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COMMISSION STAFF WORKING DOCUMENT

Evaluation

Accompanying the document

Recommendation for a

COUNCIL DECISION authorising the opening of negotiations on behalf of the European Union for the conclusion of a Sustainable Fisheries Partnership Agreement and a Protocol with the Government of Denmark and the Home Rule Government of Greenland

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1. INTRODUCTION

Purpose and scope

The EU's sustainable fisheries partnership agreements (SFPAs) with other countries are covered by the Common Fisheries Policy (CFP) Regulation¹. SFPAs help to implement CFP objectives internationally, ensuring that the EU fleet's fishing activities outside EU waters are based on the same principles and standards as those applied in EU waters. SFPAs are based on the principles of sustainability and best available scientific advice, transparency, non-discrimination, and solidarity through partnership. They contribute to the establishment of a governance framework for external fishing activities². Newly negotiated SFPAs should reflect the EU's commitment to promoting ocean governance at global level³.

The Council conclusions on the external dimension of the CFP (19 March 2012) call for the Commission (pursuant to Article 31(10) of the CFP Regulation) to carry out *ex post* and *ex ante* evaluations before negotiating a new SFPA protocol⁴. The aim of evaluation studies is to inform decision-makers before the Council adopts negotiation directives.

This staff working document presents the results of an *ex post* evaluation of the EU-Greenland fisheries partnership agreement (2016-2020) and an *ex ante* evaluation of its renewal. It covers the period from the entry into force of the protocol (1 January 2016) to 31 December 2020. The *ex post* evaluation is based on the standard assessment criteria (effectiveness, efficiency, economy, coherence, relevance, EU added value and acceptability). For the *ex ante* analysis, the focus is on lessons learned from the ex-post evaluation, possible benefits of a new protocol, available options (renewal or non-renewal, amended and improved agreement/protocol) and the associated risks, and the added value for the EU.

2. BACKGROUND TO THE INTERVENTION

Description of the intervention and its objectives

Each SFPA has three main components: an agreement, a protocol and technical annexes. Once negotiated, the agreement part is extended automatically, but the protocol must be renegotiated before it expires. SFPAs are rendered operational through implementation protocols that contain technical annexes. The evaluation study is needed to determine whether it is appropriate to renew the protocol and, if so, under what conditions.

The EU concludes fisheries partnership agreements with other countries to enable its fleet to fish surplus resources in their exclusive economic zone, in a legally regulated environment and in exchange for a financial contribution from the EU and ship-owners. The EU contribution is made up of two components:

- EU access fee that gives the EU fleet access to the partner country's waters and fisheries resources; and

¹ Regulation (EU) No 1380/2013 of 11 December 2013 on the Common Fisheries Policy (OJ L 354, 28.12.2013, p. 22).

² For an overview of SFPAs, see: http://ec.europa.eu/fisheries/cfp/international/agreements_en

³ Joint Communication on *International ocean governance agenda for the future of our oceans* (JOIN(2016) 49).

⁴ Doc. 7086/12 PECHE 66.

- EU sectoral support for the development of the fisheries sector in the partner country.

The EU public contribution is complemented by contributions paid by EU ship-owners.

Each SFPA is an exclusive agreement: once it is in place, EU vessels can fish only under the SFPA and cannot enter into private agreements with the partner country. By prohibiting the granting of more favourable conditions to other countries' fleets, SFPAs ensure a level playing-field and establish minimum standards for sustainable resource management. Implementation is managed by a Joint Committee, which is composed of representatives of both parties and meets at least once a year.

The EU concluded its first fisheries agreement with Greenland in 1985. It ran for a period of 10 years and was extended for additional 6-year periods until it was replaced by the fisheries partnership agreement (FPA). The FPA was signed in June 2006 and entered into force on 1 January 2007 for a period of 6 years (until 31 December 2012), with 6-year renewal periods. The EU approved it by Council Regulation (EC) No 753/2007⁵.

The current 5-year protocol (1 January 2016 to 31 December 2020) allows the EU fleet to fish in Greenlandic waters for cod, pelagic and demersal redfish, Greenland halibut, shrimp, grenadier and capelin. Small amounts of bycatch (grenadier and other species) are permitted. Indicative annual fishing opportunities total 42 726 tonnes. The EU transfers part of its agreed quota to Norway and the Faroe Islands, in exchange for access by EU vessels to their waters. The protocol provides for the EU to pay Greenland compensation of EUR 13 168 978 a year in return for access (calculated on the basis of reference prices for each species), including a financial reserve of EUR 1 700 000 for additional quantities. In addition, EU ship-owners pay authorisation fees based on prices set in the protocol for the quota allocated. The EU budget also provides for an amount of EUR 2 931 000 to support Greenlandic sectoral fisheries policy.

The new negotiations will involve re-evaluating various aspects of the protocol, such as indicative annual fishing opportunities, agreed quotas, financial compensation (from the EU and ship-owners) based on prices, and electronic catch reporting. As regards improving sustainable fisheries management in Greenland, the EU's sectoral support should remain focused on building administrative capacity, control and enforcement, and scientific research and advice, but also extend to new areas if necessary. Accordingly, the amount for sectoral support could also be reassessed.

Bilateral cooperation between the EU and Greenland should be considered in the wider context of regional cooperation. DG MARE works in close liaison with other services (e.g. DG DEVCO and the European External Action Service) to ensure coherence in this respect.

3. IMPLEMENTATION/STATE OF PLAY

⁵ Council Regulation (EC) No 753/2007 of 28 June 2007 on the conclusion of the Fisheries Partnership Agreement between the European Community on the one hand, and the Government of Denmark and the Home Rule Government of Greenland, on the other hand (OJ L 172, 30.6.2007, p. 1).

Description of the current situation

Below we pick out a number of areas to show the situation before the intervention, how it was expected to develop and other relevant points of comparison.

Utilisation of fishing opportunities

Utilisation of fishing opportunities has been very high. Total annual fishing opportunities are set at 42 726 tonnes (indicative quota), as compared with 85 765 tonnes in the previous (2013-2015) protocol and 91 700 tonnes under the 2007–2012 protocol. The reduction is explained mainly by a fall in the capelin quota from 60 000 tonnes in the previous protocol to 20 000 tonnes in the current protocol as a result of stock evolution.

The quota agreed for the EU was 83% of the indicative quota in 2016, 60% in 2017 and 76% in 2018. Of the total agreed quotas, 49% was transferred to Norway in 2016, 31% in 2017 and 59% in 2018 (quota for pelagic redfish, Greenland halibut, northern prawn in East Greenland, and capelin), in exchange for fishing opportunities for EU vessels in Norway. An additional 4% of the total EU agreed quota (quota for pelagic redfish, Greenland halibut, northern prawn in East Greenland) was transferred to the Faroe Islands in 2016 and 2018, and 7% in 2017, again in exchange for fishing opportunities.

In 2016-2018, after transfers to Norway and the Faroe Islands **utilisation of the total EU agreed quota was very high** (94% in 2016, 95% in 2017 and 98% in 2018), **with only northern prawn in East Greenland showing less than optimal uptake** (33% in 2016 and 2017, 68% in 2018). **Bycatch quota**, for which indicative quota was introduced in the current protocol for the first time, **was low as a proportion of the total EU agreed quota** (16% in 2016, 22% in 2017 and 33% in 2018).

Economic analysis

Total catches in Greenland in 2016–2018 were 42 579 tonnes, valued at EUR 193 million. German catches accounted for 63.0% of the total value, Danish catches for 30.5% and catches by UK and Lithuanian vessels for just under 4.0% and 1.5% respectively. The combined catches of other Member States' vessels (Latvia, Estonia and Spain) accounted for less than 1% of the total revenues.

Total aggregated direct gross value added (GVA) was EUR 92.37 million in 2016-2018 (an average of EUR 30.79 million a year). Additional GVA of EUR 48.81 million was generated from EU vessels' activity in Norway and the Faroe Islands enabled by the quota transfers, bringing total direct GVA from the agreement to EUR 141.18 million over the period (an average of EUR 47.06 million a year).

Total indirect GVA (iGVA) was EUR 87.16 million in 2016-2018 (an average of EUR 29.05 million a year), 65.5% of which was from activity in Greenland and the rest from activity in Norway and the Faroe Islands. Upstream iGVA accounted for 17% of total iGVA, and downstream iGVA for 83%.

Employment analysis

The protocol supports 172 crewing jobs on EU vessels fishing in Greenland, with around 90% of crew from EU Member States.

Sectoral support

The sectoral policy support (EUR 2 931 000)contributing directly to government expenditure breaks down into three main areas:

- administration and management (21.8% of planned support over the 5 years of the protocol);
- control and enforcement (33.6%); and
- scientific research and advice (44.6%).

Activities, with associated targets and indicators, cover support in a wide range of areas, e.g. capacity-building, participation in meetings and investments in equipment/vessels and other physical items.

4. METHODOLOGY

Short description of methodology

The evaluation was supported by a study that was carried out by an external consultant.

The evaluation study was conducted between April and August 2019, under the guidance of an interservice group (ISG) and in the framework of the terms of reference. The methodology included analysis of available documentation and data, and consultation of Greenlandic and EU stakeholders (see Annex 2).

The evaluation report was prepared in line with EU guidelines (including the ‘evaluation toolbox’), in particular on how to assess impacts on other countries, and methodological elements specific to the external dimension of the CFP (e.g. methods for assessing the socio-economic benefits of fisheries agreements).

Limitations and robustness of findings

The findings of the study are robust and reliable. The methodology for this evaluation included a review of literature and data, and consultations (some face to face, and some remotely) with stakeholders in Greenland and in the EU. In addition, secondary sources analysis and literature review complemented data from interviews.

5. ANALYSIS AND ANSWERS TO THE EVALUATION QUESTIONS

Ex-post evaluation

The scope of the ex post evaluation covers the FPA and the Protocol, performance over the first full three calendar years (2016 to 2018), and assessment against standard evaluation criteria.

The EU-Greenland protocol generally satisfies the conditions of effectiveness, efficiency, economy, relevance, coherence, acceptability and EU added value.

Effectiveness

The protocol was only partly effective in contributing to *resource conservation and environmental sustainability*, because:

- Greenland sets total allowable catches above levels recommended by scientific advice;

- scientific data on some stocks is poor; and
- there is concern over the status of some of the stocks targeted by EU vessels.

In mitigation, however:

- ✓ the EU quota represents a relatively small proportion of Greenland's quota for most species;
- ✓ reporting by EU vessels, scientific work and cooperation serve to improve the scientific and technical evaluation of the target fisheries;
- ✓ the EU fleet operating in Greenland is well monitored and controlled, and abides by the relevant rules and regulations; and
- ✓ the management measures in place serve to reduce bycatches and discards, and reduce the possible impacts of fishing on the ecosystem.

The protocol is effective at *protecting the EU long-distance fleet* by providing access to fishing zones in Greenland, Norway and the Faroe Islands. It also provides benefits to the EU processing sector and supplies a (small) proportion of the total EU market for fish.

EU sectoral support funding is effective in contributing to Greenland's overall government budget and expenditure on fisheries administration, control and enforcement, and scientific research and advice.

Efficiency

Overall, the EU financial contribution is commensurate with the fishing opportunities provided and delivered, and the protocol has delivered a high level of benefits for the EU in return.

Access fees provide EU operators with an efficient and flexible means of access to the Greenlandic fishery; the fees are proportional to catches and vessel owners pay for what they intend to use.

Greenland benefits from part of the added value of catches by EU vessels in its waters under the protocol. It also receives financial compensation for the EU quota transferred to Norway and the Faroe Islands.

The Greenlandic authorities are making efficient use of the sectoral support. However, increases in first-sale fish prices since reference prices were agreed mean that the EU's financial contributions are slightly lower than might be expected.

Economy

The EU's sectoral support addresses Greenland's needs and is fully absorbed. The EU has disbursed access payments and contributions for sectoral support in a timely manner consistent with the protocol.

Relevance

The FPA and protocol are relevant to the needs of both parties, although there are increasing tensions between the competing needs of the Greenlandic and EU private

sector fishing fleets for access to resources. The agreement remains very relevant to the Greenlandic government's policy on cooperation with the EU.

Coherence

The FPA and protocol are broadly in line with the CFP and recent developments as regards SFPAs and the management of the EU external fleet. They also make an effective contribution to EU policies *vis-à-vis* Greenland and the region, which are designed to enhance cooperation and ensure the sustainable exploitation of natural resources. The FPA and protocol are also coherent with Greenland's policy priorities, both through the alignment of objectives and the use of sectoral support funding.

EU added value

The added value of EU involvement is high. More than any other mechanism for securing fisheries access for EU vessels to Greenlandic waters, the agreement has delivered a wide range of benefits to EU and Greenlandic stakeholders, in terms of sustainability, transparency, equity and national development. Owners of vessels fishing in Greenlandic waters strongly favour having a protocol over having to negotiate private access arrangements.

Acceptability

EU vessel owners with access to quota in Greenland are satisfied with the content of the protocol and strongly support its renewal. However, Greenlandic offshore ship-owners are opposed to the protocol and consider that the benefits to Greenland would be greater if quota was allocated to Greenlandic companies instead. The Greenlandic authorities are generally satisfied with the protocol, but also feel that allocating quota to their own vessels would generate greater financial benefits.

Ex-ante evaluation

The ex ante evaluation of a possible future protocol to the EU/Greenland FPA, outlines the key needs to be met by both Greenland and the EU.

Shared needs of both parties are:

- sustainable resource exploitation, and
- a fair sharing of benefits between the two parties.

It describes and assesses three possible options.

- The first is the 'Status quo, with a renewed, unchanged Agreement and Protocol'.
- The second option is 'No renewed Protocol', with a sub-option to denounce the FPA and another to leave the FPA dormant.
- The third option is 'A modified FPA, and a modified and renewed Protocol'.

In reviewing the results of the three options, the evaluation finds that option 2 could result in very significant negative impacts for both parties in terms of reduced financial and social benefits, weakened collaboration on scientific research and resource sustainability, and damage to geo-political relations. It concludes that option 3 would better meet evaluation criteria than would either option 1 or 2. Appropriations from the

EU budget under option 3 would be determined by levels of financial contribution to be paid by the EU to Greenland for access, and the sectoral support, and would depend on negotiations. It concludes that option 3 would better meet the needs of both parties. In addition, the text of the underlying FPA could be reviewed and updated where necessary to become a SFPA.

6. CONCLUSIONS

The protocol can be broadly described as a ‘win-win’ arrangement, in that it addresses the identified needs of the various stakeholders.

Renewal of the agreement and the protocol (at the end of its implementation period, i.e. 31 December 2020) emerges clearly as the preferred option.

No other option, including that of not renewing the protocol or denouncing the FPA, would bring the same benefits. The future agreement should strengthen the sustainability provisions. The future protocol should be based on a similar technical and financial approach, with some technical adaptations to improve the conditions for implementing its access and sectoral support components.

Shared interests of both parties are the sustainable resource exploitation and a fair sharing of benefits. It is recommended that:

- all **species** currently listed in the protocol be retained given the levels of utilisation in recent years. A prudent approach is recommended as regards other species, such as mackerel. Other experimental fisheries should be considered subject to discussion and scientific advice. Greenland should ensure that the capelin quota is allocated to the EU in time for EU vessels to be able to use it, rather than the EU having to transfer it to Norway;
- the arrangements for **financial compensation for access** be reviewed, with:
 - possible revision of reference prices;
 - provision for the mid-term amendment of reference prices; and
 - possible revision of the access fees paid by vessel owners;
- the Greenlandic authorities make the **benefits of sectoral support** more visible and communicate them more widely to stakeholders by enlarging the scope and diversity of their action. Issues such as Arctic policy, blue growth and climate change could be covered;
- funding be used to build **scientific research capacity** to ensure that fewer stocks are subject to advice based on a precautionary approach due to a lack of data;
- consideration be given to updating the underlying framework from an FPA to an SFPA, in order fully to reflect CFP provisions. The alternative approach to ensuring continuity would be to allow the automatic renewal of the existing FPA.

A future protocol should have a duration of at least 5 years (like the current protocol).

Annex 1: Procedural information

1. LEAD DG, DeCIDE PLANNING / CWP REFERENCES

DG responsible: DG MARE — Maritime Affairs and Fisheries/ PLAN/2019/5095

2. ORGANISATION AND TIMING

An interservice group (ISG) was established to steer the preparation of this evaluation. The evaluation was carried out between February and August 2019.

The evaluation was also supported by a study carried out by an external consultant between April and August 2019.

| Tasks | Date |
|---------------------------------------|--|
| Signing of the contract | 8.4.2019 |
| Kick-off meeting | 9.4.2019 |
| Report of kick-off meeting | 10.4.2019 |
| Submission of inception report | 24.4.2019 |
| Comments on inception report | 10.5.2019 |
| Meeting to discuss inception report | Written exchange with steering committee |
| Submission of draft final report | 8.7.2019 |
| Meeting to discuss draft final report | 15.7.2019 |
| Submission of final report | 9.9.2019 |

3. EXCEPTIONS TO ‘BETTER REGULATION’ GUIDELINES

The legal and procedural requirements for the preparation of the renewal of fisheries protocols give rise to a tight schedule, which prevents the holding of an open public consultation. Moreover, the impact of SFPAs is relatively limited, as they focus on a small number of stakeholders.

4. CONSULTATION OF THE RSB (IF APPLICABLE)

Not applicable.

5. EVIDENCE, SOURCES AND QUALITY

The evaluation is supported by study “Ex ante and ex post evaluation study of the Fisheries Partnership Agreement between the European Union and Greenland” carried out by a consultant.

Additional information sources for this evaluation were used through scientific advice reviews, literature reviews, Joint Committee meetings minutes, bilateral/multilateral

discussions/consultations with Member States and civil society organisations, including the LDAC.

Last but not least, the evaluation process and the final evaluation report was subject to a quality assessment by the interservice group (ISG).

Annex 2: Stakeholder consultation

In line with its guidelines and the ‘better regulation toolbox’, the Commission presented a strategy for consultation when preparing negotiations for the renewal of FPA protocols. The strategy involves determining the best means of consulting relevant stakeholders in the EU and the partner country concerned.

Objectives

The aim of the consultation is:

- to gather stakeholders’ views on the implementation of the previous/ongoing protocol and its possible renewal, including the various options; and
- to feed into the evaluation report (a Commission working document to be prepared before the opening of negotiations on the basis of an evaluation study by an external contractor).

Approach to consultation

The main stakeholders concerned with the protocol, are:

- owners of vessels flying Member States’ flags and benefiting from the protocol;
- representatives or associations of ship-owners benefiting from the protocol;
- NGOs;
- the Greenlandic authorities;
- representatives of the Member States’ authorities; and
- the private sector and civil society.

Detailed results

These results are presented in Annex 3 to the study⁶.

⁶ Ex ante and ex post evaluation study of the fisheries partnership agreement between the EU and Greenland (August 2019).