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From: Commission Services
To: Working Party on Internal and External Fisheries Policy
Subject: Assessment of the ex-post and ex-ante evaluation of the Protocol to the Fisheries Partnership Agreement between the European Union and Greenland
- Working document and Final Report

Delegations will find attached the Final Report parts 7-ANNEXES on the abovementioned subject.

This document is circulated in view of the Working Party on 18 July 2014.

**Assessment of the ex-post and ex-ante evaluation of the Protocol to the Fisheries Partnership
Agreement between the European Union and Greenland
Final Report parts 7-ANNEXES**

DG MARE 2011/01/Lot 3 – SC13

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7 Ex ante evaluation

This section of the report provides an ex ante evaluation of a possible new Protocol to the EU/Greenland FPA. Throughout this section, the specific evaluation questions posed in the terms of reference for this specific contract are highlighted in italics in order to demonstrate where evaluation questions have been addressed in the text.

7.1 Needs to be met in the short or long term

This section of the evaluation (i.e. the text below in Section 7.1) addresses a number of questions in the terms of reference, namely:

- *Is the EEZ of the third country of strategic interest in the CFP context?*
- *What are the available fishing opportunities and state of the stocks (notably, stocks that could be included in future protocols)? What is the source of relevant scientific advice? How is the advice taken into account in the annual negotiations on fishing opportunities? Are there management or recovery plans in effect?*
- *Does it fit into a regional network?*
- *What are the challenges facing the fishery sector in the country?*
- *What are the needs of the EU / EU ship owners / third country?*

7.1.1 Needs shared by both the EU and Greenland

The primary shared need of the EU and Greenland in the context of a possible new Protocol to the FPA is one of sustainable exploitation of marine resources.

For Greenland, the need for sustainability is required to provide the economic benefits that will result from sustainable exploitation of marine resources, in terms of value-added made by the domestic catching sector (see Section 4.1), by upstream (supply/input businesses, see Section 4.2) and downstream activities (for example processing and marketing, see Section 4.3) supplying both the domestic catching sector and also the few foreign vessels that land fish into Greenland or that fish from its ports. Sustainable exploitation is also necessary to ensure that foreign vessels continue to be interested in fishing in Greenlandic waters (both EU and non-EU [see Section 2.4]), thereby generating revenue for the government. A number of Greenlandic fisheries (Barents Sea cod, haddock and saithe; West Greenland shrimp; and lumpfish) are either already certified or currently engaging with the Marine Stewardship Council²³⁰ certification process, with certification and subsequent annual surveillance audits dependent on sustainable exploitation. Certification of the MSC eco-label brings about potentially significant economic benefits in terms of both price premiums and also market access (either in terms of new markets or maintenance of existing markets that might otherwise be threatened by competitors), and a failure to ensure sustainable exploitation would thus jeopardise the potential chances of certification for fisheries under assessment and those fisheries already certified, and the benefits that result. All of these types of potential economic benefit are important given the developmental challenges facing Greenland as highlighted earlier in this report (see Section 1.3), in particular:

- a) the strong reliance on the fisheries sector for Greenland in terms of contributions to GDP (around 20 % when considering multiplier effects) given few other viable economic activities outside of fisheries, construction, trading (wholesale and retail) and mining/energy;

²³⁰ www.msc.org

- b) high dependence on fisheries in terms of exports and a strong negative trade balance, meaning that sustainable exploitation and the maintenance of export revenues are critical if the trade balance is not to worsen even further; and
- c) the relatively high cost of living in Greenland (given the need to import almost all items) and low average earnings when external financial support from Denmark, the OAD, and the FPA/Protocol are removed from calculations.

Sustainable exploitation of marine resources, and the economic benefits that result, are also required by Greenland for the consequent social benefits in terms of the employment related to the economic activities of the upstream, catching and downstream sectors, and in the government sector. The protection of jobs stemming from the fishing sector is vitally important for Greenland given:

- a) social problems resulting in part from unemployment;
- b) the high levels of emigration of young relatively well-qualified people; and
- c) the few economic sectors capable of providing employment opportunities.

For the EU, sustainability is needed to comply with and support the objective of the reformed CFP (which includes an objective of ensuring that 'negative impacts of fishing on the marine ecosystems are minimised' (Article 2.3 of the Basic Regulation on the CFP – Final Compromise Text), and the Basic Regulation highlights that FPAs 'should ensure that Union fishing activities in third country waters are based on the best available scientific advice and relevant information exchange, ensuring a sustainable exploitation of the marine biological resources, transparency as regards the determination of the surplus and, consequently, a management of the resources that is consistent with the objectives of the Common Fisheries Policy' (Article 39 of introductory text). Additional information highlighting the EU's need for FPAs to contribute to and ensure sustainability is provided in Annex F, which provides relevant extracts of the Basic Regulation.

The EU fleet currently active in Greenland (22 vessels took authorisations in 2013), is relatively small in number, but for those vessels that utilise the FPA/Protocol, the fishing opportunities provided are very important. Some vessels (e.g. Danish shrimp vessels) are entirely dependent on fishing under the Protocol, while for others fishing in Greenland (e.g. UK and German demersal trawl vessels) the Protocol offers fishing opportunities that are vital in contributing to catches made within northern waters more generally (e.g. NAFO, NEAFC, Norway, Iceland) and therefore allow for year-round activity. In addition, as noted in the ex post evaluation (see Section 6.2), the Protocol provides for fishing opportunities for the EU that are exchanged with Norway (and sometimes Faroes and Iceland), allowing Norwegian vessels (and sometimes Faroese and Icelandic vessels) to fish in Greenland for quota under the FPA/Protocol, and EU vessels to fish in Norway (and sometimes in Faroes and Iceland) under the northern fisheries agreement(s) with Norway (and potentially with Faroes and Iceland). For many EU Member States, fishing opportunities in the Norwegian EEZ in particular are critical for the economic performance of vessels, and also for downstream processing/marketing operations in the EU. For EU vessels (and the sector more generally in terms of downstream processing and marketing), the EEZ of Greenland, and the sustainable exploitation of resources within it, is thus of huge strategic interest in the context of both the CFP and the individual fishing strategies of the vessels and companies concerned. This interest relates both to fishing in Greenlandic waters, and the fishing opportunities that are provided by other third countries to their waters, which are provided in exchange for vessels from third countries being provided with EU fishing opportunities in Greenland under the EU/Greenland FPA.

The imperative for sustainable exploitation means that both the EU and Greenland need to cooperate with each other, with relevant international management and research organisations with responsibility for stock advice and management (e.g. ICES, NAFO, NEAFC), and where necessary with other third countries (e.g., coastal states on capelin and mackerel, etc.) to ensure that scientific research is sufficient to suitably inform assessments of stock status and resulting advice on TACs, that all parties then work together to ensure that TACs that are set follow the scientific advice as closely as is possible given political expediencies, and that all

fisheries-specific management plans (see Section 2.2 and 2.3) are agreed and updated on a regular basis. As noted in the ex post evaluation, this has not always been the case in recent years for all stocks, and there is therefore a need in any future Protocol to strive to more closely follow scientific advice so as to ensure sustainability. Annex F, which presents selected Articles from the Basic Regulation on the CFP – Compromise Text for Regulation of the European Parliament and of the Council on the Common Fisheries Policy, also highlights the need for the EU to contribute towards strengthening of regional fisheries management organisations (RFMOs).

Ensuring sustainability requires that all relevant parties (i.e. the EU, regional organisations, and the fisheries administration in Greenland) work together in partnership to enhance capacities both within Greenland and at the regional level, to help to foster improved governance, continued developments in science, implementation of fisheries policy, reductions in illegal, unreported and unregulated (IUU) fishing, and continued developments in monitoring, control and surveillance. One specific need in this context is for agreement to be reached by both parties on the use by EU vessels of an electronic reporting system (ERS) – this provision is already included in the current Protocol, but as noted in the ex post evaluation has not been complied with due to disagreement over a specific ERS format acceptable to both parties.

Shared needs of both the EU and Greenland can also be expected to include a Protocol of more than the current three-year period. For all parties the short duration of the Protocol presents difficulties in terms of ex post evaluation²³¹ and the relatively frequent negotiations. A longer Protocol would provide greater certainty and security for all parties. This may be viewed as desirable in reducing the risks of the next Protocol expiring before a subsequent one could be agreed, especially given the importance to both the EU and Greenland of the Protocol and the fact that without a Protocol in place no private access agreements would be possible with the FPA in force.

However, shared needs of both the EU and Greenland, as highlighted in in Annex F, also include the need for a possible new Protocol to be concluded in the spirit of fair, transparent and equitable cooperation aimed at sharing benefits fairly between the two parties. The equitable sharing of benefits requires that financial contributions made by the EU and vessel owners for access should be fairly based on the fishing opportunities utilised by EU vessels, their operational costs/earnings profiles, and market prices for different species. This in turn may require a change to the current approach whereby the Protocol requires the EU to pay for indicative fishing opportunities in advance (if such indicative fishing opportunities are commonly not fully utilised as suggested by the ex post evaluation) to one based on a system whereby payments are made based on fishing opportunities accepted by the EU each year. It may also require a careful review of the reference prices used as the basis for financial compensation for access, to ensure that prices represent a 'fair' basis on which to make financial compensation that do not adversely benefit one party over the other over the course of a new Protocol. The basis for a review and possible revision of reference prices, and the resulting financial compensation, could be based on agreed and publicly available price data for different species in Greenland²³², in Iceland, in Norway, and/or in Member States (see Section 6.6.1).

Finally, if a longer Protocol period was to be agreed, it may be necessary and appropriate to adopt an element of flexibility with regard to the sectoral support matrix and the indicators used to assess performance, to allow for changes in the matrix and indicators during the Protocol so as to reflect changing priorities in Greenland and requirements in support of sustainability and policy implementation that may not be apparent at the time

²³¹ I.e. the ex post evaluation presented in this report being completed half-way through the existing Protocol in order to allow for sufficient time for a negotiation mandate to be provided and for negotiations to be completed.

²³² Noting that the lack of real competition in Greenland in terms of buyers/processors (see earlier text), means that knowing what actual and fair landings prices are in Greenland is difficult, and prices may be lower than market prices for similar product landed elsewhere.

the sectoral support matrix is first agreed. The ex post evaluation (see Section 6.5) also highlighted the need to strengthen and improve the indicators used to assess the implementation of the sectoral support.

7.1.2 Needs of Greenland

In addition to the shared needs of long-term sustainable exploitation of resources discussed above, Greenland has other specific needs that it would wish to be met by a new Protocol.

As already noted earlier in this report (Section 1), while Greenland is especially dependent on the Danish block grant and the financial assistance allocated in the context of the Council Decision on relations between the EU, Greenland and Denmark (DG DEVCO assistance), financial contributions from the EU through the FPA/Protocol are also important. Given the historical developments of external financial support to Greenland, to some extent Greenland views all such support as a package that it is keen not to see reduced. However, it is also evident that Greenland recognises the delineated nature of the external support provided from the three sources (Danish block grant, DG DEVCO assistance and FPA/Protocol). Recognition of this delineation, along with the new Council Decision on relations between the EU, Greenland and Denmark (see Section 1.4.1), which will serve to increase historical payments by DG DEVCO in line with indexation of prices, should mean that there will be no need/desire by Greenland to seek to increase contributions from the FPA/Protocol due to any decline in other external financial support, and a willingness by Greenland to agree to financial contributions under the FPA/Protocol that reflect the value of the fishing opportunities provided. However, it can reasonably be expected that, given Greenland's economic and development status as described earlier, Greenland will continue to have a strong need for the FPA/Protocol and the financial contributions that it receives as a result, i.e. there should be a strong incentive for Greenland to agree to a new Protocol, and failing to do so would have serious consequences.

Given budgetary limitations, and human resource capacity, a key need for Greenland under a new Protocol will be for continued financial contributions by the EU for sectoral support, to assist Greenland with the implementation of fisheries policy and management. It is too early to say definitively or with any detail the potential areas of support that may be envisaged for sectoral support from 2016 onwards. However, it can be expected that priorities will remain broadly as in the current sectoral support matrix (see Section 6.5), but with specific changes and issues potentially needing to be introduced as a result of the revision of the Fisheries Act (currently under way).

Comment is made above on the potential need, for the sake of fairness, to amend the system by which financial contributions are made by the EU to Greenland in advance based on the indicative opportunities and reference prices in the Protocol (see Section 6.3 for more detail). Given the benefits to Greenland of the current system, and the fact that Greenland typically has to make 'debt' payments back to the EU for differences between indicative opportunities in the Protocol and opportunities accepted by the EU in the Joint Committee meeting and is therefore in effect being provided with interest-free funds, Greenland may be expected to want the current payment mechanism to remain unchanged – consultations in Greenland completed as part of this evaluation suggested that there are no difficulties for Greenland in planning for such debt payments in its budgets given the advance warning they have of how much needs to be repaid.

With reference to specific species included in the Protocol, Greenland may wish to include mackerel in a new Protocol. In the Joint Committee meeting of March 2014, the EU declined any mackerel fishing opportunities on the basis that the overall quota set by Greenland of 100 000 tonnes for 2014 could not be considered as 'experimental', and given the fact that Greenland is not part of the Coastal States agreement, such a quota could not be considered as being in line with the principles of sustainable exploitation. Greenland is unlikely to declare mackerel a commercial fishery and argue for its inclusion in the table of indicative fishing opportunities during the current Protocol, as to do so would mean that 50 % of the quota would have to be offered to the EU in accordance with the terms of the Protocol (Article 5). These facts, and the potential for Greenland to build up its track record in the mackerel fishery and then to enter the Coastal States mackerel agreement in future years (if allowed to do so by other parties to the agreement), may suggest that Greenland may then wish to offer fishing opportunities for mackerel to the EU under a future Protocol. Greenland can be expected to wish

other species that are not currently being well utilised under the existing Protocol (e.g. snow crab and Atlantic halibut) to remain in the list of indicative fishing opportunities, and potentially to introduce other species not currently included, such as blue whiting, herring, and silver smelt (EU needs with regard to these species are considered below).

7.1.3 EU needs

In addition to the shared needs of long-term sustainable exploitation of resources and the sharing of benefits fairly between the two parties discussed above, the EU has other specific needs that should be met by a new Protocol.

The EU fleet has been operational in Greenlandic waters specifically, and in northern waters more generally, over many years, with a strong reliance on catches in EEZs in the region. Continued access to Greenland's EEZ would serve to support a network of regional fishing opportunities, both through the fishing opportunities provided in Greenland, and through the opportunities that are provided to fish in Norway (and sometimes Faroes, and Iceland²³³) in exchange for those third countries being allowed to fish for EU quota provided under the EU/Greenland FPA/Protocol. This network of fishing opportunities is needed by the EU fleet (not just vessels fishing in Greenland but other vessels fishing in other non-EU northern countries) to match fishing strategy with available catches in the region. For some specific EU vessels, the need for a FPA/Protocol is paramount given 100 % dependency on catches in Greenlandic waters. The need for fishing opportunities in Greenland, both to be used for access to Greenland's EEZ and to be exchanged with other northern countries, can be expected to continue in the future. A failure to agree a new Protocol would have very serious consequences for the EU fleet in terms of the resulting impacts on fishing possibilities, fishing strategy, and reduced profitability.

Based on rates of utilisation reported in the ex post evaluation and consultations completed during the preparation of this evaluation, the catching sector in the EU would continue to need fishing opportunities for all those species listed in the Protocol in the table of indicative fishing possibilities, with the possible exception of snow crab and Atlantic halibut. With regard to capelin, earlier text in this report has highlighted how the late provision of scientific advice typically prevents EU vessels from catching indicative fishing quota. An important need for the EU is therefore to have more timely provision of scientific advice (to enable quota accepted by the EU to be included in the EU TAC and quota regulation), and more transparency in how scientific advice is generated for the two areas of fishing activity and two periods of advice i.e. the first preliminary advice by ICES (based principally on advice and inputs from Icelandic fisheries scientists) when capelin are in Greenland waters, and second advice from the Icelandic scientific institute when the stock is in the Icelandic EEZ. The negotiations might therefore include the possibility for any change between the preliminary and confirmed advice to be borne by Greenland (or parties offered quota in bilateral exchanges) not by the EU. There may also be a possibility to consider whether EU vessels could fish Greenlandic quota in Iceland which would improve utilisation.

Based on the most recent Joint Committee meeting (March 2014) it is possible that no new species would be needed by the EU in a new Protocol (due either to a lack of interest by vessel owners, or concerns over stocks or bycatch). However the introduction of new species should not be ruled out and may become desirable before negotiations are completed. Fishing opportunities for mackerel in particular could be a future need of the EU fleet if quotas set by Greenland and its engagement with other coastal states suggest that such quotas and any offered to the EU would be sustainable.

²³³ Note in this context the EU/Faroes agreement, and also the currently suspended EU/Iceland agreement (redfish capelin exchange) which may have an impact on EU vessels in future years, and on the exchanges with those third countries of quota provided to the EU under the EU/Greenland FPA.

For any new species included in a future Protocol, an important need for the EU fleet would be to agree a suitable mechanism for the allocation of fishing opportunities between Member States, recognising that different Member States would have different wishes and needs, especially with regard to whether relative stability keys are used to allocate any new fishing possibilities.

Due to the lack of suitable ports/harbours in the east of Greenland, and the flow of product caught under the Protocol from EU vessels to processing establishments and markets in the EU, the EU fleet is likely to continue to require that the Protocol does not provide any obligation for EU vessels to use Greenlandic crew or to land product into Greenland for processing.

Other specific needs and wishes of the EU fleet relate to bycatch provisions in the Protocol, the flexibility with regard to catches made in specific years, and a level playing field, as discussed below.

With respect to bycatch, the ex post evaluation highlighted problems that have arisen due to the bycatch provisions in the current Protocol. There is therefore a need to resolve these problems through changes to the relevant articles in the Protocol (Article 1 (6)). This could be achieved by improved communication, organisation and monitoring of quota utilisation and bycatch by Member States and the Commission (with alerts by the Commission to Member States when critical thresholds of quota utilisation are reached), to ensure that a) individual Member States do not exceed their quotas or the total quota of the EU as a whole, and b) it is not necessary to request Greenland to modify authorisations (for target species). Alternatively, the text of the Protocol could revert to provisions more in line with the provisions of the 2007–2013 Protocol with a community bycatch quota.

Regarding flexibility, at the current time EU vessels authorised to fish on 31 December in one year, can fish 1/12 of the authorised opportunities the previous year per month in the following year, in cases where EU legislation fixing the opportunities for the following year has not been adopted by the beginning of the year. EU vessel owners consulted during this assignment²³⁴ suggested that they would like vessels to be allowed to fish up to 1/12 of authorised opportunities for a given year as advance catches on indicative opportunities for the following year, with actual catches being removed from the opportunities then allocated for the following year. However, this would be difficult for vessels whose Member State does not possess quota, and they would need to receive a transfer in advance, which is not possible within the EU's information technology tool for this purpose. This would mean the Commission's authorisation management unit would have to work on an ad hoc basis, which is not desirable. As a result, the overall 'need' for the EU may be to leave the flexibility provisions as they currently stand in the existing Protocol. One exception, however, could be the provision for unused quantities of northern prawns provided on authorisations but not fished in one year, which can currently be fished the following year up to a maximum of 5 % of the original amount authorised, if fished before 30 April i.e. catch can be made into the following year. EU vessel needs are for the 5 % to be increased, as long as such an increase was not deemed to be contrary to the principles of sustainable exploitation.

With regard to a level playing field, the EU fleet needs to operate on a level playing field with other fishing nations active in Greenlandic waters. While consultations have suggested that there is a level playing field in most areas, e.g. in terms of inspections (see Section 2.6), Section 2.4 provided some examples of where there is not a level playing field, e.g. foreign vessels fishing in Greenland for EU quota provided under the EU/Greenland FPA/Protocol, or for quota provided under mutual exchanges of opportunities with Greenland, do not pay authorisation fees.

EU processors have needs in terms of raw material products, which would be partially met by the inclusion of fishing opportunities in a future Protocol, because of product being caught in Greenlandic waters, or product caught in the waters of other northern countries enabled by the FPA/Protocol, being destined for EU processors. As described in Section 6.6, the flow of catch from vessels to processors, and then to end

²³⁴ UK Fisheries Limited, pers. comm., 12 March 2014 and Ocean Prawns, pers. comm., 11 March 2014.

markets, demonstrates that processing in the EU takes place principally of Greenland halibut, cod and redfish in Germany, cod in the UK, and shrimp in Denmark. This processing results in economic (value-added), and social (employment) benefits in the EU, and processors need the supply of raw material products to continue in the future. Text in Section 6.6 also suggests that EU consumer needs for the supply of fish are partly met by the FPA/Protocol, and that there is a need for a continued supply of fish from Greenlandic waters and other northern countries in which catches by the EU fleet can be made as a result of the FPA/Protocol between the EU and Greenland.

For the EU more generally, comment is made above on the potential need, for the sake of fairness, to amend the system by which financial contributions are made by the EU to Greenland in advance based on the indicative opportunities and reference prices in the Protocol (see Section 6.3 for more detail). The EU could be expected to favour such a change, given that the mechanism typically serves to provide interest-free loans to Greenland due to the debt payments that Greenland is required to pay in most years, and given that 1/3 of the monies to be repaid can go towards sectoral support in Greenland in addition to the sectoral support payment provided for under the Protocol (in March 2013 Greenland put 1/3 of the monies to be paid back into the sectoral support component for 2014).

Finally, and for the EU more generally, while earlier text has highlighted possible needs by Greenland in terms of sectoral support, the EU also has needs related to the sectoral support provided. Namely, that the funds provided by the EU for specific areas are a) clearly differentiated from overall funding from other sources, b) used in areas with the greatest impact, c) used as much as possible for activities rather than salaries, and d) assessed for their use through a more robust set of indicators.

7.2 Lessons learned from the past

This section of the evaluation provides a number of important lessons learned from the past. In considering *what are the conclusions of previous evaluations*, the ex post evaluation presented in this report, provides many important conclusions about the existing Protocol which have implications and lessons learned for a possible future Protocol. The key issues are:

- The FPA/Protocol is of very high importance to both the EU and Greenland given the benefits that are derived for both parties, as evidenced by the high rates of utilisation (for most species) by the EU fleet and the fishing possibilities that are provided in other northern countries, and the levels of financial compensation for access, and sectoral support, received by Greenland;
- Not all species being caught under the FPA/Protocol are assessed as being sustainably exploited;
- Not all species listed in the table of indicative fishing opportunities are well utilised by the EU fleet (e.g. snow crab and Atlantic halibut);
- The mechanism whereby the EU pays Greenland in advance for quota offered and accepted, typically in excess of quota then accepted by the EU once stock advice is available, results in Greenland having to make debt payments back to the EU;
- The EU is frequently unable to utilise indicative fishing opportunities for capelin due to timing issues related to the provision of scientific advice, stock movements, and preparation of the EU TAC and quota regulation;
- Bycatch provisions in the existing Protocol have created difficulties and administrative workload for all parties;
- Most, but not all, of the covenants in the legal text of the FPA/Protocol are complied with, some exceptions being the failure to introduce an electronic reporting system acceptable to both parties and the slow agreement over the sectoral support matrix at the beginning of the current Protocol period;
- The length of the current Protocol (three years) provides an element of uncertainty for both parties over the continuation of benefits, and an increased duration would reduce the administrative burden associated with negotiations.

In terms of *what insights past and current experience in the region (fisheries agreements with Norway, Iceland, Faeroe Islands) offer*, the key lesson is the interrelated nature of fishing opportunities in the region given the shared nature of many stocks, and the quota exchanges that take place between different countries given the importance of a network of fishing possibilities in the region to ensure fleet viability and ensure full utilisation of stocks. EU fishing activities in the North Sea and north-east Atlantic are closely linked to those of Norway, Iceland and the Faeroe Islands. With many of the targeted stocks shared across boundaries, it makes good sense for all four parties to coordinate their activities, especially as the different fleets are not necessarily interested in the same stocks. As a result many of the stocks concerned are jointly managed, and quotas are exchanged to ensure they are optimally utilised. Some of these stocks are managed through the intergovernmental NEAFC set up to manage fish stocks in the region, while others are managed through agreements between the coastal states.

The shared nature of stocks, and wishes by a number of fleets from different countries to exploit them, makes agreement over the management of stocks and fishing opportunities complex when considered in light of the different interests by countries fishing in northern waters. The result can be differences in opinion and potential management failures; the recent case of Greenland unilaterally setting a mackerel quota outside of the Coastal States agreement is one example. The failure of Icelandic scientists to provide timely inputs to ICES advice on capelin in Greenland waters, effectively reducing the possibility for capelin catches in Greenland waters and increasing catches in Icelandic waters, is another. The interrelated nature of stocks can also have an impact on the fishing agreements between the EU and northern countries; for example it was not until the conclusion of the new Coastal State mackerel agreement, which was signed in London on 12 March 2014, that agreement was reached on 13 March between the EU and the Faroe Islands on reciprocal exchanges of fishing opportunities in each other's waters for 2014²³⁵, and between the EU and Norway on bilateral fisheries arrangements for 2014²³⁶. And the lack of inclusion of Greenland in the Coastal State mackerel agreement was one of the reasons that the EU was not able to accept mackerel quota offered to the EU under the EU/Greenland FPA/Protocol during the Joint Committee meeting in March 2014, as to do so would not have been in accordance with the principles of sustainability.

These lessons can be applied to improve the EU intervention (i.e. the Protocol), by a) ensuring a new Protocol but with some specific changes to the text of a future Protocol, and b) ensuring that all parties work to address issues and lessons learned relevant to implementation of the FPA/Protocol, achieving its objectives, and ensuring that all covenants and obligations stated in the legal text are adhered to. The policy and management objectives, and the options evaluated in the following sections of text, serve to ensure that lessons learned from the past will be reflected in a possible future Protocol.

7.3 Policy and management objectives to be achieved

The objective setting, as outlined below, addresses the question '*What are the expected effects of the EU intervention?*'

The general and specific objectives of having an FPA/Protocol between the EU and Greenland, as set out below, stem from those specified in the terms of reference for this evaluation, the ex post evaluation of the current Protocol (Section 6), the needs assessment (Section 7.1), the lessons learned (Section 7.2) and the reform of the CFP (see the Basic Regulation on the CFP – Final Compromise Text [important sections relating to Sustainable FPAs are provided in Annex F]).

²³⁵ http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=15213&subweb=343&lang=en (accessed 24 April 2014).

²³⁶ http://europa.eu/rapid/press-release_IP-14-264_en.htm (accessed 24 April 2014).

General objectives

1. Resource conservation and environmental sustainability is ensured through rational and sustainable exploitation of Greenland's living marine resources.
2. Protection is provided for the financial viability of the EU fishing fleet operating in Greenlandic waters, and for the related employment both in the EU and in Greenland.
3. A sustainable fisheries sector is developed in Greenland.

Specific objectives*In support of general objective 1*

1. Scientific knowledge of the fisheries resources is improved through cooperation between the EU and Greenland.
2. There is coherence and compliance with the conservation and management measures of Greenland, NAFO, and NEAFC, and IUU fishing combatted.
3. Access is facilitated for the EU fishing fleet to Greenlandic waters to exploit 'surplus' resources and prevention of the overfishing of stocks, as identified in a clear and transparent manner on the basis of the best available scientific advice and relevant information, and taking into account best available scientific advice.
4. The same principles and standards for fisheries management are promoted in Greenland as applied in EU waters, and a non-discriminatory application amongst all fleets.
5. EU fishing vessels are not operating in Greenlandic waters where the FPA is in force unless under the framework of a Protocol.

In support of general objective 2

6. The level of fees payable by EU vessel owners for their fishing activities is fair, non-discriminatory and commensurate to the benefits provided through the access conditions, there is no discriminatory treatment towards EU vessels, and a level playing field is promoted among the different fleets operating in Greenland.
7. Security of access is provided for EU vessels to fish in Greenlandic waters, and in the waters of other northern countries through the availability of quota for species which can be exchanged with other northern countries, reflective of the interests of EU fleets.
8. A continued supply of fish is ensured for the EU and other markets.
9. A secure environment is encouraged that is favourable to private investment and economic activities.

In support of general objective 3

10. Capacity is built in Greenland for sustainable resource conservation (notably by improving the fisheries legal framework, control and surveillance, and science).

7.4 The policy options available**7.4.1 Introduction**

While the Terms of Reference specify that contractors should specify a minimum of two options, this ex ante evaluation considers three possible 'policy' or 'intervention' options. In all cases it is assumed that the FPA continues to be in force given that the FPA runs 1 January 2013 – 31 December 2018 and is tacitly renewable. The Protocol is the focus of this evaluation, and the three options therefore reflect different options with respect to the Protocol, not the FPA. The first option is the base case or status quo scenario, i.e. 'A new

Protocol between the EU and Greenland unchanged from the current one'. The second option reflects a failure to agree a new Protocol and is therefore 'No renewed Protocol between the EU and Greenland'. The third option examined reflects 'A new and modified Protocol between the EU and Greenland'.

The text below lays out key points associated with each of the three options evaluated, so that subsequent text can evaluate the options with a clear idea in mind of the situation represented by each option. It should be noted that it is not appropriate for this ex ante evaluation to specify or propose precise detail that might be the subject of negotiation between the two parties²³⁷, and the description of the three options below is therefore intended only to provide enough detail/specification to enable the evaluation of their respective results/impacts.

7.4.2 Option 1: 'A new Protocol between the EU and Greenland unchanged from the current one'

This option would be represented by a situation in which:

- Indicative fishing opportunities remain as in the current Protocol, and as laid out in Table 6:1. Current species being fished under 'experimental' fisheries remain as such;
- Fishing opportunities offered by Greenland to the EU, and accepted by the EU, are for some species in excess of scientific advice;
- Reference prices remain as in Chapter II of the Annex to the current Protocol,;
- Fishing authorisation fees remain as in Chapter II of the Annex to, as laid out in Table 6:4;
- Financial compensation for access for indicative fishing opportunities (EUR 15 104 203) and sectoral support (EUR 2 743 041) remain unchanged;
- The basis for the timing of contributions, and any changes resulting from the difference between the payment for indicative fishing opportunities and those agreed by the Joint Committee by 1 December each year remain unchanged, i.e. payments by the EU are made no later than 1 March each year based on the indicative opportunities, with a review each November of the opportunities actually accepted by the EU, with a balancing payment then calculated based on 17.5 % of the value of any differences between indicative and accepted quota to be incorporated into the payment made the following March;
- Greenland does not issue any fishing authorisations to EU vessels other than under the Protocol;
- The new Protocol lasts for three years (January 2016 to end of 2018);
- Catch reporting requirements remain as stated in Chapter III of the Annex to the current Protocol;
- Control measures applicable to EU vessels remain those as specified in Chapter IV of the Annex to the current Protocol;
- Observer and VMS requirements for EU vessels remain those as specified in Chapter VI and VII of the Annex to the current Protocol respectively;
- Bycatch provisions remain as per Article 1(6) of the current protocol, such that there is a maximum bycatch of 10 % of the quota of the targeted stock (5 % in the case of northern prawn), a 5 % bycatch limit of the quota on the targeted stock where an EU quota for a specific stock has been exhausted, and bycatch made on stocks for which the EU benefits from fishing opportunities count against the fishing opportunities of the relevant fish stock allocated to the EU (rather than there being a designated EU communal bycatch quota);

²³⁷ The terms of reference for this assignment state that 'precise negotiation scenarios should not be developed'.

- Vessels authorised to fish on 31 December in one year, can fish 1/12 of the authorised opportunities the previous year per month in the following year, in cases where EU legislation fixing the opportunities for the following year has not been adopted by the beginning of the year;
- Unused quantities of northern prawns provided on authorisations but not fished in one year, may be fished the following year up to a maximum of 5 % of the original amount authorised, if fished before 30 April, i.e. catch can be made into the following year, but there is no flexibility to allow EU vessels to take any proportion of the following year's quantity in the preceding year. There is also flexibility to allow catches of northern prawns in East Greenland in areas west of Greenland, up to 2 000 tonnes; and
- Current practices continue whereby the EU transfers fishing opportunities provided under the EU/Greenland FPA/Protocol with Norway (and potentially with Faroes and Iceland), in exchange for EU fishing opportunities in Norway (and potentially in Faroes and Iceland), before allocating the remaining opportunities under the EU/Greenland FPA/Protocol to Member States.

7.4.3 Option 2: 'No renewed Protocol between the EU and Greenland'

Under this option it is assumed that no Protocol is renegotiated between the EU and Greenland, but that the FPA would remain in force. This would result in a situation whereby:

- No EU vessels fished in Greenlandic waters, because under the CFP reform if there is no Protocol in force the mere existence of a framework FPA triggers the exclusivity clause (see Article 31 (5) in Annex F). This is also confirmed by the text in Article 6.1 of the EU/Greenland FPA;
- There would be no financial contributions paid by the EU to Greenland;
- No transfers of EU opportunities in Greenland to Norway (Faroes or Iceland) would take place, resulting in a corresponding lack of transfer by Norway to the EU of fishing opportunities for EU vessels to fish in Norway (and potentially in Faroes and Iceland).

7.4.4 Option 3: 'A new and modified Protocol between the EU and Greenland'

Under this option, differences between the status quo and the current Protocol, and a content of a new and modified Protocol are as follows (with other issues not raised below remaining as per the current Protocol):

- Species specified in the list of indicative fishing opportunities in the Protocol are amended to remove snow crab, most of Atlantic halibut in ICES and NAFO areas leaving just a small amount for the exchange with Norway, and potentially with indicative opportunities for capelin reduced. Mackerel is included in the list of indicative fishing opportunities but only on the condition that Greenland sets its TAC in line with truly experimental levels. Other experimental fisheries for silver smelt, whiting and herring are not included (unless the position changes before negotiations take place) due to a lack of interest, concern over the stocks, and/or the potential impact on other stocks;
- Fishing opportunities offered by Greenland to the EU, and accepted by the EU, are more closely aligned with scientific advice;
- Reference prices are altered to better reflect operational costs and market values;
- Fishing authorisation fees are reviewed in relation to potential changes in reference prices, so that shipowners make a fair contribution of the total EU and private sector compensation for access (in line with CFP reform);
- Financial compensation for access, and the timing of payments, are based on opportunities accepted by the EU and payable at that time, removing the need for any balancing payments (currently calculated based on 17.5 % of the value of any differences between indicative and accepted quota to be incorporated into the payment made the following March);
- Sectoral support is increased but only if a) financial compensation for access are brought in line with actual fishing activities and are decreased, and b) EU needs as specified earlier are fulfilled (i.e. funds

are well delineated from other sources, are used on issues/areas of maximum impact, can contribute significantly to concrete projects or activities benefitting the fisheries sector rather than being used for salaries and travel expenses, and their use is assessed through a more robust set of indicators);

- The new Protocol lasts for a period of five years (January 2016 to end of 2020);
- Bycatch provisions in the Protocol (e.g. relevant articles in the Protocol (Article 1 (6))) are either left unchanged, but with improved communication, organisation and monitoring of quota utilisation and bycatches by Member States and the Commission (with alerts by the Commission to Member States when critical thresholds of quota utilisation are reached)²³⁸. Alternatively, the text of the Protocol reverts to provisions more in line with the provisions of the 2007–2013 Protocol with a community bycatch quota;
- Unused quantities of northern prawns provided on authorisations but not fished in one year, may be fished the following year up to a maximum of 10 % of the original amount authorised, if fished before 30 April subject to scientific advice;
- Additional flexibility introduced with respect to provision for EU vessels to catch EU/Greenland FPA quota under Greenland's bilateral agreements i.e. using the reciprocal arrangement in 2014 by Iceland and Greenland for access to the East Greenland prawn Dorn Bank fishery, and using the Greenland/Iceland capelin agreement to enable EU vessels to catch EU/Greenland FPA quota in Icelandic waters; and
- Current practices continue whereby the EU transfers fishing opportunities provided under the EU/Greenland FPA/Protocol with Norway (and potentially with Faroes and Iceland), in exchange for EU fishing opportunities in Norway (and potentially in Faroes and Iceland), before allocating the remaining opportunities under the EU/Greenland FPA/Protocol to Member States.

7.5 The results expected

This section of the evaluation answers the questions:

- *Is it relevant to have a Protocol with Greenland?*

- *What alternative instruments could be considered and why is the proposed one chosen?*

It considers the results that would be expected from the three options outlined above in terms of potential economic, social and environmental impacts. The discussion below is framed in terms of the extent to which the three options would meet the needs of stakeholders, and generate results favourable to them. As presented earlier, some of these needs and expected results are shared, some are specific to the EU and some are specific to Greenland. The risks are also considered, along with potential mitigation measures.

7.5.1 Benefits and results shared by the EU and Greenland

Earlier sections of this ex ante evaluation have highlighted that the main shared needs of both the EU and Greenland are conservation and sustainability of fish stocks, and a fair sharing of benefits. Having a new Protocol (either option 1 or 3) could be expected to result in the overall and specific objectives specified above, as without a new Protocol there would be neither the joint efforts by both parties aimed at sustainable exploitation, nor the considerable benefits that are derived from the Protocol.

²³⁸ For demersal redfish a solution might be for the UK to transfer its nominal allocation to Germany prior to commencing fishing operations, bycatch of demersal redfish in the UK cod fishery would then be subject to the prevailing 10 % bycatch rule, the tonnage taken being deducted from the German quota, and the UK compensating Germany for this tonnage less that already transferred in a manner acceptable to both Member States. For cod a solution could be that in the event that either the UK or Germany exceeds its licensed tonnage of cod (hopefully avoidable with a system of Commission alerts), a transfer of quota in accordance with control rules could be used, which may necessitate the transfer of quota already drawn onto fishing licences, but that would only take place on completion of the fishing campaign (i.e. once a year).

The granting of access within a framework guided and managed jointly by the EU and Greenland and overseen by a Joint Committee, coupled with the sectoral support, represents a key difference in the results between option 2 on the one hand, and both options 1 and 3 on the other. In addition, the engagement and communication between the EU and Greenland fostered through having a new Protocol (option 1 or 3) serve to support regional coordination and cooperation between all parties interested in fishing for and managing shared stocks in northern waters (e.g. the EU, Greenland, and other northern countries through NAFO, NEAFC or other coastal state agreements). Under option 2 (no new Protocol), with the FPA in force and EU vessels not being eligible to negotiate private access arrangements, all parties would face huge negative impacts in terms of the loss of the economic and social benefits that result from having a Protocol as there could be no fishing by EU vessels in Greenlandic waters and therefore no sharing of benefits. The benefits lost would include the financial contributions received by Greenland from the EU, the benefits flowing to EU vessels fishing in Greenland (and the resulting upstream and downstream benefits), and the benefits to the EU of being able to fish in Norwegian (and potentially Icelandic and Faroese waters) through the quota exchanges that take place with those countries by the EU using quota obtained under the EU/Greenland FPA/Protocol.

However, while concluding that both options 1 and 3 are preferable to option 2 in terms of results, the revised Protocol as defined in option 3 would better meet the shared needs than the unchanged Protocol specified in option 1. For the shared need of sustainable exploitation, option 3 is preferable because fishing opportunities offered by Greenland to the EU and accepted by the EU would be more closely aligned with scientific advice, and sectoral support funding might possibly be increased (if the EU needs and conditions stated in the option definition are realised). Option 3 would also ensure the most equitable sharing of benefits due to the modifications to the Protocol in terms of reference prices, fishing opportunities for species included and paid for, and the altered payment mechanism proposed.

7.5.2 Benefits and results to the EU

The ex post evaluation provided in this report outlines the main impacts and benefits of the Protocol in terms of the EU fleet's operations in Greenlandic waters, and in the waters of other northern countries through the quota exchanges that take place with those countries by the EU using quota obtained under the EU/Greenland Protocol. These benefits relate to value-addition and employment in i) the EU catching sector, ii) upstream EU-based supply businesses providing goods and services to EU vessels, iii) downstream EU-based processing based on the flow of product from Greenland and other northern countries, and, iv) supplies of product to EU consumers. The ex post evaluation suggests that the benefits to the EU of the catches made in Greenland alone (excluding the benefits generated from fishing in other northern countries made possible by the EU/Greenland FPA/Protocol) include annual value-added to the EU fleet of EUR 9.97 million, to upstream EU businesses of EUR 5.57 million, and to downstream EU businesses of EUR 7.1 million.

The results of not having a new Protocol between the EU and Greenland, i.e. option 2, would be the loss of these benefits to the EU. Coupled with the resulting impacts that would occur in terms of the reduced possibility of EU vessels to fish in Norway (and potentially other northern countries) using quota exchange from the EU/Greenland Protocol, the failure to agree a new Protocol would be very significant for the EU, and would cause massive disruption to the organisation of fishing activities by Member States. Option 2 is not therefore considered a realistic option in any sense for the EU if benefits are to be maintained, as private agreements with Greenland are not a possible alternative instrument given the exclusivity clause.

In comparing the results between option 1 and 3, as option 3 is specified to better address the EU needs and to address a number of weaknesses in the current Protocol as identified in the ex post evaluation, option 3 would self-evidently provide better results for the EU. Improvements would relate to the shared needs and benefits of sustainable exploitation and equitable sharing of benefits as discussed above, but also to the rectification of some bycatch and flexibility issues associated with the current Protocol, which would benefit the EU fleet. The longer duration of the Protocol in option 3 compared to option 1 would also result in considerable benefits to all stakeholders in the EU (i.e. the private sector, and the Commission), in terms of a) the greater

security of the benefits generated and b) the need to engage with negotiations for a new Protocol less frequently.

With regard to the relative economic and social benefits to the EU that would result from options 1 and 3, quantification in terms of value-added is not possible²³⁹ given the lack of information available prior to negotiations on the final fishing opportunities and reference prices that might be contained in a new modified Protocol under option 3, compared to the baseline/status quo option. Option 3 would not however be expected to result in any reductions in vessel numbers fishing in Greenlandic waters, or in other northern countries as a result of the EU/Greenland FPA/Protocol. The reduction (i.e. capelin) or removal (i.e. snow crab and Atlantic halibut) of some species for which fishing opportunities are not being utilised would obviously have no negative impacts on the EU fleet (or related businesses or consumers) as the lack of catch for these species generates no economic benefits. However, their removal would be of benefit to the EU in terms of cost efficiency. The better matching of quota with scientific advice under option 3 could potentially result in reduced benefits to the EU fleet (and to upstream and downstream companies, and consumers) in the short term. However, with the improvements in sustainable exploitation that would result, this would better serve to protect in the longer term benefits that might otherwise be at risk. In addition, the possibility under option 3 to include new species, such as mackerel (if certain conditions are met), could increase benefits to the private sector.

7.5.3 Benefits and results to Greenland

Benefits to Greenland in terms of improved capacity from fisheries management and conservation resulting from the sectoral support provided under option 1 and 3, and representing a key benefit to Greenland, have been considered in the text above relating to the benefits and results shared by the EU and Greenland. The results of option 2 would therefore include the lack of this sectoral support and a resulting reduction in contributions to sustainable exploitation, as well as a cessation of financial contributions by the EU (based on reference prices) and vessel owners (based on agreed authorisation fees). Earlier text has highlighted how important the financial contributions are to the Greenlandic economy. These benefits, along with the small benefits in terms of supplies of fishing inputs (crew, fuel, etc.) to EU vessels based in Greenland that are derived from the current Protocol, would be lost under option 2, in the absence of a new Protocol and the cessation of EU vessel activity in Greenlandic waters. While Greenland could conceivably use quota not provided to the EU under option 2 in quota exchanges with other countries, the direct financial contributions would cease as other countries fishing in Greenlandic waters do so under quota exchanges rather than based on financial contributions, and vessels from other countries fishing under Greenland's agreements do not pay authorisation fees. As with benefits and results to the EU, Option 2 is not therefore considered a realistic option in any sense for Greenland if direct financial benefits are to be maintained (although Greenland could choose to offer more fishing possibilities to its own fleet [noting the limited domestic capacity], introducing fees/taxes to secure the needed funding for fisheries policy and management functions).

In comparing the results between option 1 and 3, both of which would ensure continued benefits to Greenland in terms of financial contributions and sectoral support, quantification of the likely different financial benefits would only be revealed following negotiations and the exact species included, utilisation, and reference prices. However, option 3 would provide for the potential for sectoral support to be increased, and the longer duration of the Protocol would benefit Greenland by increasing its security over the benefits resulting from the Protocol.

²³⁹ Or as already noted, required to be provided in the contractors' terms of reference for this assignment.

7.5.4 Risks and mitigating measures

This section of the evaluation addresses *risks involved in the implementation of the intervention and countermeasures that could be proposed*.

Given the text provided above, and the conclusion that option 2 does not represent a viable option for either the EU or Greenland given the huge negative impacts that would result, the key risk is that a new Protocol is not agreed. A failure to agree a new Protocol would result in a cessation of all benefits currently being generated by the Protocol. Given the exclusivity clause as already explained, an additional risk is that a new Protocol is not agreed before the existing one expires at the end of December 2015, i.e. a failure to have a new Protocol in force in time would result in a cessation of EU vessel activity. The mitigating measure is to ensure that negotiation mandates are provided to both negotiation teams in plenty of time to allow for negotiations to be concluded to the satisfaction of both parties, and a new Protocol formally approved by both sides, in advance of the expiry of the current Protocol.

As noted earlier, given the shared nature of stocks in northern waters and the extensive use of quota exchanges between different parties, it must also be recognised that other fisheries agreements and management arrangements in the region have the ability to impact on a future Protocol. For example, as with the recent case of the Coastal States mackerel agreement delaying agreement of bilateral fishing opportunities between the EU and Norway, should mackerel be included in the EU/Greenland Protocol if Greenland sets a responsible TAC, any delays in finalising quota arrangements as part of future Coastal State mackerel agreements could then affect the EU/Greenland Protocol and its implementation. Likewise, a failure of potential fisheries management plans to be agreed at the regional level could result in the EU having to decline fishing opportunities offered to it by Greenland for sustainability reasons.

Under both options 1 and 3, there is also a risk of a failure by EU vessels to utilise the fishing opportunities provided. However, the proposal in option 3 to remove some species due to low historic rates of utilisation (e.g. snow crab and Atlantic halibut), and to reduce indicative fishing opportunities for others and for the timing of stock advice to be improved (i.e. for capelin) would reduce this risk under this option. Option 3 thus serves as the mitigating measure for the risk of low utilisation.

A failure by parties to agree on the content of the sectoral support matrix, given different views about priority objectives and needs, as well as implementation, is also a risk. However, this risk is not considered a major one, especially as sectoral support needs may continue broadly in line with those under the current Protocol. It can also be observed that both Greenland and the EU have many shared needs in terms of sustainable exploitation, as already highlighted, which should mean that the sectoral support matrix can be agreed without difficulty under both options 1 and 3.

A failure by the Joint Committee to adequately monitor the implementation of the Protocol so as to achieve both its overall objectives as specified above, and the detailed arrangements and agreements contained within the Protocol and Annexes, is a risk that should be mitigated by ensuring that regular Joint Committee meetings are held as scheduled, are of sufficient duration to adequately consider all issues of relevance at the time, and by any future ex post evaluations carefully reviewing the functioning of the Joint Committee.

Both options 1 and 3 also have inherent risks with regard to uncertainty over fish prices, and the impact such price fluctuations might have on achieving fair and mutual benefits. Given that financial compensation for access are based on reference prices, divergence of these prices from actual values could benefit one party over the other. This risk is inherent in all FPAs/Protocols, however it would be heightened under option 3 compared to option 1 due to the longer duration of the Protocol (assuming, as in the specification of option 3, that reference prices were fixed for the duration of the Protocol).

Both options 1 and 3 also have risks in relation to the exploitation of fish stocks. As already noted, not all species have historically been exploited in line with scientific advice. However, option 3 provides for a closer alignment of catches with advice, thereby serving as the mitigating measure for this risk. In any case the

process of annual confirmation/agreement of indicative fishing opportunities allows for scientific advice to be considered.

7.5.5 Conclusion regarding the options

The preceding text – as summarised in the Table 7.1 below – suggests that option 3 is the preferred option. Option 2 would result in a cessation of the significant benefits derived by both the EU and Greenland from having a Protocol. Option 1, being the status quo, would result in a continuation of current benefits, but no changes to these benefits. Option 3 generally serves to: i) heighten existing benefits in terms of the key objectives of sustainable exploitation and fair and equitable benefits being gained by both parties, ii) increase the security of the benefits, iii) reduce a number of risks associated with the current Protocol (as stated above), and iv) resolve some operational difficulties associated with the text of the current Protocol.

Table 7.1: summary comparison of three policy options being evaluated and changes from the status quo

Option 1 (Status Quo) – key benefits/costs/risks	Option 2 (No Protocol) – key benefits/costs/risks	Option 3 (new and modified/improved Protocol) – key benefits/costs/risks
<p><u>Support for sustainability objectives</u> – medium/high: through the content and implementation of Protocol and financial contributions for sectoral support funding</p> <p><u>Relevance to needs</u> – medium/high: meets most but not all needs</p> <p><u>Effectiveness</u> – medium/high: not all fishing in line with scientific advice and duration of Protocol failing to provide good security. But sectoral support and joint committee functioning well (but with improvements possible), covenants of legal text generally complied with, and Protocol providing important fishing opportunities for EU fleet in Greenland and other northern countries</p> <p><u>Efficiency</u> – medium: generally good utilisation and value for money with exceptions for some species, reference prices not reflecting market values in all cases, but Protocol generally efficient at generating benefits to both parties in terms of fishing opportunities, financial compensation for access, and possibilities for quota exchanges</p> <p><u>Coherence</u> – high: between access arrangements and other EU support for Greenland, with CFP, and with EU's role in other regional scientific and management arrangements</p> <p><u>Risks</u> – a failure to agree sectoral support matrix, low utilisation, weak monitoring of the FPA/Protocol by the Joint Committee, continued fishing for some species in excess of scientific advice, continued/frequent debt payments due by Greenland due to payment mechanisms, failure to agree and adopt Protocol before existing one expires</p>	<p><u>Support for sustainability objectives</u> – low: no sectoral support funding; fishing will be opened up to other fleets</p> <p><u>Relevance to needs</u> – low: failure to meet needs of all parties given the lack of alternative instrument to provide for access to Greenlandic waters</p> <p><u>Effectiveness</u> – low: no Protocol would result in zero effectiveness in support of FPA objectives, or the objectives of either party</p> <p><u>Efficiency</u> – low: knock-on impacts of no Protocol in terms of EU trying to obtain access to other waters for its fleet could come at a high cost, and Greenland would lose financial contributions</p> <p><u>Coherence</u> – low: between Greenland and EU's role with relevant regional management institutions and arrangements, with CFP, and with Greenland's fisheries policy</p> <p><u>Risks</u> – the lack of benefits resulting from option 1 or 3</p>	<p><u>Support for sustainability objectives</u> – high: implementation of Protocol more in line with scientific advice and potential for increased sectoral support funding</p> <p><u>Relevance to needs</u> – high: would meet all envisaged needs of parties involved</p> <p><u>Effectiveness</u> – high: fishing more in line with scientific advice, duration of Protocol providing good security. Sectoral support and joint committee functioning well, building capacity for implementation in Greenland, and Protocol providing important fishing opportunities for EU fleet in Greenland and other northern countries</p> <p><u>Efficiency</u> – high: improved utilisation and value for money, reference prices better reflecting market values, Protocol efficient at generating benefits to both parties in terms of fishing opportunities, financial compensation for access, and possibilities for quota exchanges</p> <p><u>Coherence</u> – high: between access arrangements and other EU support for Greenland, with CFP, and with EU's role in other regional scientific and management arrangements</p> <p><u>Risks</u> – a failure to agree sectoral support matrix, weak monitoring of the FPA/Protocol by the Joint Committee, failure to agree and adopt Protocol before existing one expires</p>

Source: Consultants' compilation.

7.6 The added value of EU/DG MARE involvement in an FPA/Protocol

In considering *the present direct interventions by EU / Member States / other donors / private sector in relation to fisheries in Greenland (including aid to development programmes)*, earlier text in this report (see Section 1.4) has highlighted the very significant importance to Greenland of both the Danish block grant and the DG DEVCO financial instrument. These other interventions do not however specifically cover the fisheries sector or provide support to the objectives of the FPA/Protocol, or to implementation of fisheries policy in Greenland. The very clear added value of EU/DG MARE involvement in supporting and agreeing a future Protocol with Greenland is therefore the financial compensation provided by the EU and vessel owners for access, and the sectoral support funding that would be available under a new Protocol and which could contribute to the objectives of both parties. With the CFP reform (see Article 31 (5) in Annex F), if there is no Protocol in force the mere existence of a framework FPA triggers the exclusivity clause²⁴⁰, so the added value of EU/DG MARE involvement becomes heightened, indeed essential, if the benefits of the FPA/Protocol as described in the ex post evaluation are to be continued in the future under a new Protocol; no EU/DG MARE involvement in negotiating a new Protocol would mean the lapsing of the Protocol and potentially serious negative impacts for all parties – for Greenland in terms of the decline in financial compensation and the cessation of sectoral support for sustainable fisheries in Greenlandic waters, and for the EU in terms of reduced fishing opportunities not just in Greenland but also in other northern countries.

EU/DG MARE involvement would also serve to ensure that *the proposed FPA/Protocol would be complementary to and coherent with other interventions*, and ensure *internal coherence of the proposed Protocol and its relations with other relevant instruments* by providing synergies with other recent and ongoing interventions while ensuring that financial contributions for sectoral support under a new Protocol are not duplicating the activities/funding provided by other interventions (as monitored by the Joint Committee meetings). A new Protocol facilitated by the EU/DG MARE, through its support for sectoral funding and engagement by the EU with Greenland for its full and active engagement with relevant international institutions (e.g. NAFO, NEAFC, mackerel coastal states) would be adding value in terms of ensuring that the intervention is complementary to other interventions and initiatives taking place at the regional level; this is important given the regional and shared nature of the many of the fisheries in northern waters. Given the typical content of the text of Protocols, reform of the external dimension of the CFP and the setting of Protocol objectives and content in line with the reform, it can be expected that a new Protocol would be fully coherent with the CFP (and its reform) and with the EU's international obligations. The sectoral support matrix would also ensure that the Protocol is fully coherent with the national fisheries sectoral policy in Greenland.

In assessing *whether a new Protocol would contribute to strengthening the role of the EU in the region as a fishing player and as a market state and as regards compliance, control and surveillance*, it can be noted that having a new Protocol with Greenland would not itself probably result in any change in vessel numbers compared to the current situation. However, a new Protocol would maintain current vessel numbers and activity, which would otherwise be lost if a new Protocol was not agreed (which would be the inevitable result of a lack of EU/DG MARE involvement). A decline in EU fishing activity in Greenland and other northern countries would reduce the EU's role in relevant international institutions, whereas the successful negotiation of a new Protocol and its entering into force would serve to maintain the EU's role in such institutions. And, as already noted, the provision of funding for sectoral support, when used in relation to MCS issues, would directly strengthen the EU's role in the region as regards compliance, control and surveillance.

²⁴⁰ This is also confirmed by Article 6.1 of the EU–Greenland FPA.

7.7 The most appropriate method of implementation for the preferred option

This section of the evaluation addresses *which indicators, data collection arrangements or monitoring systems should be envisaged in order to ensure proper evaluation of the EU intervention in the future*. The appropriate method of implementation of the preferred option (to have a new and modified Protocol to the FPA between the EU and Greenland) relates to i) procedural steps that must be taken, and ii) future monitoring and evaluation.

In terms of process for a new Protocol to be possible, in the EU the Council of the EU must first be provided with this ex post and ex ante evaluation report, and the European Commission must be given a mandate to negotiate a new Protocol with Greenland on behalf of the EU. For Greenland the negotiation group²⁴¹ drafts a mandate for negotiation from the political objectives outlined by the Government of Greenland, and the Government of Greenland (Naalakkersuisut, i.e. the cabinet) has to approve the mandate for the negotiations.

The European Commission and Greenland would then prepare for, and complete negotiations regarding the detailed content of a new Protocol. In Greenland the result of the negotiations have to be approved by the Government of Greenland, i.e. the cabinet, and then Parliament must be informed of the result. Once approved by the cabinet, no institution or individual has a power of veto over cabinet's approval²⁴². In the EU the result of the negotiations and content of the Protocol need to be approved by the Council of the EU and the European Parliament under the consent procedure.

With respect to monitoring and evaluation, the most appropriate method of implementation would be for:

- The EU to specify a logframe for the intervention with associated indicators (which could, as suggested by the ex post evaluation be improved in a number of areas), and means of verification, which could be used in any ex post evaluation;
- The EU and Greenland to jointly agree on a sectoral support matrix (it is not the role of this evaluation to specify particular actions or indicators, as negotiations have not yet occurred that would elaborate the sectoral support to be provided, but text in Section 6.1.3 has provided information on the type of sectoral support activities that might be desired);
- A Joint Committee to meet at least twice a year to assess both implementation of the Protocol in light of the logframe, and success in implementing the sectoral support matrix; and
- An evaluation to be completed before the Protocol expires, of both ex post results/impacts, and of potential ex ante results/impacts of a future Protocol. This would allow both parties to consider the need for re-negotiation of the Protocol based on its utilisation and impacts.

7.8 The volume of appropriations, human resources and other administrative expenditure to be allocated with due regard for the cost-effectiveness principle

This final section of the evaluation considers two evaluation questions:

- *What are the different cost implications of the proposed options? (Direct financial outlays from the EU budget, administrative costs for the Commission, human resources needed and costs for third parties); and*
- *Will the benefits and longer-term impacts of the intervention justify the costs of it?*

²⁴¹ Which consists of scientists, industry, the Fishermen's Organisation (KNAPK), and Government institutions (Foreign office, Ministry for Finance, GFLK, and Ministry of Fisheries) as well as representation in Brussels.

²⁴² Denmark is a co-signatory of the agreement, but the power of approval is the Government of Greenland's alone.

Having a new Protocol would have a number of implications in terms of the volume of appropriations from the EU budget, and the human resources and other administrative expenditure to be allocated.

Appropriations from the EU budget would be determined by the levels of financial compensation to be paid by the EU to Greenland for access, and for the sectoral support provided. The exact amounts involved cannot be estimated at this stage and would depend on:

- the species and indicative fishing opportunities included in a new Protocol;
- the reference prices and authorisation fees agreed in a new Protocol;
- the acceptance of quota by the EU based on scientific advice, and its subsequent utilisation by EU vessels in the case of quota fishing in Greenland rather than exchanged with other northern countries; and
- whether increases in sectoral support funding were agreed.

Despite these uncertainties, the changes that would result if option 3 were agreed, could serve to reduce appropriations if any decrease in indicative fishing possibilities and those accepted by the EU, were not outweighed by any increases in reference prices or the inclusion of new species, or any increases in sectoral support. It would appear unlikely that appropriations would increase.

Implications for the EU budget in terms of the human resources required by the EU for negotiation and monitoring of a new Protocol arise from the following two requirements, which can realistically expect to be fulfilled within the existing DG MARE staffing and budgetary ceilings given that there is an existing Protocol already in place:

- participation by DG MARE staff in negotiations, and then in Joint Committee meetings (staff time and operational costs, for example travel); and
- DG MARE staff time associated with fishing authorisations, data collection/management, financial management, and ongoing monitoring of the Protocol, including sectoral support implementation.

Having a new Protocol would also result in a cost for Greenland in terms of staff time and operational costs associated with the involvement of government personnel with negotiations, monitoring the implementation of the Protocol, and participating in Joint Committee meetings. But again, given that there is already a Protocol in force, it is assumed that such responsibilities would be taken on by existing staff and covered within existing operational budgets.

Finally, there could be some potential staff and operational costs in Member State administrations and private sector organisations, in negotiating, monitoring and overseeing the activities of Member State vessels operating in Greenlandic waters. Existing staff in institutions would be expected to be involved given that there is already a Protocol in force, i.e. these responsibilities, and any changes in a new Protocol, would not require the hiring of new staff or additional staff costs.

Because the exact costs of a new Protocol cannot be estimated at this time for the reasons stated above, it cannot be determined whether the benefits and longer-term impacts of the intervention justify the costs of it. However, the preferred option and the changes to the existing Protocol it contains should serve to increase efficiency and fairness, and this evaluation has presented both the expected results/impacts of the intervention (Section 7.5) and the added value of EU involvement (Section 7.6), which together represent the benefits and long-term impacts.

8 Key findings and conclusions

8.1 Key findings and conclusions about Greenland and its fisheries

A number of key findings and conclusions can be drawn from the visit to Greenland made as part of this evaluation, the literature reviewed, and the consultations in the EU.

Greenland is expanding its trade and geo-political relations with other countries, but ties remain strongest with Denmark and the EU, particularly in the form of (i) a block grant from Denmark, (ii) financial support provided DG DEVCO, (iii) the financial contributions from the EU/Greenland FPA and Protocol, and (iv) imports from, and exports to, the EU (the latter benefitting from a range of preferential trade arrangements). Greenland has a very high dependency on the fisheries sector, both in terms of the activities of its domestic fleet in Greenlandic waters (for which Greenland halibut and prawns are the most important species), trade, and through the various fisheries agreements that it is party to with the EU and other countries. Greenland does not participate in Coastal State negotiations for mackerel in the northeast Atlantic, and its recent unilateral setting of quota has caused problems for other fisheries agreements in northern waters due to the shared nature of many stocks and the inter-linked nature of many fishing opportunities given quota exchanges between countries.

The Fisheries Act is currently under review, but it is not expected that this review will have any significant impact on the EU/Greenland FPA and Protocol. Not all of Greenland's fish resources are assessed as being sustainable, or have sufficient information to determine stock status. However, the institutional capacity for fisheries management in Greenland (while certainly requiring sectoral support) is considerable, and Greenland possesses a robust MCS regime with practices and resources to ensure it is generally well placed to effectively control activities within its EEZ, given the limitations of the large area being controlled. With the exception of some seabird interactions in domestic inshore gillnet fisheries, the benthic habitat impacts from shrimp trawl fisheries (which are carefully managed), and the fish stock issues mentioned above, there are no other environmental issues of concern related to fishing activities in Greenlandic waters.

8.2 Key findings from the ex post evaluation

Positive findings from the ex post evaluation shows that the Protocol, and its implementation over 2013 and the first half of 2014, resulted in significant benefits to the EU fleet of being able to fish not just in Greenlandic waters, but also in Norwegian waters as part of the quota exchange with Norway through the EU/Norway agreement using EU quota in Greenland. The current Protocol resulted in fishing authorisations in Greenland for 22 EU Member State vessels in 2013, and generated employment opportunities for the EU, and downstream linkages in terms of the EU processing sector and supplies to the market. The Protocol is considered important by EU Member States, and most species included have utilisation rates of 97 % of quota provided. The financial compensation and sectoral support provided to Greenland by the EU are significant and important to Greenland. Fishing vessel authorisation fees paid by EU vessel operators for different species were between 2 % and 8 % of prices in 2013. Compliance is good with almost all covenants and obligations in the legal text by both the EU and Greenland, with the exception of the introduction of an electronic reporting system, failure to discuss bycatch, and the late agreement of the multiannual programme for implementation of sectoral policy support only towards the end of 2013. And there has been good implementation of the sectoral support matrix (although use of funds has perhaps been too strongly focused on salaries, and EU funds have not always been clearly differentiated from other funds for specific activities).

Some key concerns and issues identified in the ex post evaluation include the system of advance payment by the EU for indicative fishing opportunities, and late scientific advice for capelin, which typically results in a debt needing to be paid back by Greenland to the EU in the following year. The text of the current Protocol has also caused some problems for EU vessels in terms of bycatch and a lack of flexibility to catch quota between calendar years. Quota offered by Greenland, and in some cases accepted by the EU, has not always been in line with scientific advice for all species, and for some species included in the table of indicative fishing

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opportunities are not well utilised (snow crab and Atlantic halibut due a lack of interest, and capelin due to the timing of advice). Finally, it is noted that the three-year period of the Protocol provides a low level of security for both the EU and Greenland of the benefits created by the Protocol, and that reference prices in the Protocol for all species except capelin appear to be above current prices estimated by Member States or available from other sources (in some cases by considerable amounts).

8.3 Key findings and conclusions about the three options considered by the ex ante evaluation

The ex ante evaluation describes and assesses three possible policy options. The first represents the status quo and agreement of a new Protocol identical to the existing one in terms of content and duration. The second option is 'No Protocol'. The third option is 'A new modified Protocol', which would provide for amended content and a longer duration for the next Protocol to address the specific problem areas highlighted in the ex post evaluation (as discussed above) and better meet the needs of both parties. In reviewing the results of the three options, the evaluation finds that option 2 could result in potentially very serious negative impacts for both parties given the cessation of the benefits that are currently generated by the Protocol, as if there is no Protocol in force the existence of the framework FPA would trigger the exclusivity clause and EU vessels would not be able to fish in Greenlandic waters. It concludes, however, that option 3 would better meet evaluation criteria of sustainability, effectiveness, efficiency, and relevance, than option 2. Option 3, to have a new modified Protocol, is therefore the preferred option. The key risks to option 3 include a failure to agree a sectoral support matrix, and weak monitoring of the FPA/Protocol by the Joint Committee.

9 References

EU legislation

Consolidated versions of EU legal texts presented below are available on the European website EUR-Lex²⁴³.

Com (2011) 846 final Proposal for a Council Decision on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other.

Commission Delegated Regulation of 29.10.2012 on the rules of application of Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community.

Council Decision 2012/653/EU on the conclusion of the Protocol setting out the fishing opportunities and financial contribution provided for in 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

Council Decision 2013/755/EU of 25 November 2013 on the Association of the Overseas Countries and Territories with the European Union ('Overseas Association Decision').

Council Decision 2014/137/EU of 14 March 2014 on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other.

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Council Regulation (EC) No 1006/2008 of 29 September 2008 concerning authorisations for fishing activities of Community fishing vessels outside Community waters and the access of third country vessels to Community waters.

Financial Regulation No 966/2012 of the European Parliament

Regulation (EC) No 1007/2009 of the European Parliament and of the Council of 16 September 2009 on trade in seal products.

Regulation (EC) No 1007/2009 of the European Parliament and of the Council of 16 September 2009 on trade in seal products.

Regulation (EU, Euratom) No 966/2012 Of The European Parliament And Of The Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

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Annexes

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Annex A: currency exchange rates used in this report

EUR exchange rate (1 =)	2006	2007	2008	2009	2010	2011	2012	2013
DKK	7.4573	7.4494	7.4592	7.4445	7.4411	7.456	7.4312	7.4546
GBP	0.6847	0.6795	0.7866	0.87	0.85	0.8671	0.7978	0.8557
ISK	92.61	83.27	115.07	175.52	160.18	164.42	162.25	160.28
USD	1.2839	1.342	1.5551	1.3856	1.2384	1.4272	1.2438	1.2944

Rates at year mid-point (30 June)

Source: InforEuro (EC, 2014c)

Annex B: list of acronyms/abbreviations

AER	Annual Economic Report
AKO	Arctic Command (Danish Navy)
ATQ	autonomous tariff quota
B _{lim}	biomass limit reference point
B _{msy}	biomass that can support harvest of the maximum sustainable yield
B _{trigger}	biomass reference point that triggers management action for stock rebuilding
CCS	Catch Certification Scheme
CETA	Comprehensive Economic and Trade Agreement
CFP	Common Fisheries Policy
CPUE	catch per unit effort
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEAS	European External Action Service
EEZ	exclusive economic zone
EC	European Commission
ETP	endangered, threatened or protected
ERS	electronic catch reporting system
EU	European Union
EUMOFA	EU Market Observatory for Fisheries and Aquaculture
EUR	euro
F _{msy}	fishing mortality consistent with maximum sustainable yield
FPA	Fisheries Partnership Agreement
FTE	full-time equivalent
GDP	gross domestic product
GFLK	Greenland Fisheries License Control Authority
GINR	Greenland Institute of Natural Resources
GRT	gross registered tonnage
GT	gross tonnage
GVA	gross value added
IBA	Impact Benefit Assessment
ICES	International Council for the Exploration of the Sea
ICT	information and communications technology
ITQ	individual transferable quotas
IUCN	International Union for Conservation of Nature
IUU	illegal, unreported and unregulated
km	kilometre(s)
KNAPK	Greenland Fishers and Hunters Association
LOA	length overall
MCS	monitoring, control and surveillance
MFHA	Ministry of Fisheries, Hunting and Agriculture
MFN	most favoured nation
mm	millimetre(s)
MPA	marine protected area
MSY	maximum sustainable yield

NAFO	North Atlantic Fisheries Organisation
NEAFC	North East Atlantic Fisheries Commission
NWWG	North Western Working Group
OAD	Overseas Association Decision
OCT	Overseas Countries and Territory
RFMO	regional fisheries management organisation
SIK	Sulinermik Inuussutissariuteqartut Kattuffiat
SSB	spawning stock biomass
STECF	Scientific, Technical and Economic Committee for Fisheries
t	tonnes
TAC	total allowable catch
UNCLOS	United Nations Convention on the Law of the Sea
VMS	vessel monitoring system
Z _{MSY}	total mortality consistent with maximum sustainable yield

Annex C: consulted organisations

The consultants are grateful to all stakeholders who shared their time, thoughts, information and data with the consulting team that completed this specific contract.

A. organisations consulted in Europe

Organisation	Department, position
European Commission	B3 (Greenland desk), DG MARE
	C1 (Arctic Atlantic and Outermost regions, Maritime Policy), DG MARE
	B3 (Conservation issues), DG MARE
	D4 (Integrated Fisheries Data Management), DG MARE
	B1 (RFMOs), DG MARE
	B2 (Trade and markets), DG MARE
	C (Arctic Atlantic and Outermost regions), assistant to the advisor of the directorate
	D3 (Trade Policy in Fisheries), DG TRADE Greenland desk & OCT taskforce, DG DEVCO
EEAS	
The Danish Agrifish Agency, Ministry of Food, Agriculture and Fisheries	Centre for Fisheries Control Coordination Office
Danish Pelagic Producers Organisation	Manager
Ocean Prawns (Denmark)	Manager
UK Fisheries Limited	Managing Director
Department of Environment, Food and Rural Affairs (UK)	Sea Fisheries Conservation, International Team
Internationales Bureau des Affaires Européennes et Internationales Direction des Pêches Maritimes et de l'Aquaculture Ministère de l'Ecologie, du Développement Durable et de la Mer (France)	Chargé de mission Affaires
Bundesanstalt für Landwirtschaft und Ernährung (Germany)	Head of Division
	Head of Unit
Deutsche Fischfang-Union (Germany)	Managing Director
Doggerbank Seefischerei GmbH (Germany)	Managing Director
Direção de Serviços de Recursos Naturais (Portugal)	Head of Division International Affairs
MAGRAMA (Spain)	Secretaría General de Pesca
Cooperativa de Armadores de Pesca del Puerto de Vigo, S. Coop. Gallega (ARVI) (Spain)	Secretario Técnico
Ministry of Environment, Fisheries Resources Department (Estonia)	Director General
Estonian Long Distance Fishing Association (Estonia)	Managing Director

Organisation	Department, position
Seafood Policy Division, Department of Agriculture Food & the Marine (Ireland)	Assistant Principal
Fisheries Policy Division Ministry of Agriculture of the Republic of Lithuania	Deputy Minister
Atlantic High Sea Fishing Company, Lithuania	Director
Ministry of Agriculture of Republic of Latvia	Deputy Director
Batterfiša, Latvia	Representative
Ministry of Agriculture and Rural Development, Poland	Deputy Director
North Atlantic Producers Organisation, Poland	Fisheries Department Manager

B. organisations consulted in Greenland

Organisation	Department Position
Ministry of Fisheries, Hunting and Agriculture	Director & unit heads
Ministry of Foreign Affairs	Head of Section
Ministry of Finance and Domestic Affairs	Consultant
KNAPK (Fishers and Hunters Association)	Chief Executive
SIK (Workers Union)	President
NUSAKA (Greenland Local Employers Association)	Consultant
Greenland Fisheries License Control Authority	Deputy head, ICT head of units
Greenland Local Employers Association	Consultant
Institute of Natural Resources	Deputy Director, head of fish and shellfish
Royal Greenland	Operations manager
Polar Seafoods	Operations manager
AKO, Danish Arctic Command	Lieutenant Commander
Ministry of Nature and the Environment	Acting head of nature

Annex D: methodology

The annex provides a short discussion on the methodology used to complete this evaluation, and is divided into two parts. The first considers the processes and consultations used to complete the evaluation. The second part provides specific information about the approach used during the ex post evaluation to complete the economic modelling. Both parts are intended to provide comment on the perceived strengths and weaknesses of the approach used, and whether it would have led to any distortions or inaccuracies in the findings and analysis as presented.

Overall description of the methodology for the assignment

The evaluation was completed during the period January to June 2014, and was based on:

- A review of relevant literature (see references at the end of the main text of this report);
- A visit by the contractors to Greenland (10-14 February 2014) to collect much of the information presented in Sections 1-5 and to discuss Greenlandic stakeholder views about both the existing FPA/Protocol and a possible future FPA;
- Relevant consultations with EU and regional institutions i.e. European Commission services, the European External Action Service (EEAS), and the International Council for Exploration of the Seas (ICES), the North Atlantic Fisheries Organisation (NAFO), and the North East Atlantic Fisheries Council (NEAFC);
- All Member State administrations as well as all relevant representative private sector organisations with an interest in the EU/Greenland FPA/Protocol have been consulted through site visits and remote consultations.

The review of relevant literature, as evidenced from the reference list contained in the report, is considered as extensive. Fisheries policy, legislation and management documents of relevance were collected and assessed for their relevance to the evaluation. References were sourced from web-based sources, the European Commission, Greenlandic authorities, and stakeholders in EU Member States. It is therefore unlikely that any key literature references have been overlooked, which would have led to significant distortions or errors in the findings and conclusions.

The visit by the contractors to Greenland was short given the budget provided for the evaluation, and one working week period was available for meetings in Greenland. It must therefore be acknowledged that the short time spent in Greenland meant that the views and opinions obtained by the contractors might in some cases have been less nuanced and in-depth than they might otherwise have been if the time period and budget for the site visit had been more extensive. In addition, it is noted that while private sector interests in Greenland were consulted with, the larger companies have their head offices in Denmark. However, it is the view of the contractors that a longer period spent in Greenland is unlikely to have yielded significantly different views, and would probably not have represented value for money. This assertion is held because the time frame proved sufficient to meet with all key Greenlandic stakeholders, and because a detailed questionnaire was prepared by the contractors prior to the Greenland visit to ensure that all key questions were asked and answered in order to successfully complete the evaluation and comply with the ToR. In summary, it is therefore unlikely to be a significant distortion of the views presented in this evaluation, which might have led to erroneous conclusions.

Consultations in the EU were completed with relevant Commission services and with EEAS, both in person as part of the Steering Committee meetings for the contract held in Brussels, and outside of the meetings using email and telephone communication. Unit B3 of DG MARE provided information to the contractors about all key contacts, and helped to facilitate the provision of data by Commission services to the contractors.

Budget was not provided for face-to-face meetings during visits with scientists from either ICES or NAFO to discuss the state of fish stocks. However, remote consultations were completed, and both institutions have

good online sources of data and information. There were therefore no significant issues with respect to obtaining current/recent data on stock status.

With regards to consultations with EU Member State administrations and representative organisations of private sector interests, it is first emphasised that all those with an interest in the FPA/Protocol have been consulted, but given the budget available it was decided to make site visits to hold face-to-face meetings with key Member States actually fishing in Greenland's waters i.e. Denmark (in Copenhagen and Bornholm), the UK (in Hull and London), Germany (in Berlin), and Estonia (in Tallinn). Given that other Member States allocated quota under the FPA/Protocol typically swap quota and/or do not fish in Greenland, or make only very limited catches on an occasional basis, consultations in these other Member States (France, Spain, Portugal, Ireland, Poland, Latvia, and Lithuania) were completed remotely using email and telephone communication. As with consultations in Greenland, the contractors prepared a detailed questionnaire to be used during consultations to ensure that all key questions were asked and answered in order to successfully complete the evaluation and comply with the ToR. So while some failure to adequately capture views and information is possible, the approach taken to divide Member States into those to be visited and those to be consulted with remotely, ensured value for money and it is unlikely that face-to-face meetings in all relevant Member States would have materially changed the findings and conclusions presented in this report.

With respect to the methodology used, it should be noted that the Interim and Draft Final versions of this report were submitted by the consultants during the period over which the evaluation was completed, and discussed at periodic meetings in Brussels with a project steering committee made up of officials from various Commission services and EEAS to provide the necessary guidance to the contractors. At these meetings the contractors presented the reports using PowerPoint presentations to capture all the key issues. Useful feedback provided and questions raised by the steering committee served to guide the contractors and improve the quality of the report. Minutes of all meetings, and the agreements reached and comments made, were prepared by the contractors and agreed with DG MARE.

Finally, with regard to the timing of the evaluation, it is noteworthy that the evaluation was completed during the first 6 months 2014 i.e. the work started after only one complete year of the existing Protocol. 2014 developments have been included as far as possible (ie the EU agreement with Faroe Islands) but the picture for 2014 is bound to be incomplete. This presented certain challenges for the ex post evaluation in terms of potential bias and inaccuracies, in that data and information from stakeholders was only available for one year of the current three year Protocol. This raises the possibility that the ex post evaluation may omit important developments over the remainder of the current Protocol which could/should have a bearing on the potential future Protocol. It also introduces problems for the ex ante evaluation in terms of its completion so far in advance of the possible future Protocol, and the possibility that the situation and stakeholder views, may change considerably before 2016 when a new Protocol would be required. However, given the critical importance of the EU/Greenland FPA to both Greenland and the EU, and the timeframe and steps involved in i) finalising the contractors' work, ii) the Council considering the evaluation and providing a negotiation mandate to the Commission, and iii) the Commission and Greenland then negotiating a new Protocol, it was sensible to complete the contract over the specific period so as to be sure that any delays did not impact on a new Protocol being in place on completion of the existing one. This was especially important given the reform of the CFP, as if there is no Protocol in force the existence of a framework FPA now triggers the exclusivity clause – this is also confirmed by Article 6.1 of the EU/Greenland FPA. Therefore, failure to agree on a new Protocol would likely mean no fishing activities by EU vessels in any form as long as the FPA itself is in force (2013 – 2019 on a rolling 6-year basis).

Methodology used for the economic modelling to generate results presented in the ex post evaluation

The methodology used during the ex post evaluation takes as its starting point that there are three main categories of economic effects related to FPAs/Protocols:

- i. Impacts created by/for European fishing vessels;

- ii. Impacts on States i.e. the EU Member States and Greenland, because of their involvement in a) providing fishing inputs, or b) unloading, processing and marketing of fish caught as a result of the FPA/Protocol; and
- iii. Impacts on the supply of seafood to the European and Greenland markets.

Within these categories, impacts in terms of both value added and employment are considered as being either 'direct' in the catching sector, or 'indirect' in both upstream and downstream sectors.

Direct impacts created by/for European fishing vessels

The logic used during the modelling was first to create economic costs and earnings models for fleet segments considered to be broadly homogeneous. For this evaluation the fleet segments were divided by Member State as follows:

- Germany: 5 vessels primarily catching Greenland halibut, cod and redfish (pelagic and demersal);
- Denmark: 1 vessel catching shrimp in West and East Greenland;
- UK: 1 vessel targeting cod but also catching quantities of Greenland halibut and demersal redfish;
- Estonia: 3 vessels targeting shrimp in East Greenland, with one vessel also catching some experimental mackerel quota; and
- Spain/Latvia/Lithuania: 6 vessels targeting pelagic redfish.

For each fleet segment a detailed costs and earnings model was constructed, based on a wide range of data sources such as consultations undertaken during the assignment with vessel owners, data provided in the STECF's Annual Economic Report on the EU Fishing Fleet²⁴⁴, and the contractor's own knowledge and experience of fleet sector costs and earnings models. It is acknowledged that the models constructed are therefore a best estimate of actual performance.

For each fleet segment, key variables assessed and used in the construction of the costs and earnings models were:

- i. sales revenues based on catch data provided by the European Commission by Member State, and individual species prices (see Section 6.6.1 and Annex G);
- ii. operational costs (broken down into: fuel costs, crew costs, port call costs, yearly fishing-related maintenance costs, other operational costs);
- iii. operational profits i.e. sales revenue less operational costs;
- iv. fixed costs (broken down into: insurance, more substantial repairs and vessel refits/maintenance, vessel and fishing gear depreciation based on asset costs and lifespans, and other overhead costs such as fleet management costs); and
- v. net profits (before interest and tax) i.e. sales revenue less the sum of operational and fixed costs.

Based on the fleet segment models, and through consultations in Member States, the dependency of each fleet segment on catches made in Greenland was estimated. These dependencies ranged from less than 10 % to 100 % depending on the fleet segment concerned.

Model results for individual fleet segments cannot be included in the report due to issues of confidentiality, as for many Member States the very small number of vessels fishing in Greenland would mean that individual vessel financial performance could be easily identified. It is for this reason that all data in this report are provided for the EU fleet as a whole. A summary of the costs and earnings for all EU fleet segments combined is presented below. The presentation for the EU fleet as a whole does not reflect the variable performance of different fleet segments; operational profits for different fleet segments as a percentage of sales revenue

²⁴⁴ STECF, 2013

ranged from 9 % to 29 %, while net profits as a percentage of revenue were estimated to be negative for some fleet segments and around 17 % for others.

Sales Revenue	
Total sales revenue in Greenland	€ 42 192 003
Total sales revenues in all areas ²⁴⁵	€ 121 427 467
Operational costs	
Fuel	€ 28 947 384
Crew	€ 36 154 835
Port calls	€ 7 420 372
Yearly fishing related repairs and maintenance	€ 9 743 555
Other	€ 17 572 516
Total operational costs	€ 99 838 661
Operating profit	€ 21 588 806
Average fleet segment operating profit as % of turnover	23 %
Fixed costs	
Insurance	€ 2 428 549
Bi-annual major repairs/refit	€ 2 400 000
Vessel depreciation	€ 11 434 345
Gear depreciation	€ 1 350 000
Overhead	€ 2 428 549
Total fixed costs	€ 20 041 443
Net profit/earnings before interest and tax	€ 1 547 362
Average fleet segment net profit as % of sales revenue	7.5 %
Average fleet segment direct value added as % of sales revenue	34 %
Access right costs to operators as a % of total sales revenues from catches in Greenland	3.6 %
Access right costs to operators as a % of direct value added in Greenland	10.8 %

Source: consultants' analysis. Note: all costs and profit figures are for 2013, and represent the costs and profits for vessels not just from fishing in Greenland but also from fishing elsewhere i.e. they represent yearly costs and earnings.

Given that value added in the catching sector is the sum of crew earnings plus net profits, the economic model allowed for the estimation of direct value added derived for each EU fleet segment from the EU/Greenland Protocol by applying the dependency of the particular segment to the figures for crew earning and net profits. The sum of the direct catching sector value added for the fleet segments is provided in Table 6:31.

By obtaining information during the consultations on catching sector employment (divided by nationality into EU nationals, Greenlandic nationals, and other nationals) the dependency of each fleet segment on catches made in Greenland was also used to determine direct catching sector employment resulting from the Protocol both in the EU and in Greenland. Figures are presented in Section 6.7.

²⁴⁵ i.e. the total yearly revenue made by EU vessels fishing in Greenland under the Protocol not just in Greenland but also from fishing in other areas.

Indirect impacts in the EU and in Greenland

The next step in the methodology was to estimate the indirect value added created in both the EU and Greenland, which resulted from the activities of the EU fleet in Greenlandic waters as a result of the EU/Greenland FPA/Protocol. For all of the operational and fixed cost elements listed above, consultations with fleet owners were used to determine the extent to which individual operational or fixed cost inputs were sourced from the EU, from Greenland, or from elsewhere. The dependency of each fleet segment on catches made in Greenland was again applied to the costs to the catching sector of these inputs and where they originated. Based on previous accepted practice in other specific contracts completed to evaluate FPAs/Protocols, for each specific input cost item sourced either from the EU or Greenland, a fixed % of the cost representing value added (net profits and labour earnings) was assumed, to determine the indirect value added in the EU and in Greenland from fishing inputs resulting from the Protocol. The % of value added used were 75 % for port calls, 40 % for insurance, 50 % for repairs and maintenance, 25 % for vessel depreciation on construction costs, 100 % for overhead/management charges. Fuel value added was not included in the estimations as fuel supplies are reported to come from international bunkering sources. Because of the assumptions used about the % of value added generated from the provision of different input items, the estimations of indirect upstream sub-sector value added are recognised as best estimates only. The figures for the indirect upstream sub-sector value added are shown in Table 6.31.

Indirect downstream impacts in the EU and Greenland were also calculated. Consultations completed during the evaluation allowed for an estimation of product flows of different species caught by different fleet segments, and the extent to which particular species were processed within the EU or processed elsewhere.

Data on the extent to which value added is generated in the processing sector within the EU is not widely available, particularly at the species level, and many Member States fail to report robust data to the European Commission as required under the Data Collection Framework. The budget for this assignment did not allow for detailed investigations into processing sector value added from catches made under the EU/Greenland Protocol, and so a figure of 20 % value added on sales values was assumed for processing companies; this figure has been used and justified in previous evaluations of FPAs. The figures for the indirect downstream processing sub-sector value added are also shown in Table 6.31.

Due to a lack of data, estimation of indirect upstream and downstream sub-sector employment was not attempted during this assignment.

Impacts on the supply of seafood to the European and Greenland markets

Assessment of these market impacts has not been modelled in any great detail due to a lack of sufficiently robust and detailed data on the final products available on the market from different species caught as a result of the EU/Greenland FPA/Protocol, and their respective prices. However, as Section 6.6.6 demonstrates using data available from the EU Market Observatory for Fisheries and Aquaculture, the impact of the FPA/Protocol on the EU market is small in terms of the percentage of the overall market supplied by products caught under the FPA/Protocol. This means that any impact on prices is also likely to be small and so the inability to quantify such impacts is not considered serious.

Annex E: compliance with Protocol covenants and obligations

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
Art. para	The Agreement			
	Access to fisheries in the Greenlandic EEZ			
5.2	Greenland shall authorise vessels flagged to Norway, Iceland and the Faroe Islands to engage in fishing activities in its EEZ to the extent necessary for the proper functioning of the EU's fisheries agreements.	Yes	Fishing vessels flagged to the relevant countries have been authorised to take up EU-Greenland FPA fishing opportunities in the Greenlandic EEZ. In 2013, Norway was the only country that received opportunities from the EU.	Greenlandic records of fishing vessels (from relevant countries) authorised through the agreement.
5.3	Fishing activities governed by this Agreement shall be subject to the laws and regulations in force in Greenland. Greenland authorities shall seek the observations of the Community authorities prior to the entry into force of legislation (subject to conditions). The Greenland authorities shall notify in advance and in due time the Community authorities of any amendments to that legislation.	Yes	Greenland notified the EU of revisions to the offshore cod management plan in 2013. Additionally, Greenlandic authorities are keeping the EU up to date with progress of revisions to the Fisheries Act through meetings of the Joint Committee.	Minutes of Joint Committee meetings. Consultations with MFHA.
	Licences/fishing authorisations			
6.1	Community vessels may fish in the Greenlandic EEZ only if they are in possession of a valid fishing licence issued under this Agreement.	Yes		Consultations with GFLK and information from DG MARE on EU fishing vessels authorised to fish in Greenland.
	Financial contribution			
7.1	The EU shall grant Greenland a financial contribution comprising contributions for: access; and, support for Greenland's sectoral policy.	Yes	The EU have granted Greenland financial contributions in accordance with the Protocol.	Consultations.
7.2	The EU's sectoral support shall be managed by Greenlandic authorities in light of agreed objectives by both Parties, implemented through an annual and multiannual programme.	Partial	The parties agreed a multiannual programme for implementation of policy support (though later than the specified timeframe in the Protocol – see discussion for Art. 3.2 of the Protocol below). Greenlandic authorities have managed the sectoral support in line with the established programme.	Consultations and minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
	Promoting cooperation among economic operators and in civil society			
8.3	The Parties shall encourage, in particular, the setting-up of temporary joint ventures and joint enterprises in their mutual interest and in accordance with their legislation.	Partial	Joint ventures have been discussed at Joint Committee meetings. Greenland have previously expressed interest in forming joint ventures for the mackerel experimental fishery. This has not been realised, in part due to complications of EU engagement in the experimental fishery. There has been little interest from EU industry in establishing joint ventures and enterprises for other fisheries, in part due to requirements to land some products in Greenland and the relatively low level of landing prices (noting that some interest has been expressed as a means to access prawn-fishing opportunities in territorial waters).	Consultations with Member States, Greenlandic authorities and Joint Committee meetings.
	Experimental fisheries			
9.1	The Parties shall promote the conduct of experimental fisheries in the Greenlandic EEZ. The Parties shall implement together the experimental fishery in accordance with details as set out in the Annex to the Protocol.	Yes	An experimental fishery was conducted for mackerel in 2013 by an EU fishing vessel. Potential experimental fisheries for blue whiting, herring and silver smelt have also been discussed by the parties, through the Joint Committee.	Consultations. Minutes of Joint Committee meetings.
	Joint Committee			
10.1 & 10.3	A Joint Committee shall be set up to serve as a forum for the Parties for the monitoring of the application of this Agreement. The Joint Committee shall meet at least once a year	Yes	The Joint Committee met once in 2013, with two planned on an annual basis for 2014 and 2015.	Consultations and minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
10.2	The Joint Committee shall perform the following functions: monitoring performance of agreement; liaison; forum for dispute settlement; reviewing and negotiating level of fishing opportunities; evaluating the need for recovery plans and long term management plans; monitoring joint venture and enterprise applications; determining species and conditions of experimental fisheries; agreeing measures concerning access of vessels and resources; agreeing on system for implementation of financial support; assessing terms of financial support; and any other functions decided on.	Partial	The Joint Committee has performed the functions as outlined to the extent required in 2013 and early 2014. However it is not clear to what extent the necessary factors have been taken in to consideration (i.e. sustainability of fisheries and the needs of the Greenlandic fishing industry), specifically demersal redfish and cod quotas.	Consultations and minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
Art. para	Protocol			
	Period of application and fishing opportunities			
1.2	No later than 1st December of each year, the Joint Committee shall agree upon fishing opportunities for the agreed species for the following year taking into account of available scientific advice, the precautionary approach, the needs of the fishing industry.	Partial	Agreement on fishing opportunities has been reached before the deadline of 1 st December. However, (as discussed above for Art. 10.2 of the FPA) it is not always clear to what extent scientific advice and the precautionary approach has been taken to consideration.	
1.2	In the event that the agreed fishing opportunities are established at a lower level than the indicative levels, Greenland shall either compensate the EU: in subsequent years by the equivalent corresponding fishing opportunities; in the same year by other fishing opportunities; or, proportionate adjustment of the EU's financial compensation for access.	Partial	Agreed fishing opportunities in 2013 and 2014 have not been in line with indicative levels in the Protocol. The mechanism for recovery of the resulting Greenlandic debt has been to reduce the EU's financial compensation and increase the EU's sectoral support, consistent with the previous Protocol. There is a lack of transparency in how the Greenlandic debt has been estimated. Clarification provided by DG MARE has confirmed that the adjustment is proportionate (at least for fishing opportunities in 2013).	Minutes of Joint Committee meetings.
1.3	The quota for northern prawn in East Greenland may be fished in areas West of Greenland subject to quota transfers between ship owners from Greenland and the European Union and other conditions.	n/a	This provision for shrimp quota flexibility was not used in 2013.	Consultations.
1.4	Greenland shall offer the EU additional fishing opportunities, and if accepted the EU's financial compensation for access shall be increased proportionately.	Yes	Additional fishing opportunities have been offered and accepted by the EU (as well as requested by the EU outright). Due to the overall lower level of fishing opportunities compared to the indicative levels (see above), the value of additional opportunities has been used to adjust Greenland's overall debt. This approach is consistent with a proportionate adjustment of the EU's financial contribution.	Minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
1.6	EU fishing vessels operating in the Greenlandic EEZ shall abide by the applicable by-catch rules for species and fish stocks distributed in Greenlandic waters. It is prohibited for EU fishing vessels in the Greenlandic EEZ to discard catches made on fish stocks managed through catch or effort limits in Greenlandic waters. By-catches of stocks with quotas for EU fishing vessels must be counted against the EU's quota. By-catches must not exceed maximum by-catch rates.	Yes	EU fishing vessels have abided by by-catch and discard rules, noting that in 2013, one EU fishing vessel had catches that exceeded its authorised quantity. In general, it is important to note that a number of quota swaps were required at the end of the 2013 season for EU fishing vessels to cover by-catches of species with EU quotas.	Consultations and minutes of Joint Committee meetings.
1.6	By-catches and their specific composition shall be reviewed annually in the framework of the Joint Committee.	No	In 2013, by-catches were not reviewed by the Joint Committee, as the necessary data was not available at the meeting of the Joint Committee. By-catches will be on the agenda of the second (autumn) Joint Committee meeting in 2014.	JCM minutes and consultations.
1.7	When the stock situation permits, the minimum quantities for maintaining Greenlandic fishing activities follow the levels set in the protocol	Yes	The minimum quantities for Greenlandic fishing activities have been met.	Consultations.
1.8	Greenland shall not issue fishing authorisations to EU vessels otherwise than under this Protocol.	Yes	EU fishing vessels have solely been authorised through mechanisms of the Protocol.	Consultations.
Financial contribution – Methods of payment				
2.4	Greenland shall notify the EU authorities of any quantities for all species made available for catching beyond the amounts set out in Article 1(5). If accepted by the EU, subject to scientific advice, for those additional amounts the EU shall pay the sum of 17,5 % of the reference price up to a maximum of EUR 1 500 000 per year, to cover all species identified in Article 1(5).	Yes	Additional fishing opportunities have been offered to the EU through the Joint Committee. The EU's financial compensation for access was adjusted in with the terms and conditions of the Protocol (through reductions in Greenlandic debt – see discussion for Art 1.4 above).	Minutes of Joint Committee meetings.
2.5	The EU shall pay the annual amount of the financial contribution (without financial reserve), no later than 30 June 2013 in the first year and no later than 1 March in the following years and the additional amounts from the financial reserve, by the same dates or as soon as possible thereafter, following the notification of the availability of the quantities in question and accepted by the EU.	Yes – though with an adjusted timing of payments.	EU payments have been received on time. However, the timing of payments was adjusted from that outlined in the Protocol at the November 2013 Joint Committee meeting due to the strengthening of the conditionality clause in the context of the CFP reform. In 2014, the payment of the EU's sectoral support will take place after evaluation of the Annual Status Report at the (new) spring meeting of the Joint Committee (i.e. after the deadline as per the Protocol).	Consultations and minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
	Promotion of responsible fishing in the Greenlandic EEZ			
3.2	As soon as this Protocol starts to apply and no later than three months thereafter, the Joint Committee shall agree on a multiannual sectoral programme and detailed implementing rules covering, in particular, annual and multiannual guidelines for using the financial contribution; the objectives to be achieved with a view to securing a continuation of responsible fishing and sustainable fisheries; criteria and procedures for evaluating the results obtained each year.	No	The multiannual programme for implementation of sectoral policy support (including matrix) was agreed at the November 2013 JC meeting. However the Protocol was (provisionally) applied from 1 January 2013, giving a deadline of 31 st March for agreement of the programme.	Consultations and minutes of Joint Committee meetings.
	Scientific cooperation for responsible fishing			
4.1	Both Parties undertake to promote responsible fishing in the Greenlandic EEZ based on the principle of non-discrimination between the different fleets fishing in those waters.	Partial	For the most part, conditions for fishing vessels are the same irrespective of flag State. Exceptions to this include: conditions that apply to Greenlandic fishing vessels but are waived for EU fishing vessels (e.g. requirement to land a proportion of product locally); conditions that apply to EU vessels but not to Greenlandic vessels (e.g. discard ban for offshore prawn factory trawlers); and, conditions that apply to EU fishing vessels but not those from other third countries (i.e. redfish flexibility scheme for Russian trawlers).	Consultations, review of Greenland's regulations and agreements with other countries.
4.2	During the period covered by this Protocol, the European Union and Greenland shall ensure the sustainable use of fishery resources in the Greenlandic EEZ.	Partial	Both parties are taking actions to support sustainable use of Greenland's fishery resources (e.g. EU - sectoral support, Greenland - MCS activities; development of fisheries management plans). However, there are also some instances of catch limits and quotas in excess of management advice, both for inshore stocks and offshore stocks (of relevance to EU fishing vessels).	Consultations. Review of management advice, Greenland catch limits and agreed EU quotas.
4.3	The parties undertake to promote cooperation at a regional level on responsible fishing and, in particular, within the NEAFC and NAFO and any other sub-regional or international organisation concerned.	Partial	The EU and Greenland have been active within NEAFC and NAFO, including representation by fisheries scientists, and Greenland has been active in engaging and developing international agreements for some shared stocks (e.g. Greenland halibut agreement with Iceland). However, Greenland has also shown a reluctance to cooperate at a regional level with respect to mackerel and shrimp in NAFO.	Consultations.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
	New Fishing Opportunities and experimental fisheries			
5.1	EU interest in having access to new fishing opportunities not included in Article 1(5) of the Protocol should be addressed to Greenland. The granting of such a request for access to new fishing opportunities shall be made only in accordance with Greenlandic Laws and Regulations.	Yes	The EU has notified interest in experimental fisheries in Greenlandic waters at meetings of the Joint Committee (e.g. November 2013 meeting).	Minutes of Joint Committee meetings.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence, and any additional comments	Basis for evaluation of compliance status e.g. source of information
Ch, sect, para	Annex			
	Conditions for the exercise of fishing activities by EU vessels in the Greenlandic EEZ			
	Catch reporting			
III A.1 to III A.9	Masters of EU fishing vessels shall keep a fishing logbook of their operations indicating all quantities of each species caught and kept on board or discarded above 50 kg live weight equivalent on a haul-by-haul basis (with conditions). The logbook data should be submitted on a daily basis before 2359 UTC.	Partial	EU fishing vessels have been completing and submitting logbooks to the Greenlandic authorities, though sometimes not in full compliance with the specified timelines and not on a daily basis. With no agreed format for completion and submission of an electronic catch reporting system, EU fishing vessels provide daily activity reports instead.	Consultations and minutes of Joint Committee meetings.
III A.10	EU fishing vessels should complete and submit logbooks using an electronic catch reporting system (ERS), and for the first year should also complete and submit a paper format logbook to Greenlandic authorities.	No	The EU and Greenland have been unable to agree on a format for completion and submission of electronic logbook data from EU fishing vessels using an ERS. It was agreed that data would be submitted using paper logbooks until a solution is found.	Consultations and minutes of Joint Committee meetings.
	Technical conservation measures			
IV	Greenlandic authorities should provide EU fishing vessels with an English version of relevant Greenlandic legislation governing catch reporting, control, technical conservation measures and the observer scheme.	Partial	Greenlandic authorities reported that the relevant Greenlandic legislation was made available to EU fishing vessels (in English). However fishing industry representatives from one Member State reported that legislation was not provided to them and are not always available in English.	Consultations.

Annex F: selected Articles from the Basic Regulation on the CFP. Council of the European Union. Brussels, 10 October 2013

Introductory text

(50) The Union should promote the objectives of the Common Fisheries Policy internationally, ensuring that Union fishing activities outside Union waters are based on the same principles and standards as applicable Union law, and promoting a level playing field for EU operators and third-country operators. To this end, the Union should seek to lead the process of strengthening the performance of regional and international organisations to better enable them to conserve and manage marine living resources under their purview, including combating illegal, unreported and unregulated (IUU) fishing. The Union should cooperate with third countries and international organisations for the purpose of improving compliance with international measures, including combating IUU. The positions of the Union should be based on the best available scientific advice.

(51) Sustainable fisheries partnership agreements with third countries should ensure that Union fishing activities in third country waters are based on the best available scientific advice and relevant information exchange, ensuring a sustainable exploitation of the marine biological resources, transparency as regards the determination of the surplus and, consequently, a management of the resources that is consistent with the objectives of the Common Fisheries Policy. Those agreements, which provide for access to resources commensurate with the Union fleet's interests in exchange for a financial contribution from the Union, should contribute to the establishment of a high quality governance framework to ensure in particular efficient data collection, monitoring, control and surveillance measures.

(52) Respect for democratic principles and human rights, as laid down in the Universal Declaration of Human Rights and other relevant international human rights instruments, and for the principle of the rule of law, should constitute an essential element of sustainable fisheries partnership agreements and be subject to a specific human rights clause. The introduction of a human rights clause in sustainable fisheries partnership agreements should be fully consistent with the overall Union development policy objectives.

Definitions (Article 4)

(33) 'surplus of allowable catch' means that part of the allowable catch which a coastal State does not harvest, resulting in an overall exploitation rate for individual stocks that remains below levels at which stocks are capable of restoring themselves and maintaining populations of harvested species above desired levels based on the best available scientific advice;

(37) 'sustainable fisheries partnership agreements' mean international agreements concluded with another state for the purpose of obtaining access to waters and resources in order to sustainably exploit a share of the surplus of marine biological resources, in exchange for financial compensation from the Union which may include sectoral support;

PART VI. EXTERNAL POLICY. Article 28

Objectives

1. To ensure sustainable exploitation, management and conservation of marine biological resources and the marine environment, the Union shall conduct its external fisheries relations in accordance with international obligations and policy objectives, the objectives and principles set out in Articles 2 and 3.

2. In particular the Union shall:

(a) actively support and contribute to the development of scientific knowledge and advice;

(b) improve policy coherence of Union initiatives, with particular regard to environmental, trade and development activities and strengthen consistency of actions taken in the context of development cooperation and scientific, technical and economic cooperation;

(c) contribute to sustainable fishing activities that are economically viable and promote employment within the Union;

(d) ensure that Union fishing activities outside Union waters are based on the same principles and standards as applicable Union legislation in the area of the Common Fisheries Policy while promoting a level playing field for EU operators vis-à-vis other third-country operators;

(e) promote and support, in all international spheres, action necessary to eradicate IUU fishing;

(f) promote the establishment and strengthening of RFMO compliance committees, periodical independent performance reviews and appropriate remedial actions, including dissuasive and effective penalties, which need to be applied in a transparent and non-discriminatory fashion.

TITLE II. SUSTAINABLE FISHERIES PARTNERSHIP AGREEMENTS

Article 31. Principles and objectives of Sustainable Fisheries Partnership Agreements

1. Sustainable fisheries partnership agreements with third countries shall establish a legal, environmental, economic and social governance framework for fishing activities carried out by Union fishing vessels in third country waters.

Such frameworks may include:

(a) development and support for the necessary scientific and research institutions;

(b) monitoring, control and surveillance capabilities;

(c) other capacity building elements concerning the development of a sustainable fisheries policy of the third country.

2. For the purpose of ensuring the sustainable exploitation of surpluses of marine biological resources, the Union shall endeavour to ensure that the Sustainable fisheries partnership agreements with third countries are of mutual benefit to the Union and to the third country concerned, including its local population and fishing industry and that they contribute to continuing the activity of Union fleets and seek to obtain an appropriate share of the available surplus, commensurate with the Union fleets' interest.

3. For the purpose of ensuring that Union vessels fishing under Sustainable fisheries partnership agreements operate, where appropriate, under similar standards to those applicable to Union fishing vessels fishing in Union waters, the Union shall endeavour to include in Sustainable fisheries partnership agreements appropriate provisions on obligations to land fish and fishery products.

4. Union fishing vessels shall only catch surplus of the allowable catch as referred to in Article 62(2) and (3) of the UNCLOS, and identified, in a clear and transparent manner, on the basis of the best available scientific advice and of the relevant information exchanged between the Union and the third country about the total fishing effort on the affected stocks by all fleets. Concerning straddling or highly migratory fish stocks, the determination of the resources available for access should take due account of scientific assessments conducted at the regional level as well as conservation and management measures adopted by relevant RFMOs.

5. Union fishing vessels shall not operate in the waters of the third country with which a Sustainable fisheries partnership agreement is in force unless they are in possession of a fishing authorisation which has been issued in accordance with that agreement.

6. The Union shall ensure that Sustainable fisheries partnership agreements include a clause concerning respect for democratic principles and human rights, which constitutes an essential element of such agreements.

Those agreements shall also, to the extent possible, include:

(a) a clause prohibiting the granting of more favourable conditions to other fleets fishing in those waters than those granted to Union economic actors, including conditions concerning the conservation, development and management of resources, financial arrangements, and fees and rights relating to the issuing of fishing authorisations;

(b) an exclusivity clause relating to the rule provided for in paragraph 5.

7. Efforts shall be made at Union level to monitor the activities of Union fishing vessels that operate in non-Union waters outside the framework of Sustainable fisheries partnership agreements.

8. Member States shall ensure that Union fishing vessels flying their flag and operating outside Union waters are in a position to provide detailed and accurate documentation of all fishing and processing activities.

9. A fishing authorisation, as referred to in paragraph 5, shall be granted to a vessel which has left the Union fishing fleet register and which has subsequently returned to it within 24 months, only if the owner of that vessel has provided to the competent authorities of the flag Member State all data required to establish that, during that period, the vessel was operating in a manner fully consistent with the standards applicable to a vessel flagged in the Union.

Where the state granting the flag during the period that the vessel was off the Union fishing fleet register became recognised under Union law as a non-cooperating state with regard to combating, deterring and eliminating IUU fishing, or as a state allowing for non-sustainable exploitation of living marine resources, such fishing authorisation shall only be granted if it is established that the vessel's fishing operations ceased and the owner took immediate action to remove the vessel from the register of that state.

10. The Commission shall arrange for independent ex-ante and ex-post evaluations of each protocol to a Sustainable fisheries partnership agreement, and make them available to the European Parliament and to the Council in good time before it submits to the Council a recommendation to authorise the opening of negotiations for a successor protocol. A summary of such evaluations shall be made publicly available.

Article 32. Financial assistance

1. The Union shall provide financial assistance to third countries through Sustainable fisheries partnership agreements in order to:

(a) support part of the cost of access to the fisheries resources in third country waters; the part of the cost of access to the fisheries resources to be paid by Union vessel owners shall be assessed for each Sustainable fisheries partnership agreement or a Protocol to it and shall be fair, non-discriminatory and commensurate with the benefits provided through the access conditions;

(b) establish the governance framework, including the development and maintenance of the necessary scientific and research institutions, promote consultation processes with interest groups, and monitoring, control and surveillance capability and other capacity building items relating to the development of a sustainable fisheries policy driven by the third country. Such financial assistance shall be conditional upon the achievement of specific results and complementary to and consistent with the development projects and programmes implemented in the third country in question.

2. Under each Sustainable fisheries partnership agreement, the financial assistance for sectoral support shall be decoupled from payments for access to fisheries resources. The Union shall require the achievement of specific results as a condition for payments under the financial assistance, and shall closely monitor progress.

Annex G: summary of landing price analysis

Landings volumes and value are reported by EU member states, disaggregated by ICES and NAFO statistical areas and species, with the data used by STECF to prepare Annual Economic Reports for the EU fishing fleets. This dataset has an advantage over other publicly available landings value datasets as it enables data to be filtered by the area of operation of the EU fleet. The most recent STECF dataset covers the period 2008 to 2012²⁴⁶. Landings volumes and values were taken for NAFO 1C, D & F (for West Greenland) and ICES XIVa, XIVb and Va (for East Greenland). The average fish price by species and year was calculated using the total annual landings volume and value, for records where both volume and value data were provided. The price for 2013 was estimated from the 2012 price using the difference in Icelandic prices between 2012 and 2013 (see below). The resulting time series of information is presented here (in EUR/kg):

Spp.	2008	2009	2010	2011	2012	2013
CAP	n/a	n/a	n/a	0.195	n/a	n/a
COD	1.497	1.346	2.352	1.831	1.469	1.146
GHL	2.523	2.238	2.539	2.785	2.756	2.385
Gren.	0.487	0.253	0.331	0.270	0.326	0.371
HAL	3.687	3.867	3.035	3.664	2.730	2.919
RED	1.493	0.378	1.061	1.516	1.979	1.491

Icelandic landing prices were taken from the Statistics Iceland website²⁴⁷ using landings volumes and values for product types 'frozen at sea' for all fish species and total landings volume and value for northern prawn due to the different product types landed by EU fishing vessels. Prices in ISK per kg were converted to EUR per kg using the exchange rates in Annex A. The resulting time series of information is presented here (in EUR/kg):

Spp.	2008	2009	2010	2011	2012	2013
CAP	0.406	0.411	0.420	0.379	0.432	0.561
COD	2.168	1.328	1.734	1.684	1.755	1.369
GHL	3.095	2.610	3.162	3.559	3.838	3.321
Gren.	0.315	0.258	0.343	0.364	0.370	0.421
HAL	4.683	2.526	2.778	4.215	0.391	3.358
PRA	1.201	0.957	1.194	1.371	1.784	1.992
RED	1.180	1.327	1.547	2.030	2.053	1.547

Landings prices for snow crab were taken from the Fisheries and Oceans Canada website²⁴⁸ for 2008 to 2012. 2013 prices were estimated using data from the regional Fisheries and Oceans website for Newfoundland, in the absence of available data for Canada as a whole, as historically it has accounted for the highest proportion of total landings. Prices in USD per kg were converted to EUR per kg using the exchange rates in Annex A. The resulting time series of information is presented here (in EUR/kg):

Spp.	2008	2009	2010	2011	2012	2013
CRQ	2.446	2.322	2.685	3.735	3.716	3.348

²⁴⁶ http://stecf.jrc.ec.europa.eu/documents/43805/581354/2013+EU+Fleet+Landings+data+by+species_fleet+segment+level.xlsx

²⁴⁷ <http://www.statice.is/Statistics/Fisheries-and-agriculture/Catch-and-value-of-catch>

²⁴⁸ <http://www.dfo-mpo.gc.ca/stats/commercial/sea-maritimes-eng.htm>

Annex H: table of cod equivalents

Salmon	11.7
Sole	6.4
Halibut	3.8
Hake	3.0
Shrimp	3.0
Squid (loligo), octopus, cuttlefish	2.0
Squid (ilex)	1.5
Catfish	1.1
Blue ling	1.0
Cod	1.0
Flounder	1.0
Haddock	1.0
Ling	1.0
Plaice	1.0
Redfish	0.87
Whiting	0.86
Flatfish	0.8
Greenland halibut	0.8
Herring	0.8
Saithe	0.77
American plaice	0.7
Tusk	0.7
Witch flounder	0.7
Roundnose grenadier	0.6
Anchovies	0.5
Mackerel	0.3
Blue whiting	0.125
Sprat	0.125
Capelin	0.1
Horse mackerel	0.1
Norway pout	0.1
Sandeel	0.1