



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.10.2003  
COM(2003)601 final

Proposal for a

**COUNCIL DECISION**

**on the conclusion of the Agreement in the form of an Exchange of Letters relating to the provisional application of the Protocol modifying the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the Local Government of Greenland, on the other, with regard to the provision for experimental fisheries**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

The Community has a longstanding relation with Greenland on fisheries. The Framework Agreement dates back to 1985 and the latest Protocol is the fourth.

The Fourth Protocol to the Fisheries Agreement between the European Community and the Government of Denmark and the Local Government of Greenland expires on 31 December 2006. However, according to Article 14 of the Protocol a Midterm Review was foreseen to be finalised by 30 June 2003.

Further to the final round of negotiations which took place on 16-18 June in Athens, a Protocol modifying the Fourth Protocol was initialled.

The modified Protocol covers the period from 1 January 2004 to 31 December 2006. Though the financial contribution remains EUR 42,820,000 per year, there is now a clear distinction between the budget support in compensation for the fisheries possibilities; EUR 31,760,679 and the budget support for the structural reform of the fisheries policy; EUR 11,059,321.

The compensation for the fisheries possibilities is based on several changes:

- The deletion of “paper-fish” such as Cod, Blue Whiting, Capelin in Western waters and Redfish in Western waters, as well as Catfish;
- An increase in quotas of 800 tonnes of Atlantic Halibut, of 4,200 tonnes of Greenland Halibut in Eastern waters, and of 4,000 tonnes of Shrimps in Western waters, in accordance with scientific advice;
- The introduction of a quota of 1000 tonnes of Snowcrab, in accordance with scientific advice;
- The introduction of a quota of 2,000 tonnes for all by-catches.

The budget support for the structural reform of the fisheries policy and sector is a new and innovative element, which shows the desire of the two Parties to contribute to the development of sustainable and responsible fisheries. Furthermore, the amount comprises a specific amount of EUR 500,000 for increasing the scientific capacity and budget of the Greenland Institute for Natural Resources.

In order to streamline the Agreement to other Third Country Agreements with financial compensation, make it consistent with the reform of the Fisheries Policy, and in particular the external Fisheries policy, new elements have been introduced:

The main elements of change are:

- The introduction of a yearly revision of the quotas attributed in light of scientific advice and the introduction of a restriction of the number of boats fishing at the same time in the same zone, as well as a possibility of revision in the light of the agreement for the allocation of catch possibilities between coastal countries for Greenland Halibut. This in order to avoid over exploitation of the resources.
- The introduction of payment of licences for all fishery, with rates based on 3 % of landing prices. The rates may be adapted periodically by administrative

arrangement between the Parties, taking into account the market and fisheries situation. This is a completely new and key element which should ensure the sound management of the resources, the sound management of Community finances, as well as the coherence with the CFP and the commitment to progressively increase the vessels owners participation. The financial contribution deriving from the direct payment of licences by the vessels owners will be deducted from the Community compensation.

- The introduction of the possibility for experimental fisheries on deep sea species, cephalopods and clams. This is an important part of the agreement, as it could lead to a needed diversification of the fisheries in Greenland and increase the fishing opportunities for Community vessels in the future.

In view of the above, the Protocol modifying the Fourth Protocol is considered to be good value for money and will encourage the responsible and sustainable exploitation of the resources to the mutual benefit of the Community and Greenland.

The Parties agreed that the provisions on experimental fisheries apply from 1 July 2003. For this reason, the two parties initialled an Agreement in the form of an Exchange of Letters providing for the provisional application of those provisions from 1 July 2003.

The Commission proposes, on this basis, that the Council adopt by decision the draft Agreement in the form of an Exchange of Letters concerning the provisional application of the Protocol modifying the Fourth Protocol concerning the provision for experimental fisheries, as set out in the Protocol annexed, on a provisional basis with effect from 1 July 2003, pending its definitive entry into force.

A proposal for a Council regulation on the conclusion of the Protocol modifying the Fourth Protocol is the subject of a separate procedure.

Proposal for a

## COUNCIL DECISION

**on the conclusion of the Agreement in the form of an Exchange of Letters relating to the provisional application of the Protocol modifying the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the Local Government of Greenland, on the other, with regard to the provision for experimental fisheries**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 300(2), first subparagraph thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Whereas:

- (1) In accordance with Article 14 of the Agreement on fisheries between the European Economic Community, on the one hand and the Government of Denmark and the Local Government of Greenland, on the other<sup>2</sup>, the two parties held negotiations with a view to determining the amendments to be made to the Fourth Protocol laying down the conditions relating to fishing provided for in that Agreement.
- (2) As a result of these negotiations, a Protocol modifying the Fourth Protocol was initialled on 18 June 2003.
- (3) The Protocol contains provisions on experimental fisheries which the Parties agreed to apply from 1 July 2003. For this reason, the two parties initialled an Agreement in the form of an Exchange of Letters providing for the provisional application of those provisions from 1 July 2003. That Agreement should be approved, pending the completion of the necessary procedures for its conclusion,

HAS DECIDED AS FOLLOWS:

### *Article 1*

The Agreement in the form of an Exchange of Letters relating to the provisional application of the Protocol modifying the Fourth Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on

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<sup>1</sup> OJ C..., ...,p....  
<sup>2</sup> OJ L..., p.

the one hand, and the Government of Denmark and the Local Government of Greenland, on the other, (“the modifying Protocol”) is hereby approved on behalf of the Community.

The texts of the Agreement in the form of an Exchange of Letters and of the modifying Protocol are attached to this Decision.

*Article 2*

The Commission may conclude an administrative arrangement with the competent authority of Greenland in order to modify the technical conditions referred to in Annex V of the Fourth Protocol.

*Article 3*

The President of the Council is hereby authorised to designate the persons empowered to sign the Agreement in the form of an Exchange of Letters in order to bind the Community.

Done at Brussels,

*For the Council*  
*The President*

## **AGREEMENT**

**in the form of exchange of letters  
relating to the provisional application of the Protocol modifying the Protocol laying  
down the conditions relating to fishing provided for in the Agreement on fisheries  
between the European Economic Community, on the one hand, and the Government of  
Denmark and the Local Government of Greenland, on the other, for the period 1  
January 2004 to 31 December 2006**

A. Letter of the Government of Denmark and the Home Rule Government of Greenland

Sir,

With reference to the Protocol, initialled on 25 June 2001, setting out the fishing opportunities and the financial contribution for the period from 1 January 2001 to 31 December 2006, and to the Joint Committee Meeting of 16-18 June 2003, I have the honour to inform you that the Home Rule Government of Greenland is prepared to apply the modifications to the Protocol concerning the provisions for experimental fisheries, as set out in the Protocol annexed, on a provisional basis with effect from 1 July 2003, pending its entry into force, provided that the European Community is disposed to do the same.

In order to implement the provisions for experimental fisheries, the Greenland authorities will communicate to the European Commission all available scientific information and data (zoning, observations, etc.) before the 17 July 2003. The Greenland authorities will decide before 31 July 2003 the allocation of licences and the conditions linked. The technical conditions referred to in Annex V of the Protocol may be modified by an administrative arrangement between the Parties.

Greenland shall implement a structural reform of the fisheries sector and the European Community will provide a budgetary support programme in accordance with Article 11(6) of the Protocol annexed and as described in the "Details of Implementation for a budgetary support for a structural policy in the fisheries sector in Greenland" annexed to this Exchange of Letters.

The modifications of the Fourth Protocol are following the guidelines set out in the Communication from the Commission to the Council and the European Parliament on an integrated framework for Fisheries Partnerships Agreements with Third Countries (COM(2002)637 final).

I should be obliged if you could confirm the European Community's agreement to such provisional application.

Please accept, Sir, the assurance of my highest consideration

For the Government of Denmark and the Home Rule Government of Greenland

B. Letter of the European Community

Sir,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

“Sir,

With reference to the Protocol, initialled on 25 June 2001, setting out the fishing opportunities and the financial contribution for the period from 1 January 2001 to 31 December 2006, and to the Joint Committee Meeting of 16-18 June 2003, I have the honour to inform you that the Home Rule government of Greenland is prepared to apply the modifications to the Protocol concerning the provisions for experimental fisheries, as set out in the Protocol annexed, on a provisional basis with effect from 1 July 2003, pending its entry into force, provided that the European Community is disposed to do the same.

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The modifications of the Fourth Protocol are following the guidelines set out in the Communication from the Commission to the Council and the European Parliament on an integrated framework for Fisheries Partnerships Agreements with Third Countries (COM(2002)637 final).

I should be obliged if you could confirm the European Community's agreement to such provisional application. “

I have the honour to confirm the European Community's agreement to such provisional application.

Please accept, Sir, the assurance of my highest consideration

On behalf of the Council of the European Union

## Annex of the Exchange of Letters

### Details of Implementation for a budgetary support for a structural policy in the fisheries sector in Greenland

When the Greenland Home Rule Government presented its paper on a general structural action plan (“A vision for the future”) to the Parliament in the autumn of 2000, it appeared clearly that it did not include arrangements for specific sectors of industry but rather a description of the framework of conditions needed to develop Greenlandic industry in general on the international front.

However, in the meantime a need for the formulation of a coherent structural policy for the fisheries sector has occurred, partly because the cabinet coalition agreement paper stresses that “...it will work for a commercial and political separation of the industry and its companies through clearer frameworks”, and “... the fisheries sector must be made commercial/profitable”, and partly because the fisheries sector has such a fundamental importance for the Greenland national economy. Both above mentioned statements presuppose that a structural policy is formulated for the fisheries sector and that it is relevant.

A structural policy for the fisheries sector will also meet the EU’s wishes in connection with the development support that the Greenland Home Rule Government will be receiving as a result of the conclusion of the budgetary support agreement. The agreement assumes the existence of an overall long term, coherent policy within a sector-specific area, in this case fisheries. Currently the Home Rule Government has no coherent fisheries policy, so this is a good opportunity to draw up such a policy, too.

The objective of the sustainable structural fisheries policy is to create a framework and conditions, which will provide the best possible conditions for industry and through this guarantee continued growth, employment, and profits. In this regard, focus will be on the fishing industry, but it should be seen in the perspective that the development of other industry sectors is equally important.

A structural policy for the fisheries sector will only define indicators for the desired development.

The political approval, and hopefully the broadest possible approval, is an absolute necessity for creating a successful structural policy for the fisheries sector. It is therefore of utmost relevance that broad and strong political approval is behind these indicators that will emerge from the forthcoming policy. As in all other sectors covered by the general structural policy, it is important that the support, political as well as administrative, of such an agreement is maintained over a long period of time in order to guarantee proper implementation of the structural policy for the fisheries sector.

It is therefore of absolute importance that Greenland in its relations with the EU appears as a reliable cooperation partner with a stable Government etc.

To sum up, the general objective of the future fisheries policy can be formulated as follows:

***“We must achieve the maximum long term economic benefit of the fishable resources existing in the Greenlandic waters”.***

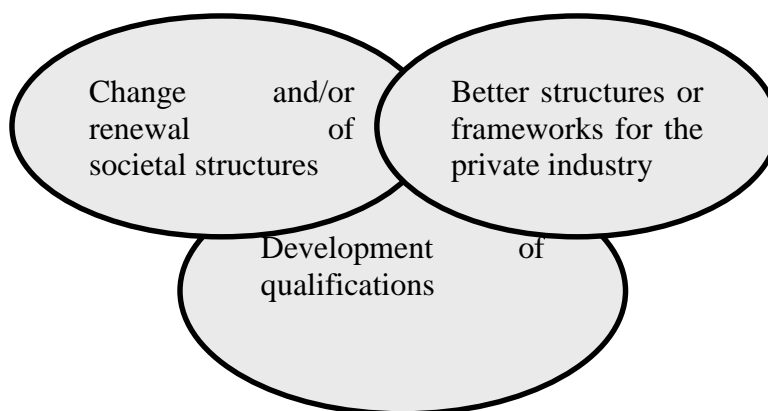


The policy pursued so far has to a large degree focused on issues of a more short term nature, of which can be mentioned the following:

- Subsidies including among others things a minimum price system, subsidies for petrol, subsidies for the development of industry (ESU), a special fishing industry tariff on electricity and water, and capacity management.
- The issue of ownership which among other things includes
  - a blend of the role of ownership and the role of authority
  - limitations on ownership of quotas
  - limitations on access to licences

One of the aims is to change the focus on the problems of the fishing industry so that the considerations will become more predictable and long term oriented. In this connection, the current problems relating to the measurement of socio-economic values and profits must be stressed. There is a need for an economic model for the fisheries sector in Greenland that will contribute qualitatively to the estimation of socio-economic output and yields.

In accordance with the principles of good governance, the general structural policy action plan has three focus points which alone and together play a focus role for the long term strategy and development of the industry:



The problems and challenges that the formulation of a structural policy for the fisheries sector represents are placed under the above focus points. There is a need to create a parallel to the general structural action plan, also to fit it in along with the other initiatives of a structural policy nature.

Regarding the future structural policy for the fisheries sector, there will be a continuous need for public regulation of some sort. This will be done in accordance with the legislation in the fisheries, tax and finance fields.

The aim is to present a proposal for a structural policy for the fisheries sector to the Greenland Parliament for reading in the 2004 autumn session. A time schedule for the entire process is given below. To meet this schedule all the initiatives must be described thoroughly - one by one - in order for these initiative policies to be implemented in the global structural policy for the fisheries sector. Furthermore it is the intention of the Home Rule Government that an economic model should be elaborated and drawn up at the same time so that it can be used as an instrument to measure what initiatives serve the society best and to show the actual situation in the fisheries sector.

The following objectives apply to the focus points of all partial policies and to the structural policy in general:

1. The objectives must be clear and achievable over time,
2. They must be measurable based on predefined indicators,
3. They must be controllable, and
4. Initiatives implemented or carried out must be capable of evaluation in terms of goals.

Furthermore, it must also appear clearly what the consequences will be if the objectives are not achieved within the time limit given.

## **1. THE FOCUS POINTS OF A STRUCTURAL POLICY FOR FISHERIES.**

The elements of the individual focus points are listed below. This listing will also be used in the formulation of the framework for the continued policy formulation.

### **1.1 Renewal of societal structures**

The public sector in Greenland is very dominant in the global range of industries because of the many publicly owned companies and because of the special geographical and economic conditions in Greenland where the public sector handles a number of subsidies and aids.

The public sector has to a large degree created the framework for the development of the Greenlandic society into a modern welfare society. The question is, however, whether the public sector should continue to dominate the fisheries sector. The Government believes that it is time to evaluate what the future role of the public sector is to be in the Greenlandic fishing industry.

As regards the future fisheries policy, it is necessary to look at the following areas:

- Logistics: The political objective is to ensure an infrastructure that support the basic needs of the greenlandic business, including the fisheries.
- Ownership: The political objective is to improve the operations and financial position of the Home Rule companies to enable them to mature and be privatised in whole or in part.
- Subsidies: The political objective is to remove existing subsidies entirely or to reduce them to a level which will promote the industry's movement towards greater market orientation. This applies to both direct and indirect subsidies including the existing fishing industry tariffs on electricity and water, the minimum prices of raw materials, oil grants for vessels and the existing commercial support scheme (ESU).
- Streamlining: The political objective is to carry out the structural adjustment both on land and at sea in such a way that public grants and cross-subsidies are significantly reduced.

### **1.2 Better framework for the fishing industry**

The Greenland Home Rule Government creates, through legislation and regulation, frameworks and conditions for the fishing industry. This applies to areas such as:

- Investment: Provision of risk capital. The framework within which more risk capital can be provided for the improvement of Greenlandic fisheries, with the ultimate aim of reducing public financial intervention.
- Resource management: An evaluation of the existing quota system and the technical control measures is required. The evaluation will have to be done in order to maintain a sustainable development of the fisheries.
- Biological advice: In the field of biological advice the political objective is to improve the scientific knowledge of the biomass for fish and shellfish through combined efforts,

- Development: The political objective is to find and develop new commercial species including developing methods to utilise these new resources. Utilisation of new species in the fisheries will be done with respect of the principle of sustainable development..

In all areas affecting the possibilities and conditions of the various companies, it is the task of the Government to secure good frameworks and conditions. It is the aim to ensure that the efforts in each of these areas are coordinated to achieve a common goal.

### **1.3 Development of qualifications – education and labour market**

The education and labour market policies play an important role for the development of the public sector as well as the private sector in Greenland. The ability and willingness to learn is a precondition if the industrial political frameworks are to be achieved and utilised in an optimal way. One of the challenges facing fisheries is the ability to handle the necessary continuous development of employee qualifications throughout the fishing industry in Greenland.

The precondition “strengthened development of qualifications” is among other things created through:

- Education and labour market: The political objective is to ensure the appropriate use and development of the available labour force in Greenland. Structural adjustments will create a need to adapt the labour force to changed or new forms of production at both land-based plants and on board fishing vessels.

## **2. THE CABINET’S 2004 BUDGET**

The Cabinet’s 2004 Budget will be published before the beginning of August 2003. The reading of the Budget will take place during the 2003 autumn session of the Greenland Parliament, and the Budget is expected to be adopted on or before 15 November 2003.

The Cabinet’s 2004 Budget incorporates an increase in the amount appropriated for administration in the field covered by the Ministry of Fisheries, Hunting and Agriculture. This increase is expected to improve the Ministry’s possibilities of making the necessary qualitative evaluations of the economic consequences of various initiatives, for example through the establishment, follow-up, maintenance and analysis of fisheries economy models both within Greenland and worldwide. In addition, a strengthening of the Ministry’s legal responsibilities will improve the servicing of the Cabinet in terms of the regulatory aspects of local, regional, bilateral and international fisheries.

### 3. TIME SCHEDULE.

<b>Time</b>	<b>Heading</b>	<b>Comments</b>
30 June 2003	The budgetary support is decided	The Greenland Home Rule Government and the EU Commission make an agreement on budgetary support. The agreement is described in the Explanatory Notes to the Cabinet's 2004 Budget, which will be presented to the Greenland Parliament in the 2003 autumn session.
August 2003	A steering group is set up	A steering group is set up to coordinate the whole project. Its members include the directors of the departments involved (board secretariat, Office of Foreign Affairs, Dept. of Finance, Dept. Of Fisheries, Hunting and Farming, Dept. of Business and Dept. Of Education, Culture, Church and Science), with the head of the structural policy office and the chairmen of the individual working groups as delegates. The members of the steering group meet regularly and are kept up to date on the progress made by the working groups.
August 2003	The steering group sets up three working groups	The prepared project plan for a structural policy for the fisheries sector is adopted by the steering group. The project plan must at least contain:  Three working groups on the focus points <ol style="list-style-type: none"> <li>1. Renewal of societal structures</li> <li>2. Better framework for the fishing industry</li> <li>3. Development of qualifications</li> </ol>
August 2003	Planning of a fisheries policy seminar is initiated	To achieve the broadest possible debate on a structural policy for the fisheries sector the results of the working groups will be presented to the most important stakeholders in the fishing industry at a seminar.
End of February 2004	The working groups deliver their draft for partial policies	The individual working groups have finished their work and have drawn up a proposal for partial policies on the subjects comprised by the focus point within which the working group has been working.
May 2004	The Cabinet holds a fisheries policy seminar, at which a draft structural policy for fisheries is discussed	The seminar is held with participation of the most important stakeholders in the fishing industry. Responses are invited to presentations based on proposals made by the three working groups for partial policies.

August 2004	A proposal for a structural policy for fisheries is delivered to the Greenland Parliament	The Cabinet delivers its proposal for a structural policy for the fisheries sector in Greenland for reading during the autumn session of the Greenland Parliament.
Autumn 2004	The Greenland Parliament's reading of the proposal for a structural policy for the fisheries sector	
December 2004	First report to the Commission	Measurable subjects for the rest of the budgetary support agreement period 2005 and 2006 are specified in the report to the Commission. In relation to the political reading of the Cabinet's proposal for a structural policy for fisheries in Greenland, new goals have emerged in accordance with the principles of the budgetary support area.
December 2005	Second report to the Commission	The second annual report to the Commission will be the first with a report on the progress of the initiatives implemented following the presentation of the structural policy for fisheries. The evaluation of initiatives carried out can also be incorporated into this report.
December 2006	Third report to the Commission	The third and last report within Protocol IV. The report will follow up on the initiatives implemented following the presentation of the structural policy for fisheries.

## PROTOCOL MODIFYING THE FOURTH PROTOCOL

### **laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the Local Government of Greenland, on the other**

Further to the Joint Committee meeting of 16-18 June 2003, the Fourth Protocol is modified as follows, with effect from 1 January 2004:

I. Article 1 is replaced by the following text:

#### “Article 1

1. This Protocol shall apply to fishing activities from 1 January 2001 to 31 December 2006.
2. The quotas referred to in Article 2 of the Agreement shall be fixed each year in the light of available scientific information. They shall be calculated as the remainder of Greenland’s total allowable catches after subtraction of the quantities referred to in the first paragraph of Article 7 of the Agreement and indicated in Article 2, but shall not exceed the following quantities:

Species	Western stock (NAFO 0/1)	Eastern stock (ICES XIV/V)
Cod	pm <sup>3</sup>	
Redfish	0 <sup>4</sup>	25,500 <sup>5</sup>
Greenland halibut	1,500 <sup>6</sup>	9,000 <sup>7</sup>
Shrimp	4,000	5,675
Atlantic Halibut	200 <sup>8</sup>	1,000 <sup>8</sup>
Capelin		9 <sup>9</sup>
Roundnose grenadier	1,350	2,000
snowcrab	1,000	
Bycatches	2,000 <sup>10</sup>	

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<sup>3</sup> In the event of stock recovery, the Community may fish up to 31,000 tonnes, with a corresponding increase in the part of the financial compensation referred to in Article 11(2). May be fished East or West.

<sup>4</sup> The Community may ask for an increase in the quota, by the end of November for the following year, up to a maximum of 5,500 tonnes, with a corresponding increase in the part of the financial compensation referred to in Article 11(2).

<sup>5</sup> May be fished East or West and of which a maximum of 20,000 tonnes may be fished by pelagic trawl. Catches from the bottom trawl fishery and the pelagic trawl fishery shall be reported separately. The Community may ask for an increase in the quota, by the end of November for the following year, up to a maximum of 47,320 tonnes, with a corresponding increase in the part of the financial compensation referred to in Article 11(2).

<sup>6</sup> 500 tonnes may be fished either North or South in agreement with Greenland authorities.

<sup>7</sup> This figure may be revised in the light of the agreement for the allocation of catch possibilities between coastal countries. The fishery shall be managed through a limitation on the number of vessels fishing at the same time.

<sup>8</sup> If bycatches by Community vessels of Atlantic halibut in trawl cod and redfish fisheries would imply overruns of Community quotas of Atlantic halibut, the Greenland authorities will provide solutions to the effect that Community cod and redfish fisheries nevertheless can continue until the cod and redfish quotas have been exhausted.

<sup>9</sup> 7,7% of the capelin TAC for the season.

3. The quota for shrimp in East Greenland may be fished in areas West of Greenland provided that arrangements for quota transfers between shipowners from Greenland and the European Community have been established on a company-to-company basis. The Greenland Home Rule Government shall undertake to facilitate such arrangements. The transfers of quotas can only take place within a maximum of 2,000 tonnes annually in areas of West Greenland. The fishery carried out by the Community vessels shall take place on the same conditions as laid down in the license issued to the Greenlandic shipowner.
  4. Authorisations for experimental fisheries will be made available for a trial period of maximum six month each, in accordance with Article 9 and Annex V.
  5. When the Parties conclude that the experimental campaigns have achieved positive results, the Greenland Home Rule Government will allocate 50% of the fishing opportunities on the new species to the Community fleet, until the end of this Protocol. This, with a corresponding increase in the part of the financial compensation referred to in Article 11(2).”
- II. Article 2 is replaced by the following text:

“Article 2

The quantities referred to in the first paragraph of article 7 of the Agreement are hereby set at the following levels each year:

Species (tonnes)	(tonnes)	
	Western (NAFO 0/1)	Eastern (ICES XIV/V)
Cod	50,000 <sup>11</sup>	
Redfish	2,500	5,000
Greenland halibut	4,700	4,000
Shrimp	25,000	1,500

“

- III. Article 3 is deleted.
- IV. Article 9 is replaced by the following text:

“Article 9

The Parties shall promote the conduct of experimental fisheries on, inter alia, deep sea species, cephalopods, clams and capelin (Western stock) in Greenland waters. To this end, they shall hold consultations whenever one of the Parties so requests and determine, on a

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<sup>10</sup> Refers to the combined by-catch of cod, catfish, skate, ling and tusk. The by-catch quantities of cod shall not exceed 100 tonnes. May be fished East or West.

<sup>11</sup> May be fished West or East



case-by-case basis, relevant species, conditions and other parameters. The Parties shall implement the experimental fishery in accordance with Annex V.”

V. Article 11 is replaced by the following text:

“Article 11

1. The financial compensation referred to in Article 6 of the Agreement shall, during the period of validity of this Protocol, be fixed at 42,820,000 Euro (€) payable annually at the beginning of each fishing year.
2. The part of the financial compensation representing 31,760,679 Euro (€) is considered to be the amount in return for fishing possibilities. That amount shall be adjusted during the course of each fishing year where any supplementary quota are allocated to the Community in excess of the quota quantities referred to in the table in Article 1. The adjustment shall be calculated on the basis of the market prices of the different species for which the supplementary quota are allocated.
3. Greenland shall make available to the Community a quantity of 20,000 tonnes of cod equivalents, which the Community may use for the purposes of acquiring supplementary catch possibilities. The adjusted compensation referred to in paragraph 2 may consist of up to 50% of these cod equivalents.
4. The procedure to be followed as regards the allocation of supplementary catch possibilities under Article 8 of the Agreement is set out in Annex III.
5. The financial contribution deriving from the direct payment of licences by the vessels owners will be deducted from the Community global compensation as set out in Article 11 (1). The licence fees per species and per tonnes allocated to vessels shall be set in accordance with Annex VI. The implementing technical modalities for the attribution of fisheries licences shall be agreed by an administrative arrangement between the Parties.
6. Greenland shall implement a budgetary support to the fisheries sector for the three remaining years of the Protocol in accordance with the policy commitments undertaken in the Greenland Prime Ministers letter to President Prodi of 12 June 2003. The orientations on strategy and objectives of the reform of the Greenland fisheries policy, as defined and programmed independently and autonomously by the Greenland Home Rule Government, as well as the technical details concerning the definition, the implementation and the monitoring of the budget support to the fisheries sector in Greenland shall be determined in an administrative arrangement between Greenland and the European Community. Greenland shall affect 500,000 Euro (€) to increase the budget of the Greenland Institute of Natural Resources.”

VI. Article 14 is replaced by the following text:

“Article 14

No later than 30 June 2005 the Parties shall assess the implementation of this Protocol in view to prepare the negotiations for the next Agreement. ”

VII. Annex I is deleted.

VIII. Annex V is added, as follows:

## **“Annex V**

### **Details of implementation for experimental fisheries**

The Home Rule Government of Greenland and the European Commission shall jointly decide on the European Community operators, the most suitable time as well as the arrangements for the implementation of experimental fisheries. In order to facilitate the exploratory work of the vessels, the Home Rule Government of Greenland (through the Greenland Institute of Natural resources) shall provide existing scientific and other basic information.

The Greenland fishing industry shall be closely associated (co-ordination and dialogue on the arrangements for experimental fisheries).

Length of the campaigns: maximum six month and minimum three month, unless changed by the parties in agreement.

Selection of candidates for the implementation of the experimental campaigns:

The European Commission shall communicate to the Greenland authorities the requests for licences for experimental fishery. A technical dossier specifying:

- the technical characteristics of the vessel;
- the level of expertise on the fishery of the ship officers;
- the proposal for the technical parameters of the campaign (length , gear, exploration regions etc. )

The Home Rule Government of Greenland will organise a technical dialogue between the administrations of the Greenland Government and the European Commission with the ship-owners concerned, if it considers this necessary.

Before the beginning of the campaign, the vessel owners shall submit to the Greenland authorities and to the European Commission:

- a declaration of the catches already on board;
- the technical characteristics of the fishing gear to be used for the campaign;
- an assurance that they comply with the Greenland Regulations for fisheries;

During the campaign at sea, the owners of the vessels concerned shall:

- provide the Greenland Institute of Natural Resources, the Greenland authorities and the European Commission with a weekly report on catches per day and by haul, including the description of the campaign’s technical parameters (position, depth, date and time, catches and other observations or comments);
- communicate the vessel’s position, speed and heading by VMS;
- ensure the presence on board of one Greenlandic scientific observer or an observer chosen by the Greenland authorities. The role of the observer will be

to gather scientific information from the catches, as well as to sample the catches. The observer shall be treated as a ship's officer and the vessel-owner shall cover the living costs of the observer during his stay on the vessel. The decision on the observers time on board, the length of his stay, the boarding and landing harbour will be fixed in agreement with the Greenland authorities. Unless there is agreement between the parties to the contrary, the vessel will never be obliged to put into harbour more than once per two month;

- submit the vessels to inspection on leaving Greenland's waters if the Greenland authorities so request;
- ensure that they comply with the Greenland Regulations for fisheries;

The catches including the by-catches obtained during the scientific campaign remain the property of the vessel-owner.

The Greenland authorities will designate a contact person responsible for addressing any unforeseen problems that might hinder the development of the experimental fisheries.”

IX. Annex VI is added as follows:

**“Annex VI  
Licence fees**

The following rates<sup>12</sup> shall apply:

<b>Species</b>	<b>EUR. Per tonne</b>
Redfish	52
Greenland Halibut	85
Shrimp	74
Atlantic Halibut	199
Capelin	7
Roundnose Grenadier	10
Snowcrab	122

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<sup>12</sup> The rates may be adapted periodically by administrative arrangement between the Parties, taking into account the market and fisheries situation.