EC/Denmark/Greenland fisheries agreement: period from the 1st January 2001 to 31 December 2006. 4th protocol

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PURPOSE : Mid term review of the EC-Greenland fourth Fisheries Protocol. CONTENT : the fourth protocol of the fisheries agreement with Greenland entered into force in January 2001 and is subject to a mid-term review clause. The aim of this communication is to explain why this review, far from being a routine operation, requires addressing now the political challenge facing the future of European Union - Greenland relations. It then lays down the main features of a political commitment between EU, Greenland and the Danish Kingdom, ensuring that after 2007, the relations will be based on a comprehensive partnership for sustainable development. Lastly, it sets out a framework for negotiation between the Commission and the Greenland authorities with the view of adjusting the fourth protocol on fisheries within the expected time schedule of the mid-term review. The paper sets out the background to EC-Greenland relations. Greenland, a region of Denmark, became part of the Community in 1973. The internal status of Greenland was changed by the Home Rule Act, which came into force in 1979. In 1982, 52 % of voters were in favour of withdrawal from the Community. Consequently, in 1984, the Greenland Treaty came into force and granted to Greenland the status applicable to the Overseas Countries and Territories (OCT) associated with the Community. The paper discusses the crisis facing the economy of Greenland, largely due to the crisis of fisheries. Fisheries ensure 90% of the foreign balance of payment in external resources, in a country which is almost totally dependent on imports. The crisis of fisheries itself draws attention on the huge environmental damage caused to Greenland. The reduction of fish stocks has been accelerated by the combined effects of excessive fishing in the North Atlantic area and changes in water temperature. In addition, global pollution (persistent organic pollutant and heavy metals) is now affecting animal species and human health. Plans for increased oil and gas activities in the Arctic Sea create a growing concern for potentially harmful environmental effects. The Greenland government is highly dependent on the block grants issued by the Danish government (about 40% of GDP) and on the EU financial compensation paid under the fisheries protocols (4% of GDP). The fisheries agreement, concluded almost 20 years ago, has ensured the continuation of a high financial support to Greenland after withdrawal from the Community, and the OCT Decision has granted the free access of Greenland products into the community market. Reciprocally, the Community has obtained stable fishing quota and a preference on surplus stocks against the payment of a financial compensation. However, the quantities of fish available under the Protocols have been worth very much less than the level of financial compensation. This situation is confirmed by the figures for the first year of implementation of the fourth protocol. Unlike the fisheries protocols recently concluded with other countries the fourth protocol is entirely lacking in any specific provision for targeted actions on structural measures to support Greenland's efforts to modernise or restructure its fisheries sector. The Commission believes that: - there is a clear need to adjust the implementation of the 4th Fisheries Protocol, ensuring greater transparency and consistencywith the overall community ruling on budgetary and development policy; - there is also a strategic need to broaden and strengthen the future relations between the EU and Greenland, linking it with the mutual interest in sustainable development in the Arctic area; - the short and long term requirements are inter-related: taking into account the specific nature of the fisheries protocol and also the structural problems facing Greenland, an immediate adjustment of the protocol should be based on a long term political joint commitment by the EU, Denmark and Greenland. The Commission considers that it would be appropriate to base the future of the EU-Greenland relationship on a comprehensive partnership, where three dimensions are pertinent to sustainable development: - sustainable fisheries continue to be a matter of common interest. Like all future agreements with third countries, they should therefore be placed in the context of a partnership for the development of responsible and sustainable fisheries. Moreover, like in all other fisheries agreements the level of financial compensation should reflect the real

level of fishing possibilities, leaving the non-fisheries aspects to be dealt with by other instruments; - sustainable growth and employment should be promoted on the basis of a development strategy closely co-ordinated with Danish-Greenland common policies and with the economic, social and cultural challenges facing the Greenland Inuit population; - the effective participation of Greenland and the protection of important EU interests in the framework of an international Arctic co-operation should be ensured. The Commission asks the Council to - base the future relationship of the Union with Greenland after 2006 on a "partnership for sustainable development", which would follow on from the present fisheries agreement and OCT status, in the light of the CFSP's priorities after the next enlargement; - amend consequently the EC Treaty in due course. - within the next financial framework of the EU, orientate future financial commitments on their present level, while taking into account the specific needs and constraints of Greenland as well as financial contributions from other parties. The Commission believes that the Greenland authorities should consider a significant modification of the 4th fisheries protocol from 2003 onwards. Considering that the annual financial compensation foreseen by the protocol until the end of 2006 should remain unchanged, the Commission will propose to the Greenland authorities: - to agree on catch quotas that are in line with fishing possibilities estimated on the basis of scientific advice, even though this will accentuate the discrepancy between the value of fishing possibilities and the amount of the financial compensation; - to amend the protocol in order to earmark some of the financial compensation for the structural reform of Greenland's fisheries industry and to promote responsible fishing in its waters. During the transitional period, financial aid should continue to be provided along the lines of a budgetary support; thereafter, the most appropriate instrument will be used.