the conservation of the aquatic environment, the enforcement of trading requirements (packaging, hygiene), the enhancement of trade in fish and the administration of specific assistance measures (e.g. regional development, taxation incentives). The government management service applies to both domestic and foreign fish harvesting services. Accordingly, it does not constitute special assistance to the domestic industry.

c) *Policy frame:* Measures have been adopted within the policy frame of the individual departments and the overall government policy. In recent years there has been an increasing trend towards users being required to pay for Government services. The Government has announced its intention to fully recover the costs of managing fisheries from the fishing industry from 1 October 1994. Hygiene inspections services are already borne by the industry in full.

d) *Principal provisions:* See objectives. While some are specific to fisheries, e.g. fisheries research and management, others are generally applicable to many industries, e.g. trade enhancement, regional development.

e) *Effects:* In general, the enhancement of the industry via government department services.

## ***Border measures***

### *Commodity trade assistance*

New Zealand is in the process of dismantling its system of import protection.

## ***Domestic measures***

### *Structural Adjustments*

Assistance measure: Industry rationalisation

- a) *Critical development:* In the mid-1980s it became apparent that many stocks in the inshore fishery were being overfished.
- b) *Objective:* To reduce overcapitalisation in the inshore fishery.
- c) *Policy Frame:* Unique policy development.
- d) *Principal Provisions:* In 1984, assistance measures relating specifically to the inshore fishery were terminated. In the same year, fishing permits were withdrawn from all part-time fishermen (i.e. those who were earning less than 80 per cent of their income from fishing). In 1986, a buy back of fishing rights was conducted for fish stocks which were overfished and an ITQ system was adopted for all the major finfish species. As compensation to small fish packing houses which were dependent on inshore fish, those companies which held less than 100 tons of orange roughy quota or 250 tons of hoki quota were eligible for a preferential tender of orange roughy and hoki fish stocks.
- e) *Effects:* Removal of overcapitalised elements in the inshore fishery.

## **Management**

In New Zealand, the major commercial species are managed by an ITQ system, supplemented by the usual forms of input controls on season timing, gears used and areas fished. However, input controls alone continue to be used for tunas and a few other significant commercial species. However, there are some 130 minor commercial species which are managed only by input controls. Limited licensing formally applies in only three of these fisheries, although permitting restrictions place some barriers to entry in the others.

The goals of management take into account recreational fishing uses and traditional aboriginal fishing needs. Otherwise the criteria for setting TACs broadly follows the MSY criteria set out in UNCLOS. In practice, there is little, if any, consideration of impacts on local communities, although in a few cases there have been special provisions made for smaller, versus larger, fishing vessels.

## NORWAY

### Introduction

As part of the general economic policy in Norway, financial support has been given to the fishing industry over the past thirty years, during the first years, very often on an ad hoc basis to address short-term problems.

An agreement was concluded in 1964 between the Government and the Norwegian Fishermen's Association that stipulated the main lines for future support measures, to be arranged through negotiations between the parties concerned. The provisions of the agreement emphasise the importance of introducing measures which can promote more efficiency in fishing, processing and trade, and, thus increase the profitability of the fishing industry. The specific schemes for support, in accordance with the general agreement, are negotiated annually.

The Government policy is aimed at securing the fishermen an income equal to that which industrial workers could obtain in the coastal areas of Norway.

To secure a normal level of activity within the fishing industry, and to discourage the current trend of people moving away from scarcely populated areas in the northern and western part of Norway, it has, in some years, been necessary to increase the support to the fishing industry. Without such emergency measures, a great part of the labour-force would move to other parts of the country in order to find new employment. On the whole, the government's support to the fishing industry must be regarded as an integral part of the Norwegian social and economic policy.

It is, however, a political aim to make the industry independent of Government support. In addition, state aid which distorts competition will have to be abolished when the EEA Agreement between the EC and the EFTA-states comes into force. Norway is also committed by the EFTA Agreement to abolish distorting support by 1 January 1994. The support has been considerably reduced since 1991. For 1993 the financial support will be at the lowest level since the financial support package was established in 1964.

In 1990 NKr 1.125 million was made available through the financial support package. Due to difficulties, an additional NKr 126 million was granted for extraordinary measures. In 1991 the support package amounted to NKr 715 million. In addition, NKr 50 million was made available to alleviate liquidity problems in the fish processing industry. A certain amount was transferred from previous years in both 1990 and in 1991. In 1992 the support package amounted to NKr 425 million, while the support for 1993 will be further reduced to NKr 195 million.

The positive development in the fishing industry changed during 1988. The stock situation for cod and haddock proved to be worse than estimated in 1987. The stock level of the most important species is now increasing. Due to the difficult stock situation, the actual revenue is still less than the potential income.

In addition to the financial support package, economic aid is given through the National Fishery Bank and the Regional Development Fund.

## **Harvesting sector**

### ***Border Measures***

#### *Direct investment and access restrictions*

Concessions to acquire fishing vessels or shares in a company which owns such vessels is only granted to Norwegian nationals or joint-stock companies seated in Norway, where all members of the Board are shareholders and Norwegian nationals with residence in Norway, and further that at least 60 per cent of the equity capital is owned by Norwegian nationals. Fishing with trawls from Norwegian vessels is reserved for Norwegian nationals and the type of company mentioned above.

Access to Norwegian harbours by foreign vessels is granted freely on a non-military basis. Authorisation is given by the Ministry of Foreign Affairs.

The Act of 17 June 1966 prohibits the landing of fish from foreign fishing vessels. The Ministry of Fisheries can make exemptions to this prohibition. The Government has proposed to change the Act relating to Norway's fishing limit. Foreign vessels will, according to the proposal be allowed to land catches in Norwegian fishing ports. The EFTA agreement implies that fishing vessels from EFTA countries are permitted to land fish in Norway. The Act also prohibits transit of non-Norwegian catches and transshipment inside the fishery limit of 12 nautical miles.

### ***Domestic measures***

#### *Social help*

##### Contingency programmes

NKr 10 million was made available through the financial support package both in 1990 and in 1991 to education schemes.

##### Regional development

There are no single and specific actions taken within the branch of fisheries as such towards the forwarding of regional development. The fisheries policies, and thus the economic programmes listed in this paper, constitute a part of the Government's overall policy on regional development. In 1990 and in 1991, however, Nkr 5 million was granted each year to promote alternative industry in coastal areas which are strongly dependent on the fishing activity.

##### Minimum wage scheme and unemployment benefits

*Minimum wage scheme.* The Government guarantees a minimum weekly income for fishermen. The objective of this guarantee scheme is to secure a minimum income in case the fishing fails. If the minimum income is below this amount during the season, the difference is covered by the guarantee. In

1990, NKr 279 million was made available and in 1991 NKr 112 million for this purpose, of which NKr 126 million in 1990 and NKr 5 million in 1991 were part of the unemployment benefits to fishermen.

*Vacation scheme.* In 1980, a vacation scheme for the fishermen was established. This scheme is partly financed by Government grants and partly by the fishermen. In 1990, NKr 51 million was spent and in 1991 NKr 50 million.

#### Tax incentives

A tax deduction is given to fishermen who have been fully engaged in fishing and/or hunting for at least 15 weeks of the fiscal year. The scheme has been established in order to secure the recruitment of young fishermen. The deduction is 30 per cent of net earnings. The limit upwards of the deduction is NKr 70 000.

#### *Economic help*

The main objective has been to increase the relative share of support given to promote structural reorganisation and innovations in the fishing industry. The last ten years the share of support to structural programmes has increased. In 1987 more than 50 per cent of the government support was aimed at this. Since 1988 the share of support spent on structural programs has been reduced. This is mainly due to the extraordinary problems in the fishing industry the last years. As a result of a reduction in the support package both in 1991 and in 1992, a larger part of the support has been spent on social schemes. In 1990 and in 1991 the share of support related to structural programs were 26 per cent and 32 per cent respectively. In 1992 this share dropped to 14 per cent. In the same period, however, the direct income support dropped from 40 per cent in 1990 to 30 per cent in 1992.

#### Operational subsidies

*Price support.* The most important means to increase the fishermen's income are the subsidies to support landing prices of certain species of fish. Most kinds of fish and fishery products landed in Norway are delivered to the fishermen's sales organisation, which administers the grants. The rules for payment to the fishermen are decided by the Minister of Fisheries. The subsidy is generally based on a fixed amount per kilo or hectolitre of the catches. Price support in general will not be granted from 1993 onwards.

In 1990 and 1991 price support was granted for the following species: crab, coastal shrimp, coastal mackerel, sprat and fjord herring. The amount granted was NKr 35 million in 1990 and NKr 38 million in 1991. In addition price support was also given to all other species sold. The amounts granted to these species was NKr 114 million in 1990 and NKr 142 million in 1991. The support has mainly been granted to the cod fisheries.

Transport support was given for the transportation of fish from the place landed to the place of processing. In 1990, NKr 30 million was granted and in 1991 NKr 44 million was granted for this purpose.

*Insurance support.* There is a scheme which covers part of the fishermen's insurance costs. The arrangement, in its present form, was established in 1986. The scheme amounted to NKr 25 million in 1990 and NKr 30 million in 1991.

*Bait purchase subsidies and support to baiting stations.* Subsidies for the purchase of bait are granted in order to reduce the fishermen's costs. In 1990 such support amounted to NKr 18 million and in 1991 NKr 13 million.

Support was also given to baiting stations for long lines. The arrangement was introduced in 1980, and amounted to NKr 10 million in 1990 and NKr 2 million in 1991. The aim of the arrangement has been to make the long line fisheries more efficient by increasing operating time for the vessel at sea as well as to increase recruitment.

*The National Fishery Bank.* It has often proved to be difficult for the fishermen to raise capital for the acquisition of fishing craft, gear, etc. through private credit institutions. The primary objective of the National Fishery Bank is therefore to be a specialised credit institution for the fishermen in order to stimulate an adequate and effective development of the fleet and to promote a favourable development of the fishing industry.

A new financing arrangement regarding the fishing fleet was introduced in 1986. This arrangement is based on the OECD articles concerning financing of vessels and larger-scale rebuilding.

Within a limit of NKr 500 million in 1990 and NKr 350 million in 1991, 1992, and 1993 and in accordance with the OECD articles, the vessel owner is granted a contract subsidy which amounts to 10 per cent of the contract price for constructions and 6.55 per cent for larger scale rebuilding (1990-92 figures). From 6 October 1992 the contract subsidies were changed to 11.5 per cent and 7.6 per cent respectively. The contract subsidies are separately granted and not dependent on the finance institution.

Investment grants through the National Fishery Bank have been given to ease financing of coastal fishing vessels in regions where fishing is the main activity. The amount granted in 1990 was NKr 19 million and in 1991 NKr 12 million, of which NKr 12 million in 1991 and NKr 5 million in 1991 were granted to the northern part of Norway. The remaining amount was only given to projects with a contract subsidy and a granted loan in the National Fishery Bank. The grant can be given within the limit of 15 per cent of the cost price (in special instances up to 20 per cent). In 1992 the investment grants were reduced to NKr 5 million and in 1993 no grants will be given.

Loans for reconstruction and larger scale rebuilding, are granted as first mortgage loans within 70 per cent of the total investment. These loans are given for a maximum period of 12 years and at an interest rate of 12,5 per cent (1990-92 figures). The maximum amount of other first mortgage loans is up to 60 per cent of the total investment. These loans are given for a maximum period of 10 years and at an interest rate of 12.0 per cent. The maximum amount of second mortgage loans is from 70-80 per cent of total investment, including first mortgage loans. The maximum repayment period is 10 years, if necessary with no repayment obligation during the first two years. The interest rate on second mortgage loans is 10.5 per cent (1990-92 figures). From 1993 the interest rate on all new mortgage loans and second mortgage loans will be changed to 12 per cent.

The total subsidies granted through the National Fishery Bank were NKr 163 million in 1990 (NKr 19 million in investment grants, NKr 8 million in interest subsidies and NKr 137 million in contract subsidies) and NKr 118 million in 1991 (NKr 12 million in investment grants and NKr 106 million in contract subsidies).

Due to extraordinary difficulties, the Government has granted subsidies to alleviate the liquidity problems. NKr 253 million was granted in 1990 and NKr 33 million in 1991 to the fishing fleet.

To ensure a certain limited level of seal catches, a few vessels received support in 1990 and in 1991. This is important from an ecological point of view. The amounts were NKr 33 million in 1990 and 12.9 million in 1991.

#### Modernisation and diversification

*Readaption schemes:* The purpose of the readaption schemes is to support investments to enhance rationalisation and reorganisation in the fishing fleet. The schemes were implemented in their present form in 1985. They consist of supporting further introduction of energy-saving equipment, investment for improving the working conditions on board fishing vessels and the establishment of joint management services. In 1990 NKr 5 million and in 1991 NKr 1 million was spent for this purpose.

#### Development

*Efficiency scheme:* The scheme supports programmes aimed at making fishing more efficient. Money from this scheme also goes into a fund for experiments and fish-finding, which also includes the monitoring of resources. The costs of the scheme amounted to NKr 30 million in 1990 and NKr 45 million in 1991.

#### Fleet rationalisation

*Structural programmes:* The last 3-4 years efforts to reduce the fleet capacity has been considerable. In 1990 and in 1991 NKr 210 million and NKr 99 million were granted for this purpose. In addition, NKr 20 million were granted in 1991 to promote reallocation of purse seiners from the southern to the northern part of Norway.

### **Processing sector**

#### ***Border measures***

All fish and fish products landed in Norway are delivered to the fishermen's sales organisations which administer the grants. On the basis of expected market prices, a fixed minimum price is set. For certain fish species support is granted on a decreasing basis.

As a consequence of the EFTA Agreement, distorting support will have to be abolished by 1 January 1994.

#### ***Domestic measures***

##### *Investments*

*Regional Development Fund:* Fish processing companies, including companies dealing with aquaculture, located in certain remote areas can, as most manufacturing industries in these areas, benefit

from special grants and loans from the Regional Development Fund (RDF) (Distriktenes Utbyggningsfond). RDF is charged with the general development of industries in districts with special employment problems or districts which are poorly developed. The Fund thus attaches great importance to the direct and indirect effect which the project has on the employment and income situation in the coastal regions.

As regards the processing industry, RDF mainly supports plans aiming at rationalisation and modernisation of existing plants, as well as plans for advanced product development. The maximum period for loans to the processing industry is 25 years and with an interest rate of 12 per cent (1990-92 figures). These grants are intended to assist in project development in areas with limited employment opportunities and with a low level of industrial and commercial development. The Fund also guarantees loans granted by private credit institutions.

RDF may support industries located in certain designated development regions. These grants are fixed at 15-40 per cent of approved investment costs, depending on where the investment is made. This support constitutes a compensation for additional costs and problems in a transitional period connected with investments in regions with low levels of industrial development.

In 1990 and 1991 the Regional Development Fund lent NKr 112 million and NKr 33 million respectively to the fish processing industry (aquaculture sector included). The financial guarantees amounted to NKr 80 million in 1990 and NKr 19 million in 1991 and the investment grants to NKr 164 million in 1990 and NKr 100 million in 1991. The total subsidies granted through the Regional Development Fund were NKr 165 million in 1990 (NKr 164 million in investment grants and NKr 1 million in interest subsidies) and NKr 100 million in 1991 (investment grants only).

*The National Fishery Bank:* The National Fishery Bank has been granting certain loans to the processing industry at 11.5 per cent interest. From 1988, however, the involvement of the National Fishery Bank was taken over by the State Industry Bank.

#### *Structural adjustments*

In 1990 NKr 70 million was granted to restructure the fish processing industry, of which NKr 45 million was given to the northern part of Norway. In 1990 NKr 60 million was granted to the fish processing industry of which NKr 10 million was to the northern part of Norway and NKr 50 million to improve the capital situation in the industry.

#### *Organisation of national markets*

*The Information Agency for Fish Products:* The Agency aims at increasing the domestic overall consumption of fish products. In 1990, NKr 10 million was employed for this purpose and in 1991 NKr 7 million.

#### *Export and marketing assistance*

*Export marketing:* This scheme supports programmes which promote Norwegian fish products for export markets. In 1990 NKr 10 million was spent and in 1991 NKr 13 million.

*Results:* The subsidies have not influenced the prices of the products which are sold at world market prices. With regard to imports, the subsidies have had no noticeable effect. Domestic consumption of fish products, constituting a minor part of the total production, is not thought to be affected by the subsidy arrangements.

## **Management**

The main objectives of the Norwegian fishery policy are related to resource management which is based upon ecological principles, economic efficiency and maintenance of settlement and employment in sparsely populated areas. These objectives form the basis of the regulation efforts in the traditional fishing industry.

There are roughly two types of regulation systems in Norway.

The first type of regulation system consists of practical measures in the cod and herring fisheries. The primary objective has been to regulate the fishing grounds and the relationship between different types of gear as well as to delineate certain rules as for the execution of fishing operations. The measures put limits on the types of gears rather than on the number of participants.

The second type of regulation system is via entry control. The measures have been aimed at restricting, not only types of certain gears, but also number of participants. The measures are either introduced as a form of protection against outside investors, by restricting the use of new technology as well as ownership rights, or to secure a long-term adjustment of harvesting capacity to stock size.

**Table 1. Management**  
(Nkr million)

Category	1990	1991
<b>HARVESTING</b>		
<b>Social help</b>		
Contingency programmes	10	10
Regional development (part of overall policy)	5	5
Social welfare	330	162
<b>Economic help</b>		
Operational subsidies	657	433
Modernisation and diversification	5	1
Development	30	45
Fleet rationalisation	210	99
<b>PROCESSING, MARKETING &amp; DISTRIBUTION</b>		
Investments	165	100
Structural adjustments	70	60
Organisation of national markets	10	7
Export and marketing assistance	10	13
<b>TOTAL<sup>1</sup></b>	<b>1502</b>	<b>935</b>

1. The total amounts do not correspond with the amounts available through the financial support packages, the National Fishery Bank and the Regional Development Fund. There is a lag between grants and payments. Amounts from the support packages need not be spent during that year, some may be transferred to following year.

## PORTUGAL

### **Introduction**

The implementation of the Pluriannual Orientation Programmes (POP) for the fishing fleet (1987/92) and Aquaculture (1992/96) proceeded as well as the Zonal Plan for the inshore fleet.

Other programmes on course are the "Fisheries and Aquaculture" sub-programme, within the Setubal's Peninsula Development Operation, under which several preparatory actions have been developed relating to the implementation of the "Fisheries and Aquaculture Social-Economic Pilot Action, in Setubal and Sesimbra fishing harbours (EEC Regulation 4028/86, modified by the Regulation 3944/90).

Actions developed on trading and processing areas fulfilled the objectives defined by the Sectorial Plan for the Trading and Processing of Aquaculture and Fish Products, between 1990-94.

### **Harvesting**

#### ***Border measures***

##### *Direct investment and access restrictions*

In accordance with the Treaty of Adhesion of Portugal to the EEC and related Community Regulations, within the national EEZ the only vessels which may operate, other than those mentioned in the regulations, are Spanish vessels not included in frontier agreements which have historically fished in that area. Japanese vessels, under EEC Regulation 529/879, may fish for albacore between March 1 and June 30.

Apart from the conditions mentioned above, foreign charter vessels can only operate in the Portuguese EEZ under the following conditions:

- to replace a vessel where construction or modification has been authorised;
- for experimental reasons, e.g. new techniques of fishing or exploiting new fishing zones.

The Ministry of Agriculture, Fisheries and Food can authorise the chartering of vessels according to certain conditions, e.g. the chartering of a foreign vessel is granted up to a maximum of two years and the authorisation lapses once the purpose for chartering the vessel has been fulfilled.

Under the charter agreement, all species taken, as well as processed products originating from these, are considered to be national products and charter vessels are subject to the same legal conditions as Portuguese national vessels. Licences are given according to the conditions mentioned in the paragraphs above.

With regard to ownership of Portuguese vessels by foreigners, this is subject to agreement by the national authorities and according to the terms of capital operations under the conditions concerning foreign investment in Portugal and coming under Decree Law no 214/86 of 2 August.

### ***Domestic measures***

#### *Social assistance*

##### Accident programmes

Decree-Law No. 267/86 of 3rd September 1986 provides for support for economic agents in the agricultural, foodstuffs and fisheries sectors.

It enables prompt and effective measures to be taken in the event of severe economic difficulties caused by weather conditions and aid to be granted to co-operatives, associations and other enterprises engaged in technical and scientific activities.

##### Regional development

Now that Regional Co-ordination Committees have been set up, it will be their responsibility to co-ordinate and carry out appropriate measures for the development of their respective regions.

With a view to co-ordinating sectorial and regional interests in the preparation of investment programmes, Decree-Law No. 86/84 provides incentives for integrated regional development programmes (PIRDs) which will operate as specific regional policy instruments.

Integrated development operations (OIDs) have also been established, and the Algarve Region Co-ordination Board has completed a preparatory study on the Algarve, between Faro and Vila Real de Sto. Antonio (Sotavento Algarvio) approved by the Commission on 18 December, 1987. The purpose of this study is to prepare a programme reflecting and guaranteeing coherence between the strategic and political objectives of the various central and local administrations. Assistance is proposed for projects to improve mollusc cages, which are mainly located in the Algarve region, especially in the Ria Formosa, and to improve the fish farms which are currently operating.

In the same OID framework, an integrated development operation has started on the Setubal Peninsula, proposing measures to modernise fisheries production structures and stressing the importance of improving catches and conservation, and the dynamics of natural resources, as well as the social conditions of fishermen.

The vocational training centres set up in the main Portuguese ports, in collaboration with the Portuguese School of Fisheries and the Labour and Vocational Training Institute, but operating on a decentralised basis, provide short and medium-length apprenticeship and advanced training courses for professionals in this sector, who receive financial support in the form of attendance, subsistence and transport grants.

## Social security

An unemployment protection scheme set up in 1987 and integrated into the overall social security system takes the form of unemployment benefit payments for employees in the fisheries sector.

Regulatory Decree No. 40/86 of 12th September 1986 lays down that registered seamen employed in the fishing industry may apply for a retirement pension at age 55 provided they have worked for 30 years. Retirement pensions, for health reasons, are also available to workers over 50.

Under this decree, all periods of work prior to integration in the general system are taken into consideration for pension purposes, whether or not contributions were paid to the former pension funds. The amount of the pension therefore depends solely on the length of time worked. The decree also provides for the recalculation and upward revision of retirement and old age pensions already being paid at the date of its entry into force.

## *Economic aid*

### Operating, modernisation and development grants

One of the main objectives of the Multiannual Guidance Programme is the modernisation of certain segments of the fleet by the introduction of new fishing techniques and methods, so as to save energy and reduce operating costs. Renovation will also be assisted by incentives for the replacement of older and inappropriately sized vessels so as to match fishing capacity to available resources.

In general, the Multiannual Guidance Programme calls for modernisation and renovation of the local and inshore fishing fleets by redirecting fishing towards more distant waters well away from coastal features such as small rivers and estuaries, by using more selective fishing gear and improving on-board safety and fish processing conditions so as to enhance product quality. The Guidance Programme also recommends renovation of the deep-sea fleet by the construction of new, updated vessels, which will be more productive and more profitable and will take the same catch with lower gross tonnage and lower operating costs.

With a view to rationalising fishing activities, stock conservation measures, in addition to those already referred to, involve the permanent and temporary withdrawal of different units of the local fishing fleet.

As regards aquaculture, support is also provided for research, modernisation and construction of new units, which will strengthen the basic structural conditions for the development and consolidation of this subsector in the medium term (1987-1991). The programme lays down that projects in this field should receive the following financial aid:

### Combined EEC and national aid

Projects submitted to the EEC, as part of the Multiannual Guidance Plan and in line with Decree-Law No. 399/87 of 31 December 1987, qualify for further financial aid from the Portuguese Government, as stated in Regulation (EEC) 4028/86.

In 1991 a total of 107 projects in the Autonomous Regions received financial aid of 5.8 million Esc, consisting of EEC aid and national aid. These sums were allocated as follows:

**Table 1. EEC aid and national aid**  
(Esc million)

Programmes	Number of projects	EEC aid	National aid
Fleet (construction & modernisation)	48	451.2	297.3
Capacity adjustment	10	32.1	33.1
Aquaculture	18	597.5	285.6
Manufacture	31	2705.3	1409.5
<b>TOTAL</b>	<b>107</b>	<b>3786.1</b>	<b>2025.5</b>

#### Portuguese Government aid only

Community aid is available only for fleet and aquaculture projects falling within the scope of Regulation (EEC) No. 4028/86. Even then, not all projects meeting those conditions can be given Community support, due to lack of funds. The Portuguese Government may grant financial support for investments under the same conditions, of between 20 and 65 per cent of the estimated cost, depending on the type of project. State-only aid takes the following forms:

- Multiannual Guidance Programme projects which are approved by the Portuguese Government but do not receive Community aid because of lack of funds, or if the amount of Community participation available is insufficient;
- Projects under the Special Programme of support for the small-scale independent sector (this does not include interest relief on bank loans).

The investment to the sector under the PIDDAC (Programme of Central Government Development Investment and Expenditure) reached the following amounts in 1990 and 1991, in million Escudos:

**Table 2. Investment to the sector**  
(Esc million)

	1990	1991
Support programme for the small-scale independent sector	341.1	186.6
Experimental fisheries	10.0	0
<b>TOTAL</b>	<b>351.1</b>	<b>186.0</b>

## Interest relief on loans

The funding of medium and long-term loans is based on the credit lines laid down in Circular No. 4/87 (modified in January 1988) of the Financial Assistance Institute for the Development of Agriculture and Fisheries (IFADAP) by means of the funding system for agriculture and fisheries.

Under the terms of this circular, loans qualify for interest relief only when they involve operations related to the credit lines or special programmes under the conditions set out in the circular, or medium or long-term operations relating to projects which meet the conditions (defined for each activity) in the corresponding lines or credit arrangements.

The interest relief rates applied are as follows:

**Table 3. Interest relief rates**  
(as a percentage)

Period	Without interest capitalisation (2-5 years)	With capitalisation (2-5 years)
Period of use	-	-
1st year after use	12.5	10.5
2nd year after use	10.5	8.5
3rd year after use	8.5	6.5
4th year after use	6.5	4.5
5th year after use	3.5	3.5
6th and following years	-	-

1. The actual rate applicable is the nominal rate (at the starting date) for loans with the same term, less the interest relief shown for each year.

Medium and long-term loan arrangements do not receive Community aid.

The loan arrangements described relate to loans for a minimum of 4 years (acquisition of fishing gear and instruments) and a maximum of 15 years (construction of vessels with a length between perpendiculars of over 33 metres).

## Processing sector

### *Domestic measures*

A Special Programme for the restructuring and modernisation of processing and marketing structures for fishery and aquaculture products was drawn up for a three year period (1991-93), to encourage applications for aid under Regulation (EEC) no. 4042/89 and to give priority to certain measures which the Portuguese Government regards as crucial.

The plan embraces the following areas:

- modernisation of the canning industry (mainly sardine and tuna) to make it more competitive;
- development of projects belonging to Producer's Organisations;
- supporting infrastructure for first sales and for regularising the fishing product markets;
- expansion and improvement of the processing industry, as regards promotion of quality and hygiene of the final product.

### *Capital projects*

Under the programme, investment projects concerning the processing and marketing structures for fisheries products may receive the following non-repayable grants:

- from the EAGGF, up to 25 per cent of the capital cost in mainland Portugal and the Autonomous Region of Madeira and up to 50 per cent in the Autonomous Region of the Azores;
- from the Portuguese Government, up to 10 per cent of the capital cost in mainland Portugal and the Autonomous Region of Madeira and up to 16 per cent in the Autonomous Region of the Azores.

In 1989, to encourage applications for aid under Regulation (EEC) No. 355/77 and to give priority to certain measures which the Portuguese Government regards as crucial, a new and more favourable plan for joint funding has been proposed and approved by the Community. It applies solely to mainland Portugal and the Autonomous Region of Madeira, since the Autonomous Region of the Azores already enjoys higher rates of assistance than those applied in projects in mainland Portugal and Madeira (under the programme dealing with processing and marketing structures for fisheries products). This plan embraces the following areas:

- supporting infrastructure for first sales and for regularising the fisheries product market;
- installations belonging to producer organisations;
- modernisation of the sardine canning industry, to make it more competitive; the higher levels of joint funding here will apply to projects for improving manufacturing quality and control and for diversifying production.

In 1991, according to the priorities of the Sectorial Plan, two Operational Programmes were approved, under Regulation (EEC) no. 4042/89. These two programs integrate two axis: the processing and the marketing of fish products. The first programme provides for and investment of 984 200 thousand Escudos (602 400 for processing and 381 800 for marketing) during 1991. The second programme, to be developed through 1993, has an investment of 5 649 400 thousand Escudos (4 897 000 for processing and 752 400 for marketing).

Assistance with establishing and operating producer's organisations takes the form of non-repayable grants, on a fifty-fifty basis from the State Budget. The grant is annual, for up to five

years, to provide partial and digressive help with the management costs involved in setting up and operating producer's organisations. In 1991, 53 960 000 Escudos (Traditional PIDDAC) were granted to the Producer's Organisations.

In the EAGGF (Guarantee) framework of 1991, 774 843 thousand Escudos were allocated for financial compensation under Regulation (EEC) no. 3796/81 and to olive oil producers (Regulation (EEC) no. 136/66).

### *Structural adjustment*

The Special Programme covers all sectors concerned with processing and marketing fishery products for human consumption and attaches priority to:

- port facilities for unloading, inspection and first sale;
- preparation and conservation of fresh fish;
- canning and preserving industry;
- cold processing industry;
- salting, drying and smoking industry.

In the regional framework, priority will be given to:

- new projects in areas particularly affected by reduced levels of activity, surpluses of raw materials or the need for industrial restructuring;
- the availability of raw materials for the processing industry in the region in which the project is located;
- the scale of activity (at source) and the impact of the planned processing and marketing unit;
- the inadequacy of processing and marketing structures.

### *Organisation of national markets*

The full EEC arrangements Regulation (EEC) no. 3796/81, together with the relevant provisions in the Treaty of Accession of Portugal and Spain] apply in Portugal, subject to transitional measures in the Treaty of Accession.

Assistance with establishing and operating producers' organisations takes the form of non-repayable grants, on a fifty-fifty basis from PIDDAC, via the Portuguese Fish Preserves and Products Institute, and the Community. The grant is annual, for up to five years, to provide partial and digressive help with the management costs involved in setting up and operating producers' organisations.

In 1989, Esc 136 497 000 was granted to the Producers' Organisations. Esc 448 000 000 went towards promoting fish products.

In the EAGGF (Guarantee) framework of 1989, Esc 136 497 000 was allocated for financial compensation and a restitution to olive oil producers of Esc 448 000 000.

## SPAIN

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

The Ministerial Order 18/1992 and the Royal Decree 671/1992 on foreign investment in Spain were proclaimed on the 1 July and 2 July 1992 respectively. These were in accordance with EEC Directive 88/361, creating a general policy of unrestricted foreign investment in Spain, however, not including non-community foreign investment in sectors subject to foreign rules. As the fisheries sector is not subject to special rules, there are no restrictions in Spain to direct foreign investment in the fisheries sector.

All fishing vessels wishing to operate in waters under Spanish jurisdiction are required to possess a licence or permit to fish.

According to current legislation, in the case of Spanish vessels, the Spanish government only awards licences to vessels previously registered on List Three of the Vessel Registry. This Registry records both Spanish built vessels and imported vessels which harvest and exploit fish and other living marine resources.

In the case of foreign vessels, the EEC issues licences or permits to Community vessels in accordance with the Act of Adhesion of Spain to the EEC and related community regulations. Otherwise, foreign vessels not registered to an EEC member may fish in accordance with any such bilateral agreements concluded with the third country.

#### ***Domestic measures***

Pursuant to Council Regulation (EEC) No. 3944/90, amending Council Regulation (EEC) no. 4028/86 and enlarging the Community scheme of structural aids, the Spanish Royal Decree no. 222/1991, of February 22nd, relating to the Development and Adjustment of Fishery and Aquaculture Structures, brings to date and revises Spanish rules and regulations on fishery structures and the ensuing aids.

Thus, the said Royal Decree regulates the structural fishery policy, the financing of which is shared between the European Economic Community and the Spanish Government, aiming at the maintenance or even acceleration of the current process of restructuration of the industry.

The envisaged actions are as follows:

*Building of fishing vessels:* The new ship to be built must replace one or more vessels decommissioned for this purpose.

*Modernisation and restructuring of fishing vessels:* Modernisation work must relate to the rationalisation of fishing operations, better storage of catches, energy-saving or the improvement of working conditions and crew safety.

*Adjustment of fishing capacities:* A laying-up premium or a final cessation premium for the temporary or permanent withdrawal of certain fishing vessels may be granted. Such vessels must be registered in the so-called Third List and included in the Census of the Operative Fishing Fleet.

*Joint ventures:* As such is considered any contractual association set up for a limited time between Spanish ship-owners and natural or juristic persons in one or more third countries with which the Community maintains relations on fishing matters, for the purpose of the joint exploitation and use fishery resources of this or these third country or countries and the sharing of costs, profits or losses resulting from the joint economic venture, primary consideration being given to the supply of the Community market. Financial aid will be a percent of the Community co-operation premium.

*Joint enterprises:* For the purpose of this Report, "joint enterprise" means a company incorporated under private law comprising one or more Spanish ship-owners and one or more partners from a third country with which the Community maintains relations, for the purpose of exploiting and, where appropriate, processing and marketing the fishery resources of waters falling within the sovereignty and/or jurisdiction of such a third country, primary consideration being given to the supply of the Community market.

*Redeployment operations:* These are fishing operations carried out for commercial purposes in a given area with a view to exploit fishery resources, primary consideration being given to the supply of the Community market. Financial aids are available for this type of operations carried out in the waters of a third country or in international seas, provided that in the latter case such operations do not involve the catching of species subject to a quota assigned to the Community.

*Development of aquaculture:* The aids are granted for investment projects involving the construction, equipment, modernisation or extension of installations for the farming of fish, crustaceans or molluscs, provided that such projects fall within the development guidelines for the industry as established in the multiannual guidance programme prepared in co-operation with the Spanish Autonomous Communities.

*Exploratory fishing:* For the purposes of this Report, exploratory fishing means any fishing operation carried out for commercial purposes in a given area or for a given species, with a view to assessing the profitability of regular, long-term exploitation of fishery resources involving fishing methods or fishing gear, or in fishing zones, or for fish species novel to the Community.

*Search for new markets:* This heading includes financial aid for projects trying to promote the consumption of fish products derived from surplus or underfished species, and for aquaculture products which, by virtue of their rapid growth in production, pose problems of disposal on the Community market.

*Facilities at fishing ports:* Financial aid is granted for material investments in the provision of facilities at fishing ports, designed to bring about a lasting improvement in conditions for the production and initial sale of fish products.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

See the chapter on the EEC.

## SWEDEN

### Harvesting

#### *Border Measures*

##### *Direct investment and access restrictions*

The Swedish law differentiates strictly between non-residents and residents as concerns professional fishing in Swedish waters, which is laid down in the Swedish Fisheries Ordinance. Fishing by foreigners in Swedish west coast waters is governed by non-licence agreements between Sweden and Denmark (1932, covering the Kattegatt area) and between Sweden, Denmark and Norway (1966, covering the Skagerrak area), whereas foreign fishing rights within the Swedish fishing zone in the Baltic Sea is ruled by a licence system.

##### Fishing rights for foreigners

- *Section 25:* In the Skagerrak and Kattegatt north of a straight line between Skagen lighthouse and the Titstlarn lighthouse, commercial fishing may be carried out by Danish and Norwegian fishing vessels in the Swedish territorial sea in the area beyond 4 nautical miles from the base-lines and in the Swedish fishing zone.
- *Section 26:* Subject to special permission, commercial fishing from foreign fishing vessels may be carried out as follows:

<u>Vessels from</u>	<u>Areas</u>
Denmark	In other areas in Swedish territorial waters than are prescribed in Section 25, in the area beyond 4 nautical miles from the base-lines and in the Swedish fishing zone.
Finland	In Swedish territorial waters in the area beyond 4 nautical miles from the base-lines in the Baltic, including the Aland Sea, the Bothnian sea and the Gulf of Bothnia, and in the Swedish fishing zone.
Russian Federation, Estonia, Latvia, Lithuania, Poland, other Member States of the EEC than Denmark	In the Swedish fishing zone.

Questions concerning permission are dealt with by the National Board of Fisheries. Permission may apply to a certain fishing vessel or a number of fishing vessels from another state and may be subject to conditions.

- *Section 27:* Foreigners may fish with such hand equipment as is referred to in Section 20a of the Act(1950:596) on the right to fish in the Swedish fishing zone in public waters at the sea coasts, in public waters in lakes Vanern, Vattern and Hjälmaren, and Storsjön in the county of Jamtland, as well as in private waters to the extent applied for Swedish citizens according to sections 6,12,13,15 and 20a of the Act on the right to fish.
- *Section 28:* Subject to special permission, foreigners who do not have the same status as Swedish citizens pursuant to Sections 4 or 21 of the Act (1950:596) on the right to fish, may engage in fishing with other mobile equipment than that referred to in Section 27 in the fishing zone, in public waters at the sea coasts and in private waters to the extent stated in Sections 6-20 of the Act on the right to fish. Permission is also required for juridical permits which are owned by foreign citizens to the extent of 50 per cent or above.

Questions concerning permission are dealt with by the County Administration. Permission may be subject to the condition that the fish caught in such fishing may not be sold.

#### Act on the right to fish

Sections 5-20a deal exclusively with the rights of Swedish citizens.

- *Section 21:* Foreigners, who have been permanent residents in Sweden for at least two years, have the same rights as Swedish citizens regarding fishing, according to the rules in Sections 5-20a. In other respects, a foreigner may fish according to these rules only to the extent that the Government or other authority appointed by the Government so permits.

#### ***Domestic measures***

##### *Social support*

##### Contingency programmes

Government grants and loans may be given as compensation for fixed fishing gear which are lost or destroyed in a storm, provided that the gear was in perfect condition before the damage and that all possible measures were taken in order to avoid or reduce the damage. A grant must not exceed 60 per cent of the value of the damage. Grants are only given to those who report, in advance, the gear to be covered by the scheme. When such a report is made, a fee must be paid amounting to 2 per cent of the value covered. During the calendar year 1991 SKr 0.8 million was paid out to 28 enterprises. The sum of the fees amounted to SKr 0.2 million.

Government loans may be given to fishery enterprises or fishermen in acute liquidity difficulties as a consequence or forced interruption in their fishing. Such loans must not exceed SKr 30 000. For the same reason, government grants may be given not exceeding SKr 625 per vessel and working day. The total value of grants during the financial year 1991/92 (the financial year covers the period 1 July to 30 June) amounted to SKr 0.8 million allocated to 112 enterprises. No loans were given for this purpose.

There are no other institutional systems of providing aid to the fishing industry in case of catastrophes. If need for other Government measures should arise they will be decided upon from case to case. An example of such a measure was the economic aid to fishermen and enterprises hit economically by the radioactive fall-out connected with the Chernobyl disaster.

#### Regional development

Regional economic assistance: Economic assistance for regional development in Sweden may be given to a number of industries, mostly manufacturing and services. Regional economic assistance may also be given to the fishery sector. Such assistance may only be given if the activity is considered of special importance to the economy of the region. Assistance may be given in different forms and for different purposes mainly in the form of grants and subsidised loans for investments in buildings and machinery. According to a Government Act, regional economic assistance can only be given to specific areas, most of which are situated in the northern part of Sweden. Besides, special Government aid to support employment and services in remote areas can be given for investments in, inter alia, buildings and machinery and, in the case of fisheries, for the purchase of a new fishing vessel or other fishing equipment.

Regional economic assistance is provided through the County Boards. Such economic assistance to the fishery sector -- fisheries and fish processing industry -- amounted to about SKr 4 million for the financial year 1989/90.

#### Social welfare

Within the framework of the public Swedish state-supported unemployment insurance system, there also exists a system of unemployment relief for fishermen. Membership is on a voluntary basis, but almost all full-time fishermen take part in the system. Relief is paid out in case of bad weather conditions, ice-impediments and damage to the vessels or machinery.

The unemployment benefit amounts to 90 per cent of the estimated daily income for each fisherman. Government grants amount to almost 100 per cent of the expenses for the insurance system, which corresponds to the ordinary level for government contributions to unemployment insurance systems in Sweden. During the calendar year 1991 the total amount of government grants for the unemployment scheme was SKr 25.9 million.

#### Tax incentives

As regards the rules of taxation for the fishing industry, they are similar to those applicable to other industries.

#### *Economic support*

The present system of economic aid to the fishing industry originates from 1978. The aim of the fishery policy of 1978 was to create opportunities for those occupied in the fishing industry, to achieve an economic and social standard comparable to that obtained in other industries. At the same time, the consumer should be offered fish of good quality at reasonable prices. Considering that fish resources are limited, fishing should be pursued as effectively as possible and due regard should be paid to the

possibilities of acquiring profitable and stable sales. At the same time, consideration should be made to the need of employment in the coastal areas where the fishing industry is of great regional importance.

### Operational subsidies

Government loans and guarantees for loans may be given for the acquisition of a fishing vessel or the investment in equipment. Aid will only be given for those investments whose economic length of life is expected to exceed three years. Government loans for this purpose amounted to SKr 40 million in the financial year 1991/92. The number of beneficiaries was 119. The non-government loans but with government guarantees amounted to SKr 3.9 million for the same period. The number of beneficiaries was 6.

Government guarantees for loans may also be given for the acquisition of working capital, if the loan is connected with either an important investment or the economic consolidation of a fishery enterprise. Guarantees for long-term loans may be given in order to replace unfavourable short-term loans or to replace personal guarantees if the loan is connected with an economic consolidation. No loan for this purpose was guaranteed during 1991/92.

Government grants may be given for the acquisition of a new or a second-hand fishing vessel in good condition. The size of the grant must not exceed 10 per cent of the total cost of the investment. During the financial year 1991/92 a total of SKr 2.0 million was granted for the acquisition of vessels. The number of grants amounted to 11.

Grants may be given for measures taken in order to considerably improve the working conditions on a vessel. The size of the grant must not exceed 50 per cent of the total cost of the investment. For 1991/92, SKr 1.0 million was allocated to 6 enterprises.

Grants may also be given for the purchase of a lifeboat and for fire protection equipment. In this case, the grant may cover up to 80 per cent of the cost but must not exceed SKr 12 000. The total value of grants during 1991/92 amounted to SKr 0.5 million paid out to 28 enterprises.

The present price regulation system was put into force in 1981. The system implies that so-called norm prices are determined by the government and Parliament and remain unchanged during each financial year (July-June). These norm prices are set for the most important salt-water species.

If the market price received by the fishermen is below the norm price, a price supplement will be paid. The market price itself is defined as the average price paid to fishermen in the country as a whole. However, the full difference is not covered by the price supplement. The size of this difference is decided each year. In order to ensure that the price support does not lead to excessive fishing of certain species, so-called norm quantities are usually set. The norm quantity indicates the maximum quantity for which price supplement may be paid, but does not itself represent any legal limitation of the catches.

In order to support the market price formation, a so-called minimum price is fixed by the Swedish Fish Association, which supervises the market. The minimum price should be adjusted in such a way that the costs for the price regulation system are minimised. If the fish landed cannot be sold at the minimum price, the Swedish Fish Association takes over the fish at a so-called surplus price.

If the market price exceeds the norm price for a long period, measures should be taken to bring prices down on the domestic market. These measures may involve, e.g. export levies.

During the past few years, the system of variable price supplements has, to an increasing extent, been complemented by a system of fixed price supplements for different purposes. For instance, fixed price supplements were during 1991/92 period paid for mackerel (caught by gill nets), prawns, some freshwater species and fish for reduction. There were also a price support for the export of herring to certain Eastern European Countries. Moreover, there exists a system of fixed price supplements paid on a regional basis, implying higher subsidies in the remote northern coastal areas.

It should be noted that the price regulation system is not financed by the State budget. Instead, the financing is carried out by means of a special price regulation levy which is imposed on almost all imported species and certain fish products, as well as on almost all species landed by Swedish vessels.

Total costs of the price regulation scheme for the financial year 1991/92 amounted to SKr 94.1 million, of which SKr 72.5 million refers to price supplements for herring, including payment for surpluses. The number of fishing enterprises which received price support during the period was about 1 500.

#### Modernisation or diversification

Government loans and guarantees for loans may be given for the establishment of a minor fish processing industry, provided that the enterprise is run together with a professional fishery. No money has been paid out for this purpose during 1991/92.

Government grants may be given for measures taken in order to promote transition to a more profitable fishing direction for fishery enterprises or fishermen. During 1991/92 grants have been allocated to 6 fishing enterprises for a total sum of SKr 1.0 million.

#### Development

Government grants may be given for measures taken in order to reduce the fuel costs on a fishing vessel. For this purpose no money was allocated during the financial year 1991/92.

#### Fleet rationalisation

Scrapping premiums may be given for old fishing vessels being scrapped or, if there are special reasons, vessels which are withdrawn from activities that may not compete with the professional fishing. Scrapping premiums can only be given for vessels over 40 years. However, this limitation of age may not be absolute if the vessel is in such a bad condition that it can be considered unsuitable to repair. A scrapping premium must not exceed SKr 2 500 per ton gross weight if the vessel is over 40 years and SKr 3 500 per ton gross weight if it is under 40 years. The total amount of premiums for the financial year 1991/92 was SKr 2.8 million distributed to 12 fishing enterprises.

A special regional aid (total amount SKr 5.0 million), granted to fishermen on the main part of the Swedish east coast, was launched during 1991/92. SKr 3.3 million was allocated to 27 enterprises. The aim of this special grant is to encourage:

- the construction of new fishing vessels;
- the purchase of second-hand vessels, not older than 15 years;

- the modernisation and rebuilding/reconstruction of vessels 9 meters and above;
- investments in equipment and constructions aiming to increase the quality of fish intended for human consumption;
- an increased rate of scrapping fishing vessels larger than 12 x 4 meters.

#### Institutional support

No government aid of this kind exists in Sweden.

#### *Effort management*

As part of the fishery policy of 1978, a system of licences for professional fishermen was introduced. This system implies that various forms of Government economic aid are reserved for fishermen holding such licences. Licences are issued by the National Board of Fisheries or by the County Boards. Licences are only given to fishermen who can be expected to run a profitable fishery enterprise. Each licence is valid for one particular vessel. In case of a change in vessel, the owner is obliged to apply for a new licence. If it is not considered likely that the owner of the vessel will be able to run a profitable fishery, a new licence is refused. In view of the present market situation and the accessible fish resources, no new licences are given if there is a risk that this will imply an increase of the fishing capacity in relation to present exploitation rate.

#### **Processing**

##### ***Border measures***

##### *Commodity trade assistance*

Export duties on certain species of freshwater fish were abolished from 1 July 1991.

##### ***Domestic measures***

##### *Investment*

Government guarantees for non-government loans may be given for investments in fish processing based on Swedish primary production, e.g. new machinery which will increase the effectiveness of the production. During the financial year 1991/92 no government guarantees were given for this purpose.

Government guarantees for loans may be given for working capital which can be related to measures mentioned above. No such guarantees were given during 1991/92.

See also under "Regional economic assistance" above.

### *Structural adjustments*

Government guarantees for non-government loans may be given for the marketing of new fish products based on Swedish primary production. No such guarantees have been given during 1991/92.

### *Organisation of national markets*

Within the framework of the price regulation system -- and financed by the price regulation levy -- certain funds are allocated to the Swedish Fish Association to be used for marketing and public relations activities concerning Swedish fish products. Such activities may consist of, for example, the production of video-films about fish intended for educational purposes, the production of various kinds of printed matter such as cook books and other pamphlets of recipes, cookery competitions, etc. During the financial year 1991/92, the expenditure for these activities amounted to SKr 4.3 million.

### **Management**

All of the stocks exploited by Sweden are shared with neighbouring states and the TACs are thus in general determined internationally after negotiations with other countries. Prior to such negotiations the Swedish position is decided upon the basis of scientific advice from ICES and after consultations with biologists and representatives of the fishing industry.

In the Baltic Sea, Sweden exploits stocks which fall within the jurisdiction of the International Baltic Sea Commission and it is within the framework of this body that the TACs are determined. In the case of the Baltic stocks for which no TACs can be agreed upon TACs are normally decided unilaterally, taking account of scientific advice and catch requirements.

In the case of the joint coastal state management in the Skagerrak/Kattegat area the TACs are determined after international negotiations with the other Parties concerned i.e. the EEC and Norway.

The TACs allocated to Sweden are, in general, not distributed among fishermen in terms of vessel or fishing trip quotas. However, in the case of some stocks, such regulations are applied on a voluntary basis by the Federation of Swedish Fishermen. The National Board of Fisheries issues fishing bans when total quotas or the TACs are exhausted.

One of the most important ways to limit the fishing fleet is the introduction of a licence system for professional fishermen. This system was introduced in July 1979. When a licence is issued the following factors are to be taken in consideration:

- the stock situation of the target species,
- the demand on the market for the target species,
- the ability of the fisherman to run his potential enterprise.

Only professional fishermen are allowed to fish with trawl gear.

## TURKEY

### **Harvesting sector**

#### ***Border measures***

Under Fisheries Law no. 1380, foreigners may not fish or deal in fish processing activities within Turkish waters. However, under the Encouragement of Foreign Capital Law no. 6224, foreign companies established in Turkey may deal in fish processing activities but may not hold licences to fish. Under the Turkish Law no. 6762, for the registration of sea-going vessels, owners must be Turkish nationals or companies must have a majority of Turkish shareholders.

#### ***Domestic measures***

Even with an annual population increase of 2.2 per cent Turkey is self-sufficient in food production, however as this rate differs in various regions there are problems in ensuring a balanced diet. While one-third of the protein required for a balanced diet should be of animal origin, in Turkey only one-sixth, i.e. 16-17 per cent comes from animal proteins. Hence, development of the fisheries industry, which has a great potential, is important and in order to achieve this development the sector is financially supported by the Government. An annual rate of increase amounting to 6.7 per cent was realised in the Turkish fisheries industry during the period 1980-1985.

Capital, which is regarded as a production factor, plays an important role in the fisheries sector, as in agricultural enterprises. The equity capital deficit arising from the fact that fishermen have very limited possibilities of saving, is made up directly by means of credits, and indirectly by means of encouragement measures and customs exemption.

Credit has an important place in the development of the fisheries industry. The Agricultural Bank of Turkey is the main organisation which provides fisheries loans on behalf of the Government; 98.5 per cent of the loans supplied directly or indirectly to the fisheries sector is provided by the Agricultural Bank of Turkey. The Bank prepares its loan allocation programme in accordance with the targets fixed by Development Plans and Annual Programmes on the basis of the Government's agricultural policy. During the last decade there have been significant developments in the Bank's allocation programme for fisheries. The allocation, which was TL 100 million in 1977, was raised to TL 1 billion in 1980 and to TL 20 billion in 1986. The amount of credit given by the Agricultural Bank of Turkey to the fishery sector in 1989, reached TL 35 billion with an increase of 35 per cent as compared to the previous year.

By means of a decree issued on 7th June 1986 for encouraging the fisheries industry, the Government envisaged payment of support premiums to investors in the fisheries sector. Within this framework, businesses wishing to make project-based investments are paid premiums from the Utilisation

Support Fund at the following rates on the amount of the fixed investment (except operating expenditures):

- a) 30 per cent in regions of development priority;
- b) 25 per cent in other regions.

Meanwhile the interest rate on investment and payment loans has been raised from 22 per cent to 29 per cent. Industrial credits to the amount of TL 600 million carry a 45 per cent interest rate while those above that sum are subject to 55 per cent.

### *Loans*

The primary objective of the fisheries loans, supplied by the Agricultural Bank of Turkey, is to increase the fishermen's production by providing modern fishing tools and materials and other equipment necessary for fishing, to gain better quality of products and to increase the demand for, and the sale of such products. Other objectives are to provide financial assistance to develop the fisheries sector and to increase the level of incomes of people employed in the industry.

### Operating loans

These loans are supplied to provide for inputs such as fuel, fry, feeds, etc. as well as for the maintenance and repair of fishing equipment and materials. The term of these loans is one year.

The amounts of operating loans (loan rates) are determined by the Bank, annually, on the basis of fisheries production equipment. For example, in 1986, the amount of operating loan was TL 4 000 000 for large purse-seining equipment for anchovy and TL 200 000 to TL 500 000 for small equipment (shrimp fishing equipment, gill nets, etc.).

### Sponge Fishery Operating Loan

These are operating loans given for sponge fishing equipment (dredge, diving equipment, etc.). Operating loans are also supplied for vessels of more than 450 hp and 20 metres in length, to meet expenditures for staff, workers and provisions.

On the other hand, due to the increasing interest in aquaculture, operating loans are supplied to meet 100 per cent of the requirements for fingerlings, eggs, feed and chemicals, if the aquaculture facilities are operational.

### Export Loans

In order to encourage exports, loans at the rate of 60 per cent of export connections, letter of credit amount or export project are supplied to those companies whose exports are regular.

## Investment Loans

### *Equipment loans*

These are loans supplied for the purchase of tools, materials, machinery and vessels of 0-20 metres in length and motor boats of 0-250 hp required by fishery enterprises in their production activities. Loans are supplied for 80 per cent of the total cost of vessels and motor-boats and for 75 per cent of the cost of tools and materials.

### *Construction and installation loans*

These loans are supplied for the construction of fishing vessels (larger than 20 metres) for offshore and open sea fisheries, motor boats larger than 250 hp and materials.

Loans are supplied at certain rates on the investment amount for such facilities as buildings, rearing pools and floating cages in sea and inland waters.

Through these loans, 15 fish rearing projects were supported in 1983, 32 projects in 1984 and 12 projects in 1985.

The "Supporting Fund for Resource Utilisation" was established to encourage investment in aquaculture ventures. Under the guidelines of this programme, 25 per cent of total investment costs in fish farms are repaid to the owners of the investment. In the case of certain provinces that are regarded as having a priority for development this rebate is 30 per cent. In 1991 TL 74 181 was paid out as investment substitute. TL 55 000 million was allocated for 20 incentive certificates for fixed investment. From 1988 to August 1992, the Agricultural Bank allocated TL 60 868 million for 249 projects and TL 15 675 was paid out of the Supporting Fund.

### *Conditions for the Supply of Credits*

The Agricultural Bank of Turkey supplies loans to individuals who have licences showing that they are producers of fish and fish products and to businesses registered with the Chamber of Commerce. Loans are also supplied to investors in the fisheries industry based on their projects.

Fishermen's co-operatives have also been supported in order to aid towards the organisation and orientation of larger and more economic investments as well as helping smaller producers in the distribution sector.

Large loan possibilities are provided to co-operatives to help fishermen with limited financial means. At present there are 371 co-operatives and eight unions in Turkey. The number of co-operatives having loans with the Agricultural Bank of Turkey was 30 and the number of their partners was 4 336 in 1986. Forty per cent of the loans given to these co-operatives are short term operating credits, 60 per cent of which are medium and long term loans for equipment.

### *Organisations other than the Agricultural Bank of Turkey*

Loans are provided to the fisheries sector by some public and private organisations apart from the Agricultural Bank of Turkey. However their number is not known with certainty, but it is thought that the percentage is very low.

Loans are also given for investment and operating projects of the fisheries co-operatives by the Ministry of Agriculture, Forestry and Rural Affairs. It is considered that the investments supported by the Ministry's loans should aim at increasing production and improving marketing conditions. Interest rate is 1 per cent on loans; 1 per cent is also charged by the Agricultural Bank of Turkey as a share of the costs. The maturity of the loans is between three to twelve years, according to the project. Thirty-two fisheries projects belonging to co-operatives were included in the State programmes in 1986. Loans are given to co-operatives included in the investment programme if they finance 15 per cent of the intended fixed investment through their equity capital in priority development areas, and 20 per cent for other regions.

### *Encouragement provisions*

One of the most important supports applied for the development of the industry is encouragement provisions. Government Decisions of Encouragement are published annually, and fisheries related establishments (production, canning, marketing) as well as aquaculture investment projects, are included. These projects have been supported by way of income tax exemption (100 per cent). Apart from the shipyards, establishments producing fishing tools and materials, including fishing nets and thread, benefit from these encouragements. Thus, especially since 1982, Turkey reduced the imports of net by encouraging the setting-up of net factories. When fish meal and oil factories, encouraged in previous years, became sufficient in capacity (at present there are 15 factories) they were taken off the encouragement list. However, processing plants for fish for human consumption have benefited from encouragement.

In order to remove the regional differences in the consumption of fish products, refrigerated vehicles (i.e. a fleet of at least 10 units) are included in the governmental decision of encouragement.

### *Application of custom exemptions*

The Government applies custom exemptions (law No. 2581, issued in 1982) on imports of fishing tools and materials for the purpose of enlarging and modernising the fishing fleet. As a result of this, there has been a large increase in the use of motor-boats of more than 200 hp, radar and echo-sounders and 308 new vessels of over 20 metres in length have been included in the fishing fleet. The number of vessels in Turkey is 8 604 units.

### *Encouragement to export*

The fishing industry also benefits from export support. The exports of fish products has been supported by loans at low interest rates provided from the "Export Encouragement Fund" and foreign exchange has been allocated at the rate of 50 per cent of promised export amount. Custom exemptions have been applied to some raw materials. One of the most important supports for products exported, is the application of a tax rebate which changes according to quantities.

When a fisheries establishment suffers damage by any disaster or by any compulsory and extraordinary reason, if the damage corresponds to at least 40 per cent of the investment then particular points such as postponement and an additional period of instalments are applied for loans obtained from the Agricultural Bank of Turkey.

In particular, capture fisheries are subjected to natural fluctuations of the stocks. No financial support programme exists to increase the fishermen's incomes or to compensate for natural risks. In Turkey, fishermen are subject to the insurance system which is applied to workers in the agricultural sector.

An important problem for small fishermen is the fact that fishing tools and materials cannot be insured. Considering that fisheries in Turkey are coastal fisheries and that most fishing vessels are less than 20 metres in length, the risk created by this problem is very serious.

Prohibitions and adjustments are being applied for fishing by Circular Letters published by the Ministry of Agriculture, Forestry and Rural Affairs each year with regard to protection of stocks. It is not considered to be a negative factor on the income of fishermen, since prohibitions and limitations are applied so as to effect the fishermen the least and that spawning periods and locations of the fisheries have been taken into account.

Information on the effects of improvement in the fishing fleets on the yield per unit of effort is not available due to insufficient research on the stocks. Therefore, there is no concrete data on the negative impacts of the yield per unit of effort on the fishermen's incomes and no economic and social precaution is applied in this respect.

Fisheries prices are determined by the market conditions and direct subsidy is not applied to any products. Price are decided according to the market and announced before the season at two factories operated by the government, particularly for anchovy.

Priority development regions have been chosen and some promotions and support have been applied to fisheries investments in these regions in order to reduce regional development differences and to increase the producers' income levels.

## **Processing sector**

### ***Border measures***

There is no quota on import and export of fisheries products. Only customs duty is applicable on imported products. A health certificate for imported products is required and given by the General Directorate of Protection and Control of the Ministry of Agriculture.

### ***Domestic measures***

#### ***Fisheries Industry Loans***

These loans are supplied to meet the investment and operating expenditures of floating and stationary fish meal and fish oil factories, fisheries canning factories (producing processed and semi-processed products) and facilities for the cold storage and marketing of fish and fish products.

Loans supplied for the extension and modernisation of facilities and the improvement of product quality are also included in this group.

Fishery industry loans are also given for factories, workshops, dockyards, etc. for the manufacture and construction of fishing nets, fishing vessels and fishing equipment.

## **Management**

Research and conservation, protection and stability of fish stocks is carried out by three research institutes in Turkey. Decisions on fisheries research are taken after joint meetings between representatives of the government and Universities.

In light of the data generated by this research, government officials prepare regulations, which are then announced to the public through official channels. The decisions with respect to regulations and management are taken in line with recommendations made by appropriate government departments; related institutions; fishermen's co-operatives and fishermen's associations. These decisions then enter into effect after approval by the Government.

Measures relating to the protection of sea turtles and dolphins continue to be enforced. Stock assessment studies of fish stocks within the Turkish EEZ are continuing from previous years. The unfinished state of this research means that catch quotas have not yet been put in force.

## UNITED KINGDOM

### Harvesting sector

#### *Border measures*

#### *Direct investment and access restrictions*

In order to fish for any stocks of sea fish (other than mackerel by hand-held line, salmon or migratory trout) all fishing vessels over 10 metres overall length are required to hold a valid licence, issued by one of the United Kingdom's fisheries departments. All such licences are subject to the following conditions:

- the vessel must be registered under Part II of the Merchant Shipping Act 1988 (as amended);
- in each 6 month period in each calendar year (i.e. January to June and July to December) the licence holder must ensure that either:
  - at least 50 per cent by weight of the vessel's landings of stocks to which this or any other licence in force at the relevant time relates have been landed in the U.K., Isle of Man or Channel Islands; or
  - evidence is provided of the vessel's presence in a U.K., Isle of Man or Channel Islands port for the purposes of this condition on at least four occasions of at least 8 hours' duration at intervals of at least 10 days.
- at least 75 per cent of the crew must be British citizens, or nationals of the European Community;
- with effect from 1 January 1993 vessels of 10 metres and under overall length will also be required to be licensed; the licence will also take the form of a simple permit to fish.

No new licences are issued, although most types of licence may be transferred from one fisherman to another, or from one vessel to another. Vessel to vessel transfers are subject to a capacity penalty.

Limitations on the ownership of commercial fishing vessels are imposed by the Merchant Shipping Act 1988 (as amended). Part II of the Act provides that a fishing vessel shall only be eligible for registration as a British fishing vessel if it is owned at least 75 per cent by British citizens resident and domiciled in the U.K., or by British companies with at least 75 per cent British directors who are resident and domiciled in the U.K. The vessel must also be managed, directed and controlled from within the U.K.. As a result of a European Court Judgement the Merchant Shipping Act is to be amended to permit registration of vessels owned by EC nationals, whether or not they are resident and domiciled in the U.K..

## *Domestic measures*

### *Social help*

#### Regional Development

In Scotland, in the areas of the Highlands and Islands Enterprises (HIE) (a statutory body set up and largely funded by the Government) fishermen may receive grants and loans at reduced rates of interest towards the cost of new and second-hand boats. (Similarly assistance from the HIE is available in the form of grants and loans for fish farming projects in its area). The Shetland Islands Council and Orkney Islands Council also operate assistance schemes for fishing vessels and aquaculture enterprises (mainly through loans although grants may be awarded) which are based in their respective areas.

#### Social Welfare: Fishermen's Rate National Insurance contributions

Most U.K. fishermen are self-employed and, by tradition, they are normally remunerated by a share of the proceeds of each voyage. These arrangements for "share" fishermen are not governed by any special Government legislation. Fishermen working under this system with a self-employed status are able to pay their national insurance contributions at a special "fisherman's stamp" rate. This effectively removes the fisherman from all employment protection legislation and a significant number of state benefits such as the earnings related enhancement of the state earnings related pension scheme. The option of contributions at either the "fisherman's stamp" rate or other rates is a purely commercial decision made by the fishermen. However, unlike some self employed people, share fishermen can receive Unemployment Benefit and benefits under the Industrial Injuries scheme.

#### Tax Incentives: Capital Allowance on Fishing Vessels

Under this system of capital allowances, the skipper of a new fishing vessel could use the allowance to off-set against the balancing charge arising on the sale of his former vessel. This system has the effect of allowing free depreciation for a new vessel and the flexibility afforded by the free depreciation allowance applies in the form of a writing-down allowance of 25 per cent per year. The writing-down allowance need not be taken in the year in which it falls due but can be carried forward in order to offset against profits in another year if that would be more favourable, i.e. a form of averaging out of 2-3 year periods.

### *Economic help*

#### Development: Seafish Industry Development Programme (SIDP)

The SIDP was conceived early in the life of the Sea Fish Industry Authority (SFIA) as a means of promoting the marketing and consumption of fish over a 5-year period from 1984 to 1989. The Government agreed to make available during the programme a contribution of £11.9 million towards the total cost, the balance being met by the SFIA's levy and other income. The main elements of the programme, as formally agreed by the EC, covered quality assurance and advice, orderly marketing sales promotion and training.

## Fleet Rationalisation: Restrictive Licensing System

The basic CFP regulation leaves it to the Member States to determine the detailed rules for the utilisation of their quotas (provided that these are in conformity with Community law). Since 1983, the UK has developed and elaborated, in consultation with the industry, the arrangements which had been introduced on a piece-meal basis in the years before the CFP settlement for the licensing of vessels and the management of quotas where they are insufficient to sustain unrestricted fishing by the UK fleet. All vessels over 10 metres are required to be licensed by the Fisheries Ministers to fish for species subject to TACs and quotas. A number of stocks have been designed as "pressure stocks" on the grounds that the UK quotas are unlikely to be sufficient to support unrestricted fishing. These include all or most of the stocks of plaice, cod, haddock, saithe, whiting, sole, hake, angler fish, mackerel and herring.

Under this system, originally introduced in February 1984 for a three-year period but reviewed and confirmed with some modification as from 30 April 1987, no new licences are in principle available. Only those vessels with a track record in the appropriate reference period were allocated a licence. Pressure stock licences are obtained for a vessel not currently licensed only by transferring the licences from an existing vessel (which then ceases to be eligible to fish for pressure stocks). With effect from 30 April, 1987 tighter limits were imposed on the transfer of pressure stock licences to a vessel larger than the existing licensed vessel in terms of length and more recently from 27 July, 1988 there has been a ban on transfers of licences which would result in an increase to licensed engine power or tonnage. We have announced the setting in hand of further work to explore the scope for more accurate measures (than vessel length) of effective fishing capacity applicable to the UK fleet as a whole, but this is expected to take some time. Conditions are attached to licences, including those concerned with operation and crewing.

Specific, tighter, licensing conditions apply to two particular categories of vessel, firstly purse-seiners and freezer trawlers in the mackerel and herring fisheries, and secondly beam trawlers in the Irish Sea, and the Channel and South West sea areas. Non-pressure stock licences were readily available to any British registered vessel at the inception of the scheme. But, since August 1987, no new licences have been available for vessels over 40 ft.

## Institutional Support

Under Section 3 of the Fisheries Act 1955, the Minister is able to give grants to public authorities and non-profit making organisations in Great Britain, to assist with the construction or improvement of harbour facilities in order to make landing and handling facilities safe and hygienic. Possible schemes are carefully scrutinised and only those that will result in worthwhile benefits for the maintenance or development of the fishing industry may attract grant. Grant is paid in arrears, usually at a rate of 50 per cent of the approved eligible costs.

In Northern Ireland under Section 3 of the Harbours Act (Northern Ireland) 1970, the Department of Agriculture for Northern Ireland may provide grants to the Northern Ireland Fishery Harbour Authority (which has responsibilities for the three main fishing ports), for construction, improvement, maintenance and management of those harbours.

The grant scheme ensures the availability of harbour facilities where fishing industry users cannot reasonably be expected to meet the full costs, which they would otherwise have to meet, for repayment of construction improvement and repair costs, by making grants and loans available for

harbour improvements. The total aid awarded under this scheme in 1991/92 was around £1 591 426 for Great Britain and Northern Ireland.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

See Chapter on EEC.

### ***Domestic measures***

#### *Investments and*

#### *Structural adjustment*

As in all Member States of the European Communities, the United Kingdom fish processing industry is eligible for grants under EC regulation 4042/89. Under this Regulation, the Commission makes grants towards the cost of investment to improve the marketing and processing of fishery products (up to 30 per cent of project costs in UK).

Such assistance may be given towards a project provided it helps to improve structure of the fishing industry. This scheme is highly competitive and the U.K. has an obligation to pay 5 per cent of project costs where no other Member State aid is available, e.g. Regional Selective Assistance or Regional Enterprise Grant. Under EC regulation 4042/89, about £11.3 million has been awarded in FEOGA grants, but the current scheme is to close applications on 31 December 1993.

## **Regional Grants**

In certain areas of Great Britain, the Department of Trade and Industry and the Welsh and Scottish Offices may award a Regional Enterprise Grant (REG) or Regional Selective Assistance (RSA). REG is available to small businesses in the Assisted Areas, to help them start up, modernise, expand and diversify: investment grants at 15 per cent of fixed assets to a maximum grant of £15 000 for firms in Development areas employing fewer than 25; and innovation grants at 50 per cent of project costs of developing products or processors up to a maximum of £25 000 to develop new products or processes for firms in the Assisted Areas and some other areas employing fewer than 50.

In Northern Ireland the Industrial Development Board (IDB) offers selective assistance by way of grants and investment capital to encourage the introduction and development of internationally competitive businesses including fish processing. The Local Enterprise Development Unit (LEDU), the small business agency for Northern Ireland is dedicated to strengthening the Northern Ireland economy by encouraging companies to be more competitive, and assisting companies to remove barriers to growth. In relation to fish processing LEDU may in appropriate cases offer relevant capital grant assistance supporting FEOGA assistance. The Unit may also offer other suitable packages of assistance as appropriate to the needs of the business which would be identified through the Unit's business analysis programme.

## Research and Technology Initiative

The Department of Trade and Industry's former Support for Innovation Scheme has been replaced by the Research and Technology Initiative. This is focused on collaborative research projects remote from "near market" activities. Support in individual companies will be limited to small firms; otherwise projects must be based on collaboration involving firms, universities, polytechnics, research and technology organisations and Government research establishments. Projects should be both innovative and technically realistic and have reasonable prospects of eventual commercial exploitation. Grants are calculated as percentages of eligible project costs, with maximum of 50 per cent.

## *Organisation of National Markets*

The general function of the Sea Fish Industry Authority (which was established by the Fisheries Act 1981) is to promote the efficiency of the sea fish industry. The Authority has powers to carry out R&D; give advice to the industry; promote finance and co-ordinates training; and provides for the marketing and consumption of sea fish. The Authority's total budget for 1991/92 is £9.156 million, a major source of funding provided by a Statutory levy on the first-hand sale of fish (£6.532 million). The Authority has a programme to develop the market for all fish (home caught and imported) through improved quality and presentation and by improving consumer demand through their sales promotion campaign.

## *Export and Marketing Assistance*

There is no official export financing scheme in the U.K. Government does, however, provide practical help, advice and support for exporters. Throughout the UK as a whole, Overseas Trade Services (OTS) gives companies access to the resources of a world-wide network of the UK's commercial offices. In Northern Ireland OTS services are available through the IDB. British exporters of fishery products may obtain credit insurance from the private Credit Insurance Market. In Northern Ireland this is provided by NCM Credit Insurance. Financing for the export of fishery products is provided exclusively by the commercial banks at market rates of interest. The banks may require assignment to them by the exporter of the cover available from the credit insurers. LEDU the small business agency for Northern Ireland with its headquarters at Upper Galwally, Belfast is the host organisation of the European Business Information Centre (EBIC) for Northern Ireland. Housed alongside LEDU's comprehensive business library, the Centre offers a unique service which specialises in providing the business public with updated information on all developments relating to Europe and their business. The Centre which is backed by DG XXIII of the European Commission, is an integral part of a huge network of over 200 specialist Centres throughout Europe each directly in contact with one another and their co-ordinating office in Brussels.

## **Management**

### *Technical conservation measures*

In addition to the Total Allowable Catches (TACs) and quota restrictions, the UK has to implement the technical conservation measures embodied in EC Regulation 3094/86. These include such measures as minimum mesh sizes, restrictions on certain types of gear, seasonal and permanent closures for the important commercial species.

In October 1991, the Council of EC Fisheries Ministers adopted a broad package of technical measures, the most important of which was an increase in the general mesh size from 90 to 100 mm with the option of using a 90 mm square mesh panel. These measures were designed largely to alleviate pressure on cod and haddock stocks in the North Sea and West of Scotland areas and applied from 1 June 1992. Where it is considered necessary the UK can introduce unilateral conservation measures covering only its own vessels. This it did in June 1992, when a complementary package to the EC updated requirements for the use of square mesh panels, which aid the escape of juvenile fish, and thereby maintain the breeding stock, and introduced a "one-net" rule to stop the practice of fishing with a small mesh net and claiming, when challenged, that a larger legal size net, also on board had been used.

### ***Licensing***

The UK operates a restrictive licensing policy under which no new fishing licences are issued. Owners of new fishing vessels must acquire a licence from an existing vessel before they commence fishing. In addition to specifying the stocks for which a vessel may fish, and the Seas Areas covered, the licensing system is also used to control overall fleet capacity. Each licence specifies the capacity of the vessel to which it is attached, and the licence holder cannot increase the vessel's capacity, or transfer the licence onto a vessel of greater capacity, without first obtaining an additional licence or licences with sufficient additional capacity. In addition, as an aid in reducing overall fleet capacity, when licences are transferred from one vessel to another, the capacity of the recipient vessel must be no more than 80% of the capacity of the donor vessel(s).

### ***Quota management***

UK Fisheries Departments objectives in managing UK fisheries is to keep them open for the full 12 months without exceeding quota limits. Under the quota management system in operation in the UK, Producer Organisations (POs) may opt to manage an allocation for their member vessels; vessels in these POs are known as the "sector". Vessels in POs not wishing to manage their own allocations, and vessels not belonging to POs are known as the "non-sector". POs with sectoral allocations are responsible for managing uptake by their members; Fisheries Departments control up-takes by non-sector vessels by means of monthly catch restrictions, which are specified in non-sector licences. When a sector or non-sector group exhausts any of these allocations, the licences relating to that stock are suspended.

### ***Results***

The results achieved from the U.K. aid programmes are closely related to the provisions contained in the EC Structures Regulation 4028/86 and its predecessors. The objectives of the U.K. fisheries support policy have been the fishing fleet and improved harbours, whilst having due regard to the social and economic importance of fishing communities. Within the processing, marketing and distribution sector, economic assistance is also linked with the provisions set down by the European Community (Regulation No. 4028/86). Where U.K. aid does exist the grants are mostly available to industry in general and not just the Fisheries Sector. This makes it very difficult to assess specific results within the processing section of the industry.

At present redundancy payments for fishermen are the responsibility of individual vessel owners. There are no specific socio-economic measures for those in the fishing industry, but they can, of course, access in certain regions the European Social Fund and the European Regional Development Fund

through the various schemes run by the Departments of Employment and Trade and Industry. However, the European Commission recognise that enhanced socio-economic assistance might be necessary in some areas to alleviate the effects of cut-backs in fishing activity and they are working up ideas as part of the "Reform of the Structural Funds". It is too early to say what measures will be introduced

## UNITED STATES

### **Harvesting sector**

#### ***Border measures***

##### *Direct investment and access restrictions*

There are restrictions on the extent of foreign investment allowed to qualify for initial documentation of vessels that will be used in the United States EEZ or in State waters. Vessels to be engaged in fishing, fish processing and fish tendering must be built and documented in the United States and United States citizens must own a majority interest in any corporation owning such vessels. Vessels documented prior to 28 July 1987, may be owned by a foreign owned corporation provided that a majority of the board of directors and the chief executive officer (CEO) of the corporation are United States citizens.

Foreign-built vessels which before 28 July 1987 were (1) documented in the United States and operated as fish processors or fish tendering vessels; or (2) contracted to be purchased by a United States citizen, may be used for fish processing or tendering, if documented in the United States and owned as described above.

There are no restrictions on foreign investment in vessels smaller than 5 net tons which are not documented and are only required to be numbered by State authorities. Such vessels are generally operated by their owners. Immigration laws would control whether non-resident aliens could operate or be employed in such fisheries.

There are no restrictions on foreign investment in vessels that will be operated in fisheries beyond the United States EEZ except for the United States citizen CEO and majority of the board requirements.

There are no restrictions on foreign acquisition of a shore-based fish processing enterprise.

With respect to new vessels larger than 5 net tons, United States citizens must hold a majority interest in any corporate owner in order to qualify for documentation. Such documentation is required to operate as a domestic vessel within the United States EEZ and State waters. Vessels smaller than 5 net tons and vessels operating beyond the United States EEZ may be owned entirely by foreign investors.

As indicated above, foreign investors may build or acquire full ownership of shore-based processing facilities. Foreign investors also may acquire full ownership of vessels (1) larger than 5 net tons documented prior to 28 July 1987, (2) smaller than 5 net tons, or (3) larger than 5 net tons if the area of operation of such vessels is entirely beyond the United States EEZ.

Access to certain United States fisheries is controlled by either State or Federal law. The west coast and Alaskan salmon fisheries, the Atlantic surf clam fishery and some shellfish grounds are

examples of fisheries reserved to historic participants in order to limit harvesting pressure to available stocks. Foreign investors generally can acquire these rights if they can legally own and operate the vessels that would participate in these fisheries.

United States citizens have priority rights to harvest fish within the United States EEZ and State waters. These rights accrue to vessels documented under Federal law (larger than 5 net tons) or numbered under State law (smaller than 5 net tons). The ownership requirements described above would apply.

Vessels not meeting the documentation or numbering requirements are treated as foreign vessels. Within the United States EEZ, foreign vessels are entitled to catch or process only that amount of fish that is surplus to the requirements of United States fishing vessels. Likewise, foreign vessels are not allowed to land fish in United States ports if such fish was taken aboard the vessel on the high seas, i.e. beyond the territorial sea of any nation.

Only United States documented or State numbered vessels may fish within State boundaries. Foreign processing vessels may process fish within the internal waters of a State only when the Governor or the State certifies that United States processors will not be able to fully process the available harvest.

There are no restrictions on foreign purchase of real property to construct or operate shore-based processing facilities.

The restrictions on ownership of fishing vessels, tender vessels and fish processing vessels are described above and depend upon such factors as when the vessel was first documented and where the vessel will operate. United States documented or State documented vessels (some of which may be foreign owned, in whole or in part) enjoy a preference to catch and to process fish within the United States EEZ and within State waters.

Additionally, the carriage of fish (and other cargo) between two or more points within the United States is limited to vessels licensed for the coast trade. All documented vessels employed in the coast trade must be owned by a United States citizen, a partnership of United States citizens, or a corporation in which the CEO, a majority of the board and 75 per cent of the stock holders are United States citizens.

As described above, access to certain United States fisheries is controlled by State or Federal law. Generally, such licences to fish may be acquired by foreign investors, although the documentation and numbering requirements described above would control the ownership and operation of the vessel required to participate in these fisheries.

### ***Domestic measures***

#### *Loan programs*

*Fisherman's Obligation Guarantee Program.* The National Oceanic and Atmospheric Administration guarantees qualifying loans for the purchase or refitting of fishing vessels. The Program is currently limited to the following cases:

1. servicing the existing portfolio,
2. financing processing facilities which are under-utilised species,
3. refinancing loans for existing facilities and vessels, and
4. financing aquaculture facilities.

*United States Department of Agriculture Loan Programs.* The Department of Agriculture administers several loan programs under which some fisheries interests qualify in the form low interest loans. The three programs are:

- Disaster Emergency Loans,
- Real Estate Loans, and
- Production Operating Loans.

#### *Tax programs*

*Capital Construction Fund.* The Capital Construction Fund as it applies to fishing vessels enables fishermen to construct or reconstruct (and sometimes to acquire) fishing vessels with funds that have received preferential tax treatment. The preferential treatment of these funds comes in the form of Federal income tax deferral on fishing vessel income that is deposited in the Fund and that will be used for fishing vessel construction.

#### *Research*

*Saltonstall-Kennedy Grants.* The Saltonstall-Kennedy Act of 1954 as amended by the American Fisheries Promotion Act of 1980 has the objective of funding research and development projects directed to solving problems associated with harvesting, processing, marketing, recreational and relate to infrastructures. Program funding is effected by means of grants to universities, state and local government, regional Fishery Development Foundations, and industry associations. The Saltonstall-Kennedy Grant program is a co-operative government-industry cost sharing program in which the government must provide at least 50 percent, but no more than 80 percent of the cost share.

*National Sea Grant Program.* These grants provide technical support and educational services which link universities with Sea Grant Programs and marine resource user groups. The National Sea Grant College and Program Act authorises support programs at Sea Grant College and other institutions. The programs are supported by means of grants and contracts; their purpose is to support research, education, and advisory services in fields related to the development of marine resources.

*Development and Utilisation Laboratories.* The National Marine Fisheries Service operates laboratories whose mandate is to do research directed at development and utilisation problems. All of the research is related to commercial fisheries.

#### *Miscellaneous*

*Fisheries Vessels and Gear Damage Compensation Fund.* Under this program, owners of United States fishing vessels receive compensation for damage to gear or to the vessel. The damage must have been incurred by another vessel or gear and must have occurred in the United States waters.

*Fishermen's Contingency Fund.* The Fishermen's Contingency Fund compensates domestic fishermen for gear losses due to underwater obstructions. The type obstructions which qualify are those related to oil or gas exploration, development, or production on the outer continental shelf.

*Nicholson Act.* The Nicholson Act prohibits a foreign flag vessels (whether cargo or otherwise) from landing in a U.S. port any fish caught and/or processed on the high seas by that vessel if the United States has no treaty or convention that provides otherwise. This limitation also applies to fish and/or fish products taken on board a vessel on the high seas from another vessel which is engaged in fishing or processing.

## **Processing sector**

### ***Border measures***

#### *Commodity trade assistance*

A tariff quota on canned tuna not in oil increases the tariff of 6 per cent ad valorem within the quota to 12.5 per cent when above the quota. The size of the tariff quota is equal to 20 per cent of the United States pack of canned tuna during the immediately preceding calendar year.

There are import prohibitions on marine mammals and marine mammal products. It is true that these import restrictions exist, but they are not trade measures; they are conservation measures. The United States has no marine mammal industry. Instead, the prohibition on marine mammal and marine mammal product imports is to protect the animals not an industry.

The United States applied a countervailing duty of 2.27 per cent and an anti-dumping duty of 23.8 per cent on imports of fresh and chilled Atlantic salmon from Norway on 1 April 1991.

In 1989, the first of the scheduled tariff reductions resulting from the Free Trade Agreement with Canada were instituted. Twenty-six fishery product tariffs were eliminated and fifty-five others began phased-out reductions. All United States fishery product tariffs will be reduced to zero by 1 January 1998.

In 1990, the United States added fresh, chilled and frozen hake fillets to the list of products which carry the Generalised System of Preference classification.

#### *Direct investment and access restrictions*

There are no restrictions on foreign investment in, or establishment of, a fish processing facility on land within the geographic limits of the United States. Such facilities are usually incorporated under the laws of a State in order to limit the liability of the investors to the extent of their investment. Many land-based fish processing facilities are partially or fully owned by foreign investors.

#### *Tariffs*

The United States imposes a tariff on some of the fishery products imported. A tariff is charged on 138 different products. There are 676 separately identified products on the Customs Service list, and

of those, 436 are unprocessed, and 240 are processed. Of the 436 unprocessed products, 76 are tariff bearing; 62 of the processed products are tariff bearing.

	Number	Percent of total
Unprocessed fishery products:		
Tariff bearing	76	17.4
Total	436	
Processed fishery products:		
Tariff bearing	62	25.8
Total	240	
Processed and unprocessed:		
Tariff bearing	138	20.4
Total	676	

In addition to having a small number of tariffs, the rates, on the average, are low. The table shows the profile of tariff rates by category and the number of products that have that tariff.

#### Tariff rate summary

	Tariff rate	Number of products
Unprocessed products:	0	354
	>0 and <=5%	65
	>5% and <=10%	8
	>10.1% and <=15%	3
	>15%	0
Processed products:	0	178
	>0 and <=5%	22
	>5% and <=10%	25
	>10% and <=15%	13
	>15% and <=20%	1
	>20% and <=30%	0
	>30%	1

Under the terms of the United States-Canada Free Trade Agreement, most Canadian products entering the United States enter duty free. Tariffs on the other products are being phased out, and all Canadian products will enter the United States duty free beginning 1 January 1998.

## ***Domestic measures***

### ***Marketing***

*Market Promotion Program.* The United States Department of Agriculture administers this program the purpose of which is export promotion. Awards are made to support trade shows, market research, etc.

*Export Enhancement Program.* This program is intended to help United States firms compete in foreign markets where third country products are subsidised by their government. If there are no government subsidies, there are no payments under the provisions of this program. Payments are made to the exporting company in the United States.

*Export Credit Guarantee Program.* Under the provisions of this program, the United States guarantees loans made by U.S. banks for the purpose of financing the sale of United States products to other countries. The guarantees cover the loans made to non-U.S. banks/to importing firms in other countries.

*Food for Peace Program.* There are two parts to this program:

- the department of Agriculture makes low interest, long repayment schedule loans to other countries for the purpose of enabling the other country to purchase United States products.
- the Agency for International Development purchases products which are given to third world countries.

*Domestic Purchase Program.* The United States government purchases commodities (agricultural and fisheries products) that are then given to domestic schools and charities. The products that qualify must be reasonably priced and be usable in the program for which they are intended. In the case of fishery products, they must be U.S. harvested and U.S. processed.

## **Management**

Marine fisheries in the United States are managed in accordance with the provisions of the Magnuson Fishery Conservation and Management Act as amended on 28 November 1990. The Act established the United States fishery management authority over all fish within the exclusive Economic Zone (EEZ), and certain anadromous and continental shelf fishery resources beyond the EEZ. In addition, the Act specifies that, with certain exceptions, no foreign fishing is authorised within the EEZ.

Standards for the management of a specific fishery, by means of a fishery management plan, include the following:

- conservation and management measures are designed to prevent overfishing and achieve optimum yield;
- management as a unit of individual stocks of fish;
- if assignments of fishing privileges among U.S. fishermen are made, they must be fair and equitable, promote conservation, and avoid preferential awarding of fishing privileges;

- management measures should promote efficiency, but economic allocation may not be the sole purpose of the measure;
- management measures should minimise costs and unnecessary duplication; and
- conservation and management measures must be based on the best scientific information available.

In addition, the Act permits the establishment of a system for limiting access to a fishery, provided that the following criteria are taken into account:

- present participation in the fishery;
- historical fishing practices in and dependence on the fishery;
- economics of the fishery;
- the ability of the fishing vessels being used in the fishery to be converted for use in other fisheries; and
- cultural and social framework relevant to the fishery.

Conservation and management mechanisms include:

- quotas;
- fishing seasons;
- limits on gear types;
- permits;
- data collection for monitoring; and
- area closures to protect spawning stocks.

Managing the coastal fisheries of the United States has proved to be a difficult problem in spite of the best efforts in administering the Act. Overfishing is a national problem. The National Marine Fisheries Service, the managing agency for marine fisheries resources, is attempting to address it. As part of this effort, access controls are being tried in the form of limited entry systems. There are five such systems in place -- including two individual transferable quota programs. Also, limited entry systems are being considered for several other fisheries.

In addition to the Magnuson Fishery Conservation and Management Act, there are several international treaties and agreements to which the United States is a party and which provide internationally agreed regulatory bases for managing tunas, bill fishes and swordfish in the Atlantic, and halibut and salmon in the Pacific.

## ANNEX II. TARIFF IMPORT QUOTAS FOR THE EEC IN 1992

Product	Quantity (tons)	Customs duty (%)
<b>Frozen fillets (in industrial blocks)</b>		
Alaska pollack	No upper limit	5.0
Hake	No upper limit	10.0
<b>Fresh, chilled or frozen for processing</b>		
Cod	50 000	3.7
Saithe	20 000	3.7
Haddock	6 000	3.7
Greenland halibut	6 000	4.0
<b>Other products</b>		
Cod, salted or in brine, not dried, not smoked	60 000	6.0
Cod, not salted, not smoked	500	8.0
Cod, fillets, salted or in brine	3 000	9.0
Saithe fillets, salted for processing	3 500	10
Northern prawns ( <i>Pandalus borealis</i> ) unpeeled fresh, refrigerated or frozen for processing	5 000	6.0
Pilchard frozen, for processing	6 000	10.0

**ANNEX III. TARIFFS IN SELECTED OECD COUNTRIES**

Tariffs as percentages unless otherwise stated	Finland	Canada	Sweden	United States	EEC	Japan
<b>DEMERSAL FISH</b>						
<b>Cod</b>						
Whole: fresh, chilled	1.0				12(12)	10.0
Frozen	1.0				12(12)	6.0
Frozen fillets	2.5		(3)	4.134 c/kg	15(13)	10.0
Blocks of fillets	2.5				12(14)	
Skinned/boned	1.0		(2)		12(14)	
Raw fillets, breaded	2.0	11.0	3.5	10.0(11)	18	
Salted whole cod	3.0				12-15(15)	
Salted cod fillets	3.0			0.2 c/kg	13(15)	
Dried cod fillets	3.0				16	15
<b>Haddock</b>						
Whole: fresh, chilled	1.0				15	5
Frozen	1.0				15	5
Frozen fillets	2.5		(3)	4.134 c/kg	15	
Blocks of fillets	2.5				15	
Skinned	1.0		(2)		15	
Raw fillets, breaded	2.0	11.0	3.5	10.0(11)	15	
<b>Whiting</b>						
Whole: fresh, chilled	1.0				15	
Frozen	1.0				15	
Frozen fillets	2.5		(3)	4.134 c/kg	15	
Blocks of fillets	2.5				15	
Skinned	1.0		(2)		15	
Raw fillets, breaded	2.0	11.0	3.5	10.0 (11)	15	
<b>Hake</b>						
Whole: fresh, chilled	1.0				15(16)	
Frozen	1.0				15	
Frozen fillets	2.5			4.134 c/kg	15	
Blocks of fillets	2.5				15(21)	
Skinned	1.0		(2)		15	
Raw fillets, breaded	2.0	11.0	3.5	10.0(11)	15	
<b>Saithe</b>						
Whole: fresh, chilled	1.0				15	
Frozen	1.0				15	
Frozen fillets	2.5			4.134 c/kg	15	
Blocks of fillets	2.5				15	
Skinned	1.0		(2)		15	
Raw fillets, breaded	2.0	11.0	3.5	10.0(11)	15	

**ANNEX III. TARIFFS IN SELECTED OECD COUNTRIES (cont'd)**

Tariffs as percentages unless otherwise stated	Finland	Canada	Sweden	United States	EEC	Japan
<b>PELAGIC FISH</b>						
<b>Tuna</b>						
Whole: fresh, chilled	5.0				22(17)	5.0
Frozen	5.0	(8)			22(20)	5.0
In airtight containers						
Not in oil	7.5	11.0	3.5(4)	6.0(10)	24	9.6
In oil	7.5	14.0	3.5(4)	35.0	24	9.6
<b>Salmon</b>						
Whole: fresh, chilled	5.0				2	5.0
Frozen	5.0	(8)			2	5.0
In airtight containers						
Not in oil	15	3.0	3.5(5)	3.0	5.5	9.6
In oil	15	3.0	3.5	12.5	5.5	9.6
Smoked (03.05)	10			5.0	13.0	15.0
Smoked (16.04)	15		3.5		5.5	15.0
<b>Herring</b>						
Whole: fresh, chilled	5.0				15(18)	10.0
Frozen	5.0				15(18)	6.0
Frozen fillets	2.5				15(18)	10.0
In airtight containers	15	8	3.5(6)	(9)	20	9.6
<b>Mackerel</b>						
Whole: fresh, chilled	5.0			1.1 c/kg	20(19)	10.0
Frozen	5.0			1.1 c/kg	20(19)	10.0
Frozen fillets	2.5			6.0	15.0	10.0
In airtight containers	7.5	12.7	3.5	6.0	25(22)	9.6
<b>SHELLFISH</b>						
<b>Crab</b>						
Crabmeat						
Fresh, chilled, frozen		8.0		7.5	8(23)	6.0
In airtight containers	6.0	8.2		11.0	16	6.5
<b>Lobster</b>						
Live					8(25)	3.0
Frozen					8(25)	3.0
In airtight containers	15.0	6.0			20.0	6.0
<b>Shrimp</b>						
Cooked in water					12(24)	
Shell-on frozen					12(24)	3.0
In airtight containers	15.0		3.5-7(7)		20.0	6.0
<b>FISH MEAL</b>	10.0	5.0			2.0	
<b>FISH OIL</b>		7.3			6.0	10.0

### NOTES TO ANNEX III:

- (1) No duty if imported from EEC, EFTA or developing countries.
- (2) Import levy 45.00 SKr/100 kg, except if imported from an EFTA country.
- (3) Import levy 45.00 SKr/100 kg, except if imported from an EFTA or EEC country, Faeroe Islands or Greenland.
- (4) Tuna of the genera *Thunnus*, *Euthunnus*, *Katsuwonus pelamis* and *Sarda* are free from duty.
- (5) If boiled, free from duty.
- (6) If it contains less than 45 kg.
- (7) Duty applicable even to imports from developing countries.
- (8) If to be processed in Canadian canneries.
- (9) Herring in airtight containers, 8 per cent if in oil, otherwise 4 per cent if more than 0.45 kg each.
- (10) Within quota; 12.5 per cent if above quota.
- (11) Neither cooked nor in oil; 15 per cent if pre-cooked.
- (12) *Gadus morhua* only; 15 per cent if *Gadus ogac* or *G. macrocephalus*.
- (13) Tariff quota of 10 000 tonnes at 8 per cent for *Gadus morhua*.
- (14) 15 per cent if not *Gadus morhua*.
- (15) Tariff quota of 25 000 tonnes at 0 per cent.
- (16) Tariff quota of 2 000 tonnes at 8 per cent for *Merluccius bilinearis*.
- (17) Tariff quota of 17 250 tonnes at 0 per cent for *Euthynnus* destined for the canning industry.
- (18) Tariff quota of 34 000 tonnes at 0 per cent and tariff free from 15.2 to 15.6.
- (19) Tariff free from 15.2 to 15.6.
- (20) 20 per cent for *Thunnus albacares*.
- (21) Tariff quota of 5 000 tonnes at 10 per cent for *Merluccius sp.* in blocks from 1.7 to 31.12.
- (22) 20 per cent if *Scomber australasicus*.
- (23) 15 per cent if *Cancer pagurus*.
- (24) For *Pandalidae* sp. only.
- (25) For *Homarus* sp. only; 25 per cent if other species.
- (26) For *Merluccius* sp. only; 5 per cent if other species.
- (27) 4.8 per cent if cooked.