



FISKESEKRETARIATET THE FISHERIES SECRETARIAT

BRIEFING NOTE: EUROPEAN FISHERIES FUND AND NATIONAL STRATEGIC PLANS

WHAT IS THE EUROPEAN FISHERIES FUND?

In July 2004, the European Commission published its draft proposal for a Council Regulation to establish a European Fisheries Fund (EFF) (COM(2004)497)¹. Once agreed, this regulation will introduce a new fund to support certain aspects of EU fisheries (see *priority axes* below) during the period 2007–2013. The EFF is set to succeed the current Financial Instrument for Fisheries Guidance (FIFG) (Regulation 2792/1999)² for 2000–2006. The new regulation is expected to come into force in January 2007.

The European Commission's intentions are to structure the new EFF upon what it refers to as five '*priority axes*'. These are:

1. Measures for the adaptation of the Community fishing fleet;
2. Aquaculture, processing and marketing of fishery and aquaculture products;
3. Measures of collective interest;
4. Sustainable development of coastal fishing areas; and
5. Technical assistance.

HOW MUCH FUNDING WILL BE AVAILABLE UNDER THE EFF?

In the Commission's original 2004 proposal, the financial allocation for the Fund under the Financial Perspectives for the 2007–2013 period was EUR 3.8 billion for the enlarged European Union (EU) allocated at 700 million per year to all of the 25 Member States.

It is estimated that approximately three quarters of the overall financial allocation under the Fund will be earmarked for the so called "least-favoured regions" in the new Member States, and that criteria will be laid down for defining the eligible areas. To that end, the identification of priority regions and areas at Community level should be based on the common system of classification of the regions, established by Regulation (EC) No 1059/2003 of the European Parliament and the Council of 26 May 2003.³

For other regions, the funding will be divided between the Member States according to the size of the fishery sector, the number of people working in the sector and the adjustments considered necessary for fisheries and the continuity of measures in hand⁴

KEY EU AND MEMBER STATE PROCESSES FOR EFF PROGRAMMING AND USE

During 2005, the Commission's proposal for EFF was modified, and a compromise proposal was tabled on 23 May 2005. Although this proposal has been discussed, a number of issues remain unresolved. One of the major stumbling blocks is whether or not to allow the use of EFF funds for building of new vessels as well as for the purchase of new engines. One of the obvious criticisms from environmental interests has been and continues to be how the Commission and other stakeholders will be able to ensure that capacity does not increase as a result of engines being replaced, or vessels purchased within the EU fleet.

¹Commission Proposal for a Council Regulation: European Fisheries Fund (COM(2004)497)

²http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2003/com2003_0658en01.doc

³As elaborated in the Commission Proposal for a Council Regulation (COM(2004)497)

⁴This is further elaborated in 'European Union Summaries of Legislation' on SCADPLUS: www.eu.int/scadplus/leg/en/lvb/l66004.htm

Overall, the respective responsibilities of the Commission and the Member States regarding the development and use of EFF will be laid down in line with the principle of subsidiarity⁵. Moreover, the Commission purports that the intention with implementing the new EFF is to place even greater responsibility on the Member States themselves in selecting and implementing the funds.

Each Member State, therefore, is to draw up a *national strategic plan* (NSP), setting out its specific goals and priorities for EFF use in the light of the Community strategic guidelines for the Common Fisheries Policy (CFP). These strategic plans will be adopted under the procedure laid down in Article 37 of the Treaty establishing the European Community and, at the latest, three months after the entry into force of the proposed EFF Regulation. The plans then have to be agreed by both the Member State and the Commission.

The national strategic plans should indicate the interventions and the financial contribution from the EFF and the other needed resources, and will also serve as a reference for Member States in drawing up *operational programmes* (OP). These programmes similarly have to be developed and agreed within three months of reaching agreement on the national strategic plan.

CURRENT STATE OF PLAY

While the EU budget for 2007–2013 has been agreed in broad terms⁶, the EFF Regulation as described has not yet been adopted. The EFF proposal has been discussed since its release by the Council Working Group and a number of changes have in principle been agreed. A continuing area of contention, however, is funding for building new vessels as well as replacing engines as touched upon above.

Until the Regulation is finally adopted, we judge there is still time and scope for Member State interests to engage in efforts to influence how the EFF should be put to use within their country.

ASSESSING THE SITUATION AT NATIONAL LEVEL

Engaging in the debate and potentially influencing the national processes and outcomes are best achieved through liaison with your own national administrations, responsible for developing national strategic plans. This should be done in all cases to, minimally, get a sense for:

1. the current state of play within individual Member States on both the development of national strategic plans and subsequent operational programmes; and
2. to explore what areas are still open for negotiation, as well as identify opportunities to influence/advocate wise use of EFF from an environmental perspective.

The process will likely be more advanced in some Member States than it will be in others. However, in any case, this guidance should help to identify where your efforts may be best placed over the next few months.

SUMMARY OF KEY POINTS FROM AN ENVIRONMENTAL PERSPECTIVE

Below, we include what we consider to be some key points that you may wish to focus on in your own work.

Given that the original objectives of the EFF as articulated by the Commission was to *inter alia*:

- ensure the long-term future of fishing activities and the sustainable exploitation of fishery resources;
- reduce pressure on stocks by matching Community fleet capacity to available fishery resources;
- foster the protection of the environment and fishery resources; as well as,
- encourage sustainable development and the improvement of the quality of life in marine, lake and coastal areas affected by fishing and aquaculture activities.

⁵ For precise definition of subsidiarity in the context of EU law see http://en.wikipedia.org/wiki/Subsidiarity#European_Union_law

⁶ http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/misc/87677.pdf

We therefore judge that if EFF funding is permitted to go towards building new boats, vessel modernization, fuel subsidy, installation of new engines or otherwise permitted to contribute to capital investment that enhances or supports capacity, the overall objectives of the EFF will be lost.

We point out however, that even if current political processes result in allowances for inappropriate use of funds (i.e. funding for new vessels, enhanced fuel subsidies, etc.), which would effectively undermine the clear objectives listed above and perpetuate many of the chronic problems facing the EU fisheries sector, this does not mean that individual Member States need to make use of EFF funding in this way. As a key policy instrument, the EFF has much flexibility embedded within it, allowing Member States to make use of the funds in a manner that may more accurately reflect national needs.

In the coming months, it appears that individual Member States can exercise this flexibility in the development of their individual *national strategic plans* and *operational programmes*, wherein, they describe their strategy in terms of clear priorities, objectives, and the principal measures to be funded in order to deliver more sustainability for all stakeholders. Some Member States will be further ahead with the development of both of these initiatives, and hence may impact the degree of influence the ENGOs may be able to impart from here.

From an environmental perspective, it is important that ENGO's stress the opportunities to allocate funding available under the current EFF proposal that promote sustainable fisheries, enhance biodiversity and nature conservation.

The following key environmentally measures are eligible for finance under the current EFF proposal:

Priority Axis 1: measures for the adaptation of the community fleet

- reducing the impact on non-commercial species;
- reducing the impact of fishing on ecosystems and the sea bottom;
- new gear that is more selective and which meets recognized criteria and practices which go beyond legal requirements;
- cessation of fishing activities;
- retraining of fishermen in occupation outside fishing activities.

Priority Axis 2: Aquaculture, processing and marketing of fishery and aquaculture products

- protection and enhancement of the environment, natural resources, and genetic diversity;
- sustainable aquaculture with specific environmental constraints resulting from the designation of *Natura 2000* areas;
- compensation for the costs of implementing aquaculture production methods helping to protect the environment and conserve nature;
- implementation of breeding methods substantially reducing the environmental impact when compared with normal practice in the fisheries sector.

Priority Axes 3: Measures of collective interest

- collective actions and measures to protect and develop flora and fauna, including through promotion of selective fishing methods and reduction of by-catches;
- protection and enhancement of the environment in the *Natura 2000*;
- promotion of products using methods with low environmental impact;
- labeling and certification of product caught or farmed using environmental friendly methods;
- pilot projects aiming at developing and testing methods to improve selectivity, reduce by-catches, discards or the impact on the environment, in particular the sea bottom.

Priority Axes 4: Sustainable development of fishing areas

- improvement and protection of the coastal and marine environment;
- restructuring and redirecting economic activities, in particular by promoting ecotourism, provided these actions do not result in increased fishing effort.

More in depth information on environmentally sound measures that are eligible for EFF funding can be found under this link: http://www.rspb.org.uk/Images/harnessingeuropeanfisheriesfund_tcm5-70114.pdf

FORWARD LOOK

Further detailed guidance on national regional aid during the period 2007–2013 can be found in a Commission draft Communication⁷ and as described in a Commission press release of 12 December 2005⁸.

It is also noteworthy that, while the EFF is perhaps the largest source of funding for the EU fisheries sector, it is not the only one. Other relevant financial instruments include:

- The so-called ‘Second Instrument’⁹ including Fisheries Partnership Agreements, and
- State Aid, which is regulated in the state aid guidelines referred to previously.

Several aspects of the above, as with the EFF, are currently under discussion. A high level discussion of the EFF was supposed to take place at the Council of Ministers meeting scheduled for 25 April 2006. However, it was postponed for various reasons and is on the agenda for the 22 May Council meeting. The key issue, whether subsidies for modernization of vessels will be allowed under EFF or not, is discussed in COREPER - COREPER is constituted by permanent representatives in Brussels from each Member State, and occupies a pivotal position in the Community decision-making system. Contact with the permanent representative of your Member State may give opportunity to influence the final decision of this issue.

HOW TO INFLUENCE THE ELIGIBLE FUNDING UNDER EFF IN YOUR COUNTRY

Try to find out who is the key person in charge for developing your country’s NSP and OP, in most cases it will be someone from the Ministry of Agriculture or Ministry of Fisheries. If possible, contact the person in charge and ask for a draft of the NSP and/or the OP, depending on at what stage your national authority has reached. Ask for a timeline and how your government is planning to involve stakeholders in the process. Investigate whether the key environmental measures stated above are taken up in the NSP/OP and provide the authority with your input.

The current EFF proposal states under article 8 (c) that assistance from the Fund shall be decided in close cooperation between the member states and *inter-alia* NGOs. Your government should therefore be open for your input and help concerning the development of the NSP and OPs.

We hope that this briefing will help you make sure that environmentally sound measures will be eligible for funding in your country under the EFF, and that it will help guide you in keeping track of the development of your National Strategic Plan and Operational Programmes.

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⁷Commission draft Communication on Guidelines for National Regional Aid 2007–2013:
http://europa.eu.int/comm/competition/state_aid/regional/rag_en.pdf

⁸Press Release: “State aid: Commission adopts new regional aid guidelines for 2007–2013”
<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1653&format=HTML&aged=0&language=EN&guiLanguage=en>

⁹Proposal for a Council Regulation establishing Community financial measures for the implementation of the Common Fisheries Policy and in the area of the Law of the Sea.
http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0117en01.pdf