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**A ROAD MAP TOWARDS A CAPACITY MANAGEMENT PLAN
IN THE EASTERN PACIFIC OCEAN**

INTRODUCTION

This document is an updated revised version of the working paper submitted by the EU in 2011 to help the Capacity Working Group to develop concrete proposals to be forwarded to the Commission for further discussion and, possibly, endorsement and implementation. In particular this working paper focuses on the outstanding issues, assesses the progress since 2011 and puts forward a specific roadmap and a Resolution for the management of overcapacity at the IATTC.

OUTSTANDING ISSUES

1. PURSE SEINE FLEET

1.1. Capacity freeze

Situation in 2011: in our 2011 paper we noted that a merit which had to be recognised to Resolution C-02-03 is having frozen to a certain extent the uncontrolled growth of the PS fleet. Since its adoption, total capacity has remained within a stable range of 275.000 and 290.000 m³.

Current situation: it is however a matter for our concern that active capacity has increased from 208,100 m³ in May 2011 to 214,422 m³ in May 2012 to 222,427 m³ in January 2013. This will certainly require additional conservation measures and it shows how overcapacity leads to inefficient fishing, shorter seasons and increased fishing effort.

In this regard IATTC members should find an agreement to limit the total authorised capacity to the active capacity (current or that of a given date) so to make sure that no further increases to the number of vessels currently fishing in the EPO occur. This is further the case in case a buy-back scheme is adopted in the future as part of IATTC's capacity management strategy.

➔ **Action 1: freeze PS capacity to current levels of active vessels in the EPO so to remain as close as possible to the current target capacity. A Resolution proposal has been submitted by the EU for its consideration.**

1.2. Capacity reduction

Situation in 2011: in 2011 the EU highlighted that a weakness of the resolutions establishing the fleet register and the one limiting PS capacity is that they did not introduce clear and explicit definitions for the different categories of capacity. Therefore, we continued, IATTC finds itself dealing with "active",

"available", "inactive", "potential", "operative", "extra cubic meters" capacity without a clear common understanding of what these terms mean, what kind of status they confer to the vessels or how, and if, capacity can change from one status to the other.

Current situation: shortcoming should have been solved by Appendix A of Document CAP-13-07 which provided the relevant definitions.

There is however an important element that it is still missing and it is the reference to time frames. What is the period for which we should consider a vessel as "active"? Having fished at least once/twice in the last year?. 2 years?. 3 years?. 5 years?.

It is the position of the EU that active capacity should be limited only those vessels having fished in the EPO during a given period of time (e.g. 3 years) immediately preceding the year of reference.

→ **Action 2: in order to better frame the definition of "active" or "inactive" the EU is submitting for consideration of IATTC a Resolution that invites CPCs to communicate to the Secretariat their actual active fishing capacity for the last 2 years in order to freeze the capacity to the one that it is actually used. Actually used capacity cannot be higher than "active" capacity.**

1.3. Revision of based the target capacity based on science

In 2011: the EU noted that resolution C-02-03 establishes a target capacity limit of 158.000 m³ and it calls for a recurrent update of this target in order to adjust it to the current state of the stocks in the EPO. It is therefore intended that this target is a changing value and that fleets operating in the EPO shall adjust to it. In 2011 the Secretariat updated¹ this target according to the conservation measures that IATTC has adopted, notably Resolution C-11-01 and its predecessors. However, target capacity should be based on scientific advice, namely on the current state of fish stocks and on MSY and not on the existing conservation measures.

Current situation: the EU still considers that the target capacity should be established according to fish stocks and MSY rather than the existing conservation measures.

→ **Action 3: IATTC should give to its scientific staff and to the Scientific Advisory Committee a standing mandate to regularly update the capacity target (both for PS and LL) based on the state of the stocks and not on the adopted Conservation Measures.**

1.4. Capacity request

In 2011: the EU noted that at the time of the adoption of Resolution C-02-03, a number of requests for capacity coming from Members or Cooperating Non-members could not be attended and were recorded as 'wishes' in a footnote to the Resolution. During the last Working Groups on Capacity discussions on how to solve these issues have started and are ongoing.

Current situation: the EU is opposed capacity increases. However, the EU could be eventually willing to consider a discussion on some of those claims if all the elements in the discussion are addressed at the same time, when duly justified and in only conjunction with a parallel discussion on overcapacity reduction that will be implemented at the same time.

→ **Action 4: The IATTC could consider the subject of some of the capacity claims in conjunction with an overall discussion on overcapacity reduction and only as a part of a global package on capacity issues.**

1.5. Resolution of disputes

In 2011: the EU noted that Resolution C-02-03 did not foresee procedures for the transfer, lending, chartering or scrapping of capacity. Over time, this created a grey zone for interpretation which has resulted in some disputes over the ownership of capacity.

¹ Document CAP-11-05 "Target Capacity for the Tuna Fleet in the EPO"

Currently: the IATTC approved in 2012 a Resolution on capacity transfers and another one on wells sealing. There is no further action to take.

2. LONGLINE FLEET

In 2011 the EU noted that the evolution of the longline fleet fishing in the EPO has been different from that of PS. Information available in 2011 showed² that LL fleet is experiencing a spontaneous decline since 2003, to the point that the total capacity is estimated as being lower than the maximum target capacity. However it is also known that the number of hooks has been increasing since 2008 although it remains below the historical level of the previous 20 years. Therefore:

The fact that overcapacity of LL is not a problem at this stage, it does not mean that it will never become one in the future if Members of IATTC do not take preventive actions to stabilise the situation, notably now that the capacity is still manageable;

Although in the EPO there are two main different fishing gears (PS and LL), each stock is a single one and receives pressure from fishing activities regardless of the gear. Therefore excess of pressure on fish stocks derives from the sum of capacities of both gears. Overcapacity is an issue which jointly concerns PS and LL.

The knowledge on the composition of the LL fleet, as well as on their fishing patterns and catch levels are currently incomplete (especially for longliners under 24 m length overall)

Taking the above into consideration, once MSY is established for each stock, Members of IATTC shall decide how to share this MSY between the two gears. If LL capacity has decreased below historical levels, it might not have to undergo further reductions in the framework of a new capacity plan. However, this should not confer a permanent right to increase its capacity whereas other gears need to undertake substantive reductions.

Currently: the situation has not changed since 2011. IATTC should urgently address the issue of freezing the LL capacity at the IATTC, as a part of a balanced package where also the PS capacity is frozen, and that further information is provided as to catch data of LL of less than 24 meters.

→ Action 5: LL capacity should be frozen in coherence with the freezing of PS capacity. More clear figures on fishing patterns and catches of LL should be provided. In addition to this LL active capacity should be also addressed in a similar way as to the PS capacity as discussed above. In this regard the EU is putting forward a Resolution to address those matters.

WAY FORWARD – ROAD MAP

IATTC has already tried in the past to address the difficult issue of overcapacity and has managed to a certain extent to limit an uncontrolled increase of capacity. Despite having adopted a comprehensive plan in 2005, the Organisation has not been able to put in practice most of the priorities which had been identified at that time. Also considering the recent entry into force of the IATTC Convention, which gives increased competences to IATTC for the conservation of stocks in the EPO, it is now time that Members take responsibility and adopt a Capacity Reduction and Management Plan which:

1. Addresses the outstanding issues outlined above;
2. for both gears: introduces a freeze of the capacity to the level of the vessels currently included in the active list of the IATTC and further limits that capacity to the vessels actively fishing in the EPO in the last 2 years by 2014;
3. for the PS fleet: envisages a decision for progressive reduction of capacity by 2015. This can be done through a linear reduction for each Member and/or proportional reduction and/or level of catches/processing capacity and/or a buy-back scheme and/or a system of quotas or others. The economic incentives of the reduction are the increased revenue per vessel, the more efficient

² Idem

allocation of resources, the longer fishing seasons and a sustainable economic activity.

4. Nevertheless, since these, or other, measures would take some time to be agreed and then completely implemented, and taking into account the precautionary approach and the obligation to immediately release the excess of pressure on fish stocks, these measures could be accompanied by temporary and immediate alternatives such as, for instance, an increased period of fishing closure or other additional management measures.

ROADMAP FOR CAPACITY MANAGEMENT AT THE IATTC

Annual Meeting	Goal	Indicators
2013	IATTC Capacity is frozen at the current level for PS and LL	IATTC passes a Resolution banning any increase in the overall level of active vessels
2013	The basis for the solution of capacity disputes is established	IATTC passes a Resolution on the ToR for the resolution of disputes
2013	Missing LL catch data is to be reported	IATTC passes a Resolution requiring LL to provide data on vessels of less than 24 meters as part of the plan to overall question of overcapacity
2013	Capacity claims are further clarified	IATTC passes a Resolution requiring CPCs with capacity claims to provide the 10 years development plans and other relevant data as part of a global package on capacity
2013	Target capacity is addressed	The SAC and the SC undertake to provide updates of the target capacity according to the stock situations and MSY (and not to the adopted conservation measures)
2014	IATTC Capacity is reduced to active fishing capacity	IATTC passes a Resolution reducing the active capacity to past active capacity
2014	Capacity disputes are being solved	The first panels to address capacity disputes are established
2014	Capacity claims' information is available	CPCs with capacity claims provide the information requested in 2013
2015	An updated target capacity figure is available	The SAC and SC provide an updated of the target capacity based on the situation of the stocks
2015	Missing LL catch data is available	CPCs have provided the catch data on LL as established in the 2013 IATTC Resolution
2015	Capacity claims are solved	A decision is taken on the capacity claims in conjunction with an overall plan on overcapacity
2015	Capacity disputes are solved	Panels on the disputes on capacity have delivered their findings
2015	IATTC takes steps towards further capacity reduction to achieve target capacity	Taken into consideration, inter alia, the available data on LL, the results of the capacity claims and the capacity disputes IATTC passes a Resolution that establishes a method to reduce capacity in order to implement phase 3 of the Plan of Action(linear reduction, proportional reduction, level of catches/processing capacity, buy-back scheme, quotas, etc)