

18 July 2006

Screening report

Croatia

Chapter 13 – Fisheries

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Bilateral meeting: 29 March 2006

I. CHAPTER CONTENT

The *acquis* on fisheries consists of regulations, which do not require transposition into national legislation. However, it requires the introduction of measures to prepare the administration and the operators for participation in the Common Fisheries Policy (CFP). The scope, the objectives and the principles of the CFP are laid down in a framework regulation (Council Regulation (EC) N° 2371/2002). The CFP provides rules for the conservation of living aquatic resources, the limitation of the environmental impact of fisheries, conditions of access to waters and resources, structural policy and the management of the fleet capacity, control and enforcement, aquaculture, common organisation of the market and international relations. The CFP is based on sound scientific advice and provides a framework for data collection.

With regard to **resource and fleet management**, the *acquis* contains precise rules for the adjustment of fishing capacity to ensure a balance between fleets and stocks as well as for the measurement of tonnage. It provides that Member States shall collect data for the Community fishing fleet register and establish a satellite based vessel monitoring system. Specific technical measures for the conservation of fisheries resources apply in the Mediterranean.

Inspection and control are mainly the responsibility of Member States. The *acquis* establishes detailed rules for the registration and reporting of catches. A Member State must have the administrative capacity for the effective control, inspection and enforcement of the CFP.

The implementation of **structural actions** requires the capacity to properly manage the relevant Community funds. The **market policy** is based on the application of common marketing standards and producer organisations.

In addition to general **State aid** rules, the *acquis* contains specific State aid rules applicable to the fisheries and aquaculture sector. Given its exclusive competence in the field of fisheries, the Community is party to a number of **international agreements** and organisations. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted or denounced prior to accession.

II. COUNTRY ALIGNMENT AND IMPLEMENTATION CAPACITY

This part summarises the information provided by Croatia and the discussion at the screening meeting.

Croatia indicates that it can accept the *acquis* regarding fisheries. Croatia indicates that overall it does not expect any difficulties in implementing the *acquis* by accession. However, given the political, economic and social importance of the fisheries sector, Croatia announces its intentions to request certain transitional periods in its negotiating position.

The Croatian fisheries sector accounts for about 1% of GDP and employs about 20 000 people. Almost 70% of fishing, farming and processing capacities are located on islands. It is a mainly traditional sector with little industrial fishing. According to the available statistics, which need updating, the relatively old Croatian fishing fleet comprises around 3,684 vessels and boats (864 trawlers, 392 purse seines and 2,498 multi-purpose vessels). Croatia indicates that it will only be in a position to supply precise numbers of all types of vessels once its fishing fleet register will have been completed (see below). Aquaculture, and more specifically tuna farming, has grown significantly over the last years. Today, farmed tuna represents more than 50% of total Croatian fish exports and more than 90% of farmed tuna is exported to Japan.

The main legal provisions governing the fisheries sector are the Marine Fisheries Act (Act (Official Gazette 74/1994, 57/96, 46/97 and 48/2005)). The main administrative body is the Fisheries Directorate within the Ministry for Agriculture, Forestry and Water Management. It has a staff of 56 people, including seven regional offices. Certain aspects of the CFP acquis, e.g. the fleet register, fall under the competence of other Ministries, such as the Ministry for Sea, Tourism, Transport and Development.

The main objectives of the Croatian fisheries policy are: the consolidation and restructuring of the fisheries sector; a balanced and long-term sustainable catch; strengthening of the aquaculture sector through marine and freshwater fish and shellfish production at international quality and environmental standards; to enhance processing by adding new value and better use of the fisheries and aquaculture products; to improve the marketing system by adopting new market mechanism. A national programme for increasing production and consumption of fish and fish products adopted in 2003 defines the following goals: modernisation of the fishing fleet; building of fishing ports with logistical and infrastructural support; improvement of the system of fish trade and marketing; development of aquaculture; education of fisheries personnel; strengthening of fishermen's cooperatives. Based on the Marine Fisheries Act, Croatia intends to draft a multi-annual fisheries development programme during 2006/07.

II.a. Resource and fleet management

Resource management

Based on the Marine Fisheries Act, various implementing ordinances contain a high number of technical measures in order to regulate the fishing effort. The use of driftnets as well as of explosives and dangerous substances are forbidden. Depending on the species, Croatian legislation contains rules on minimum landing sizes, closed seasons as well as spatial closures. There are also detailed rules on fishing gear and equipment, such as limiting engine power in certain areas. Croatia indicates its interest in keeping certain traditional fishing gear and methods, whose conformity with the acquis needs to be examined. Concerning catch limitations, Croatia only applies a quota for bluefin tuna in line with the annual quota set by the International Commission for the Conservation of Atlantic Tuna (ICCAT). Furthermore, a catch limit of 200kg per licence is fixed for red coral.

Most of these management measures are based on scientific advice, mainly biomass analysis. Croatia also indicates that statistical catch data, fishing effort and biological data are not collected in a systematic way. Croatia has been participating in the EU funded MEDITS programme and is a partner of the FAO sub-regional project "ADRIAMED" through which scientific data, as collected by range countries, have been collated and jointly analysed to provide an overview of the state of exploited stocks. Croatia bases its scientific analysis on hydro-acoustic surveys aimed at the state of small pelagic resources (PELMON) and a national demersal monitoring programme (DEMMON), both carried out continuously since 2002. The current scientific monitoring framework may not allow detecting the status of exploited stocks with respect to either long term sustainability or higher yields.

The Marine Fisheries Act distinguishes between commercial, subsistence, recreational and sports fishing. Subsistence fishermen are not allowed to put their catch on the market and are subject to authorisations limiting the type of gear, equipment and the quantity of their catch up to 5 kilos per day. However, Croatia states that the high number of subsistence fishermen (about 13,000) creates control problems and a potential for grey economy.

Commercial fishing in Croatian waters by foreign legal or natural persons is only allowed if provided for by international agreements. Furthermore, a domestic legal person founded by a foreign legal or natural person is not allowed to fish in Croatian waters.

Fleet management

Croatian legislation distinguishes between fishing vessels (defined as longer than 12 meters and having a gross tonnage of more than 15GT) and boats (not complying with both criteria but used for commercial purposes). Tonnage and power measurement is conducted according to Croatian regulations as well as the International Convention on Tonnage Measurement of Ships (London Convention). Croatia foresees completing the tonnage measurement according to the provisions of the acquis by January 2010. With regard to fleet capacity management, Croatia does not have an entry-exit scheme for the fishing fleet.

Croatia does not have a fishing fleet register as defined in the acquis. All fishing vessels are entered into the record of vessels and all fishing boats into the logbook of boats for commercial purposes. These registers are operated by the Ministry for Sea, Tourism, Transport and Development. In addition the Directorate of Fisheries operates a Commercial Fishing Licence Register which contains basic technical data about each fishing vessel and boat, its owner, all registered fishing gears and licensed fishing zones. These registers do not contain all the information required by the acquis. Croatia has started work on the setting up of an acquis compatible fleet register but does not indicate a timetable for its completion.

Croatia does not operate a satellite based vessel monitoring system (VMS). During 2005 it implemented a GPS based pilot-project on four tuna vessels exceeding 24 m. Croatia plans to have a satellite based VMS, including a fisheries monitoring centre, for all vessels over 24 m in place by January 2009.

II.b. Inspection and control

The following State bodies have responsibilities for the control and monitoring of fisheries activities in Croatia:

- Ministry of Agriculture, Forestry and Water Management – fisheries inspectors;
- Ministry of Sea, Tourism, Transport and Development – navigational safety inspectors;
- Ministry of Interior Affairs – maritime police;
- State inspectorate (SIRC) – commercial inspectors.

In order to pool resources, the Government has set up an interministerial coordination structure which covers all forms of control at sea, including fisheries. The fisheries inspection service proper within the Ministry of Agriculture, Forestry and Water Management consists of one central office and 7 field offices. In 2006 it employs 11 inspectors and has a budget of about €500,000. Croatia plans to recruit further inspectors during 2006. The fisheries inspection currently does not dispose of its own vessels but can have access to vessels of other Ministries. Croatia has plans to purchase specific fisheries inspection vessels.

Matters subject to inspection include certificates on professional qualifications, licences and permits, logbooks, catch delivery data, technical characteristics of vessels, characteristics of gears and equipment, marking of fishing gears, the respect of spatial and temporal

restrictions and of special habitats. Croatia does not use landing declarations or sales notes. During 2005 4,768 actions at sea led to 54 submitted reports on criminal offence, 32 administrative decisions and 3 cases of fines being charged on the spot. Croatia plans to introduce standard operative control procedures, standardised report forms and a data base of the inspection services by 2008. Croatia indicates that there are no separate rules for the inspection of non-Croatian vessels and that it cooperates with the inspection services of neighbouring countries if need arises.

II.c. Structural actions

Croatia does not have a structural policy or structural fund for fisheries and aquaculture as defined by the acquis. Based on the Act on State aids in agriculture, fisheries and forestry and subsequent implementing legislation, Croatia operates various measures to support fishing, aquaculture and processing. The main ones are:

- A capital investment scheme supporting notably investments into the maintenance, acquisition or modernisation of equipment. This support amounts to 25% of the total investments with an upper limit for individual projects of €133,000. €12 million are allocated for this measure in the 2006 budget for the whole agriculture and fisheries sector;
- A programme for buying off trawler licenses for which €120,000 are allocated in 2006;
- A programme for the modernisation of the fleet with an envelope of €6.4 million;
- A scheme supporting the monitoring of demersal and pelagic stocks of €140,000;
- A measure to support the construction of new wholesale markets for which €267,000 are foreseen.

The current strategic framework is based on the Croatian strategy for agriculture and fisheries of 2002. Croatia plans to start drafting a multi-annual fisheries development programme during 2006. There is no specific unit yet for structural actions within the administration.

II.d. Market policy

Croatia does not have a market organisation similar to the one defined in the acquis and there is no system of market intervention. Since 2006, Croatia pays a compensation of 14% of the sales price for demersal fish. A number of different legal acts contain marketing standards notably concerning quality and minimum size of fish and fisheries products. With regard to information of consumers, there are certain general provisions in the Consumer Protection Act and the Food Act, which also apply to fisheries products.

There are no recognised producers' organisations in Croatia. Fishermen in Croatia can be organised either as Cooperatives or Associations. Currently there are 10 Cooperatives and 1 Association in the fisheries sector. The setting up of producers' organisations is being prepared with plans to establish three pilot producers' organisations by the end of 2009.

The organisation of the market suffers from the absence of adequate landing places and a lack of storage and cooling capacities. The collection and monitoring of prices is hampered by the absence of auction places and wholesale markets. A market information system in agriculture has been set up in the Ministry of Agriculture, Forestry and Water Management.

Prices are collected on a monthly basis through questionnaires from fish farms, buy-off stations, fish markets and processing enterprises.

II.e. State aid

Croatia applies the following aid schemes, based either on the Act on State aids in agriculture, fisheries and forestry or sectoral regulations:

- A blue-diesel scheme for commercial fishing vessels;
- A programme for the modernisation of the fishing fleet (see point II.c.);
- A capital investment scheme (see point II.c.);
- A programme for buying off trawler licenses (see point II.c.); and
- An income support scheme.

Croatia indicates that some of the measures are not compatible with the Community State aid rules. Neither the Croatian State aid authority (Croatian Competition Agency) nor any other competent authority is currently in charge of State aid control for fisheries.

II.f. International agreements

Concerning multilateral agreements, Croatia is party to the United Nations Convention on the Law of the Sea (UNCLOS). Croatia declared an Ecological and Fisheries Protection Zone in the Adriatic in October 2003 which came into force in October 2004. Pursuant to the Decision of the Croatian Parliament of 3 June 2004, the Ecological and Fisheries Protection Zone is not applied to EU vessels. This decision was noted by the trilateral meeting between Croatia, Italy and Slovenia, facilitated by the Commission, of 4 June 2004. Croatia is not party to the UN Convention relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks. Croatia is not party to the FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas.

With regard to regional fisheries organisations, Croatia is a member of the General Fisheries Commission for the Mediterranean (GFCM) and of the International Commission for the Conservation of Atlantic Tuna (ICCAT).

Although Croatia has no bilateral fisheries agreements in the strict sense, the Local Border Traffic Agreement with Slovenia should be mentioned under this heading as it also regulates the fisheries regime in the border sea area. However, the fisheries provisions of this agreement are currently not being implemented.

III. ASSESSMENT OF THE DEGREE OF ALIGNMENT AND IMPLEMENTING CAPACITY

Overall, Croatia has reached a satisfactory level of alignment in the preparedness for accession. Important gaps remain in areas such as resource and fleet management which is to be expected at this stage of the process, given the specific nature of certain instruments of the Common Fisheries Policy. Croatia is also well aware of the discrepancies between its legislation and the acquis. During the screening, the country has explicitly referred to them.

Croatia has created the necessary administrative structures which can provide the basis for the future implementation of the Common Fisheries Policy. However, the inspection and control services especially will have to be strengthened significantly in order to properly discharge their responsibilities under the acquis.

III.a. Resource and fleet management

Resource management

Croatia has a reasonably high level of alignment to the CFP's conservation and management measures for sustainable fisheries in the Mediterranean. Nonetheless, a number of technical differences remain such as:

- The minimum landing sizes for certain species, such as hake, red porgy, wreck fish, horse-mackerel and spiny lobster.
- The marking and identification of passive fishing gear and beam trawls;
- The measurement of mesh sizes;
- The minimum legal mesh size for certain traditional bottom trawlers;
- The prohibition of trawling within the distance of 1 nautical mile from the coast and in some areas within 2 or 3 nautical miles;
- The maximum dimensions of certain fishing gear such as gillnets and purse seines.

Certain traditional fishing gears used in Croatia are not recognised by and permitted under the acquis.

Croatia will have to address the issue of subsistence fishermen in order to ensure an effective resource management. More reliance on scientific advice as the basis for fisheries management and more adequate support to scientific monitoring of fisheries and exploited resources is needed. Furthermore statistical catch data, fishing effort and biological data should be collected on a more systematic basis in order to improve the scientific basis of resource management measures. Croatia will also have to improve the collection of economic data.

Restrictions for foreign fishermen will have to be brought in line with the principles of the EC Treaty regarding the right of establishment and the free movement of capital (Articles 43, 56 and 221 of the EC Treaty) as well as the relevant jurisprudence of the Court of Justice.

Fleet management

There are considerable gaps with the acquis concerning notably:

- The definition of "fishing vessels" which in the Community comprises all vessels equipped to fish for commercial purposes, regardless of their size, and their tonnage measurement, notably for vessels smaller than 24 m;
- The absence of fleet capacity management measures, such as an entry/exit scheme;

- An incomplete fishing fleet register which for example does not keep record of vessels used in aquaculture and does not contain a unique fleet number, similar to the Community Fleet Register Number (CFR);
- The lack of a satellite based vessel monitoring system.

Croatia recognises these deficiencies and has target dates for most of the missing elements which need to be addressed in a timely manner. The re-measurement of vessels, the establishment of a fully aligned fleet register and a satellite based vessel monitoring system will require early attention, given the time and the resources needed for their completion.

III.b. Inspection and control

The main differences with the acquis identified are:

- No standard marking of inspection bodies;
- No standard operative control procedures and standardised report forms. Croatia plans to introduce both by 2008;
- The absence of landing declarations and sales notes as well as of an operational system for collecting data from logbooks which does not allow performing cross-checks;
- Legal provisions to fight Illegal, Unregulated and Unreported fishing (IUU) are limited to Croatian flagged vessels but do not extend to vessels operating under different flags that might have an economic link to Croatia.

With regard to administrative capacity, the inspection services for fisheries will require further strengthening. This applies both to human resources and equipment. The current interministerial coordination structure covers all forms of inspection at sea (police, maritime transport, environment etc.). Against this background and given the high number of State bodies involved, Croatia will have to make sure that sufficient attention is given to inspection and control of the fisheries sector.

III.c. Structural actions

Croatia does not operate an overall structural policy for the fisheries sector as defined by the acquis. There is neither a strategic development plan nor an administration in charge of structural actions. Croatia will have to pay early attention to the creation and staffing of the necessary administrative structures required for the implementation of the Community's structural fund for fisheries.

Some of the current structural measures applied by Croatia are not compatible with the acquis, such as the fleet modernisation programme as its implementation would lead to an increase of fishing capacity. Measures not covered under the EU's structural policy will have to be notified as State aid to the Commission upon accession (see point III.e).

III.d. Market policy

A pre-condition for Croatia's effective participation in the EU's common market organisation will be the establishment of producers' organisations. Croatia should develop plans for the progressive setting up of producers' organisations. Other differences to the acquis include the absence of an intervention system based on prices, a list of commercial terms for fish and different marketing standards and requirements for consumer information.

Also the system for collecting and monitoring prices will have to be improved by providing the necessary infrastructure. The involvement of four different ministries in this policy area will require efficient coordination.

III.e. State aid

The relatively large number of direct aid mechanisms and various aid measures based on different legal bases need to be streamlined. In many cases support measures applicable in the sector cannot be clearly grouped or classified according to EU instruments. Croatia should start aligning these schemes to the EU's structural and State aid policies.

Croatia does not operate a proper State aid control system in the fisheries sector. Some of the Croatian measures are not compatible with the Community's rules on State aid to the fisheries sector, for example the fleet modernisation programme.

III.f. International agreements

Croatia has reached a considerable level of alignment to the acquis in this area. It will have to ratify the UN Convention relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks upon accession. It will have to withdraw from ICCAT prior to accession as Member States are exclusively represented by the Community. No action is required with regard to the FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas as only the Community is party to it.

Croatia as a candidate country should closely align its position in international regional fisheries organisations such as the GFCM with the position taken by the Community. The exchange of fishing opportunities within the 12 miles zone contained in the Local Border Traffic Agreement with Slovenia will need to be examined during the negotiations.