Opinion of the Committee of the Regions on the 'Proposal for a Council regulation (EC) laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector'

(1999/C 293/13)

THE COMMITTEE OF THE REGIONS,

having regard to the Proposal for a Council Regulation (EC) laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector [COM(1998) 728 final — 98/0347 (CNS) ([1])];

having regard to the Commission decision of 16 december 1998, in accordance with the first paragraph of Article 198c of the treaty establishing the European Community, to consult the Committee on the subject;

having regard to the Bureau Decision of 10 March 1999 to instruct Commission 2: Agriculture, Rural Development and Fisheries to draw up the relevant opinion;

having regard to its Opinion on the Proposal for a Council Regulation (EC) on structural measures in the fisheries sector (CdR 309/98 fin) ([2]);

having regard to the Draft Opinion (CdR 101/99 rev.) adopted by Commission 2 on 12 April 1999 (rapporteurs: Sir Simon Day and Mr Nordwall),

at its 29th plenary session of 2 and 3 June 1999 (meeting of 3 June) adopted the following opinion.

1. **Introduction**

1.1. In July 1997, the Commission adopted Agenda 2000, a blueprint for the future proposals and budgeting implications for the expansion of the EU, the reform of the CAP and a review of regional policy.

1.2. On 18 March 1998, the Commission adopted its proposals for regulations, *inter alia*, to govern the Structural Funds in the period 2000-2006. These are the subject of negotiation with Member States and are the subject of consultation with the Committee of the Regions.

1.3. Within the proposals on structural measures in the fisheries sector, the Commission indicated that further details of the structural measures would be published at a later date. Although expected in September, these were in fact published on 14 December 1998, four days after Commission 2 had approved the draft Opinion and which, with minor amendments, was adopted by the Committee of the Regions on 14 January 1999.

1.4. It was not possible, therefore, to incorporate in that earlier Opinion any comments on the detailed regulations whilst, at the same time, the detailed regulations have been published without reference to that same Opinion.

1.5. The recommendations made by the Committee of the Regions are therefore still valid and should be taken into account in revising the proposed regulation, the subject of this current Opinion, on the detailed rules and arrangements. These recommendations were as follows:

a) Access to funding must be made as simple as possible.

b) Instead of the complexity of funds proposed, there should be a single fund for nationally administered schemes and a separate fund for regionally administered schemes.

c) With regard to the restructuring of the fleet, which is closely linked to the fisheries sector, the COR does not share the view that it is impossible to regionalise such restructuring measures; these measures should be regionalised and financed by FIFG.

d) In terms of fleet restructuring, in addition to compensation payments for decommissioning, where reduction of fishing effort is pursued, compensation payments should be made for temporary laying up of boats.

e) The requirement in MAGP III to require a minimum of 55 % of the target reductions to be achieved through decommissioning and a maximum of 45 % through a reduction in fishing effort be restored.

f) There should be no geographical limitations to support for the fishing industry. If a fishing port, of whatever size, is outside the new Objective 1 and 2 areas, it should be eligible for assistance — all the more so if it is small and in a state of crisis.

([1]) OJ C 16, 21.1.1999, p. 12.
([2]) OJ C 93, 6.4.1999, p. 16.

g) There should be a wide interpretation of diversification to meet the four stated primary goals of the Common Fisheries Policy and matched funding should be drawn from either public or private sector sources to achieve this.

h) That the fishing industry, along with agriculture, is recognised as a major primary industry within the EU and that the level of funding made available is commensurate with its importance, bearing in mind that in certain coastal areas of Europe fishing is the only source of wealth and local productive strength is based upon it.

i) In future, the criteria for providing aid to the fisheries sector should pay still greater attention to sustainable development considerations. However, this should be achieved in a way which is practicable from an aid-policy standpoint and does not complicate administrative costs.

1.6. In the light of the decision at the Berlin summit, it is agreed that instead of the complexity of funds proposed, there should be a single fund for the administered schemes.

1.7. Given the logic of national reduction targets (MAGP) and national funding through FIFG, it is now agreed that structural actions in the fisheries sector must be based on the continuation of existing measures, in close connection with the MAGPs.

1.8. It is also now agreed that in terms of the adjustment of fishing capacity, in addition to permanent withdrawal measures, the COR supports the Commission's new idea of increasing aid for temporary laying up of vessels as a way of reducing fishing effort.

1.9. Moreover, since the Opinion adopted in January 1999, it has become clear that MAGP IV is much more flexible than MAGP III as regards Member States' scope for reducing fishing effort. This flexibility has been won with great difficulty and must be retained. At all events there is no reason why strict percentages should be laid down for countries which are fulfilling their MAGP.

2. **The Proposed Regulation**

2.1. Regrettably, and for reasons of timing, no account has been taken of the views expressed in the previous Opinion. Nor had there been any attempt to simplify the complexity of funds. Accordingly this Opinion is not intended to replicate the views previously expressed, although may refer to them. Its prime purpose, instead, is to assess whether the rules and arrangements now proposed are sufficient to assist the fisheries sector and the economic and social well-being of fishing dependent communities.

2.2. The intention of the new regulations is to improve the interpretation of existing provisions, where these have been found wanting, to extend assistance into new areas and to bring the rates of assistance up to date.

2.3. The main measures proposed are as follows:

a) regarding fishing fleets

- additions to the fishing fleet with the use of public aid will only be permitted if offset by an equivalent withdrawal without aid;
- in the small scale coastal fishing sector, additions to the fleet must not lead to an increase in fishing effort;
- a tightening up of measures to deal with member States which contravene provisions of the MAGP or the Community fishing vessel register;
- a redefinition of what can qualify as a joint enterprise, in particular to meet the criticisms of abuse by the Court of Auditors;

b) regarding small-scale coastal fishing

- more attention is to be paid to their specific problems;
- the modernisation of this sector, but with no increase in fishing effort, is given a high priority on account of its particular features and its contribution to employment;

c) regarding accompanying measures

- the extension of a range of socio-economic measures by grant-aiding fishermen who switch to other occupations;
- redefinition of temporary laying-up;

d) regarding other forms of assistance

- measures to encourage investment in processing, aquaculture and port facilities will continue, but with special attention to the environmental aspects of aquaculture and giving priority to collective measures;
- new regulations regarding producer organisations;
- 'operations by members of the trade' will be more extensively encouraged.

2.4. These measures are broadly welcomed. However, in certain areas, we recommend that there are certain changes made to reflect the views previously expressed by the Committee of the Regions and to ensure that assistance to the fishing industry is non-discriminatory and is not limited on geographical grounds.

2.5. Subsequent references to Articles and Annexes are to be construed as those contained in the Proposal for a new Council Regulation, the subject of this Opinion.

2.6. In line with point 1.6 above, which provides for assistance from a single fund, all references to the EAGGF should be removed from the proposal, and Article 4 should be deleted.

2.7. The new draft regulation deals exclusively with coastal fishing. Fresh-water fishing is not covered although it was previously eligible for aid. If the fresh-water fishing potential is to be tapped, catching and storage equipment must be continuously modernized, providing inter alia for improvement of environmental standards; in keeping with the previous structural plan, fresh-water fishing should therefore continue to qualify for aid. It should be borne in mind here that assistance for professional fishermen also contributes to maintaining regional culture and traditions.

2.8. Article 5 requires Member States to provide certain information to facilitate the drawing up of MAGPs for 2002-2006. The information required is set out in Annex II. Where Member States have failed to meet the multiannual guidance programme targets for each fleet segment, the Commission will withdraw financing for fleet renewal and vessel modernisation until such targets are met, save that financing for vessel modernisation should be allowed regardless, especially where it entails essential safety work.

2.9. Article 7 refers to fleet renewal and modernisation of fishing vessels. We are rather surprised to see that the Member State's obligation is to monitor rather than administer fleet renewal, but more importantly the arrangements submitted to the European Commission by Member States setting out their proposals should specifically relate to the requirements set out in Article 5 as amended.

2.10. Article 8 refers to the adjustment of fishing effort. The age limits of vessels have been increased from the regime currently applicable. As a consequence some fishermen will no longer be eligible for compensation. This needs to be rectified. Paragraph 4 within Article 8 is also potentially damaging to fishermen. As written this provision could be abused in that Member States could impose very high restrictions on fishing effort without any monetary compensation to the fishermen concerned.

2.11. Article 10 refers to public aid for fleet renewal and vessel modernisation. It would be best not to reduce the EU contribution towards these structural measures to 15 % in Objective 2 regions. An intermediate figure should be used for these regions, between that for Objective 1 regions and that for regions not covered by the Objectives, i.e. a maximum of 25 % or, where appropriate, 20 %.

2.12. Article 10 also refers to detailed provision contained in Annex III, where it is stipulated that no aid will be given for vessel modernisation where the vessel is over 30 years old. However, there needs to be some distinction drawn here between extensive modernisation of old boats and certain other fishing operations. For example, specific provision should be made for assistance towards fishing gear and fish room modernisation which are currently funded under the PESCA programme, regardless of the age of the vessel. As the Commission has stated that it wishes to see continuity of assistance, this anomaly must be rectified.

2.13. The COR cannot support the Commission's proposed new treatment of joint enterprises and the elimination of temporary joint ventures. Such enterprises have been — and remain — an extremely useful instrument for reducing the Community fleet while maintaining Community jobs and guaranteeing supplies in areas in which the EU suffers serious shortages. Moreover, in tying these enterprises to the existence of a fisheries agreement the Commission is acting in an inexplicably paradoxical manner: on the one hand, it insists that if a fisheries agreement lapses, the solution is to establish joint enterprises — as is clear from the example of the agreement with Morocco — while on the other hand it stipulates that a joint enterprise cannot be established unless a fisheries agreement exists. The Commission should acknowledge this oversight, and not deprive of all meaning an instrument which is extremely useful in world fisheries policy. At the same time, there is no opposition to the maintenance of an effective monitoring system regarding the operation of these enterprises, and in particular to meet the criticisms of the Court of Auditors.

2.14. Article 12 refers to small scale coastal fishing. The sentiment of the provisions in this article is supported, but the element of discretion afforded to Member States should be reduced. If Member States are serious in their attempts to assist the fishing industry, then a more mandatory regime is required.

2.15. Article 13 refers to socio-economic measures. Similar comments apply to this section as for Article 12. In addition, the definition of fisherman needs a minor amendment to reflect factual as well as political correctness.

2.16. The early retirement scheme, whilst welcome, should be available to all those wanting to leave fishing irrespective of whether they are linked to Article 8 measures or not. Paragraph 3(c) of this Article is also welcomed as this will enable funding to be made to fishermen direct to undertake retraining programmes and diversification projects. For the avoidance of doubt, though, the latter should specifically mention inclusion of non-fishing industry business start-ups.

2.17. Article 14 refers to the protection of marine resources in coastal waters, aquaculture, fishing port facilities, processing and marketing. The inclusion of assistance in these areas is welcomed, but should be more strongly encouraged.

2.18. Article 16 refers to operations by members of the trade. Similar comments apply as to Article 12.

2.19. Article 17 refers to temporary cessation of activities and other financial compensation. Again the element of discretion should be removed. If different rules apply in differing Member States, this can lead to discrimination. Finally there is no justification for paragraph 4 of this Article. Reduction of fishing effort, as part of a fisheries recovery plan, may form an essential part of a fisheries management strategy.

3. **Conclusions and recommendations**

3.1. This is a complex and detailed area. The European Commission identified a need for FIFG when it was established as the fourth structural fund in 1993. By proposing to provide structural funding to non-objective regions through EAGGF rather than FIFG, it had made assistance to the fisheries sector more complex. It is vital that sufficient measures are in place to provide assistance to the fisheries sector on a non-geographic specific basis.

3.2. It is also vital that the Commission takes into account the recommendations made in the earlier Opinion [1].

3.3. Subject to the above, the following amendments to the draft proposal:

1. 'Fresh-water fishing' should be inserted in the explanatory memorandum to the draft Regulation;

2. In line with the new position of the Commission, the European Parliament and the Council following the Berlin summit, the Committee of the Regions considers that structural measures in the fisheries sector should be financed exclusively from the FIFG. Accordingly, all references to the EAGGF-Guarantee section should be deleted from the recitals and articles of the proposal, and Article 4 should be deleted in its entirety;

3. In the seventh recital, add 'and temporary joint ventures';

4. In Article 6, add a new subparagraph 1a): 'In those cases where a Member State has not met the objectives of the multiannual guidance programmes for each fleet segment, the Commission shall withdraw funding for fleet renovation and vessel modernisation until these objectives are achieved, save that financing for vessel modernisation be allowed regardless, especially where it entails essential safety work';

5. In Article 7, paragraph 1(a), delete 'monitoring' and insert 'administering' and at the end of the paragraph add ' in the manner laid down in Article 5';

6. In Article 8, paragraph 1, delete 'referred to' and insert 'in the manner laid down';

7. In Article 8, paragraph 2, first sentence, delete '15' and insert '10';

8. In Article 8, paragraph 3, delete the first sentence and insert 'Public aid for final cessation shall be paid to beneficiaries in accordance with the following:';

9. In Article 8, paragraph 3(a), substitute '10' for '15', '24 'for '29' and '25' for '30';

10. In Article 8, paragraph 3(a) (iii), insert after 'Tables', '1';

11. In Article 8, paragraph 4, delete 'Such measures may not give rise to any public aid';

12. Article 9(1), (2) and (3) should be replaced by the text of Article 9 of the current regulation (EC) 3699/93 and provision made to meet the criticisms of the Court of Auditors;

13. Article 10(1)(a) of the Commission proposal should be replaced by the following: 'Public aid may be granted for fleet renewal or modernisation if the final objectives of the MAGP are fulfilled in each fleet segment, irrespective of whether there is an individual increase in capacity';

14. Replace Article 10, paragraph 1(b) with the following text: 'If the overall objectives of the multiannual guidance programme (MAGP) and the capacity objectives in each segment have not been met, public aid for fleet renewal and vessel modernisation may be granted only if in the particular case the capacity withdrawn exceeds new fishing capacity by more than 30 %.';

15. Article 11(2)(b) of the Commission proposal should be deleted;

16. In Article 12, paragraphs 2 and 3, delete all references to 'may' and insert 'shall';

17. In Article 13, paragraph 1 after 'his' insert 'or her';

18. In Article 13, paragraph 2, delete 'may' and insert 'shall';

19. In Article 13, paragraph 3(b), delete 'within the meaning of Article 8';

[1] CdR 309/98 fin — OJ C 93, 6.4.1999, p. 16.

20. In Article 13, paragraph 3(c), after 'collective social plan' insert 'including start up businesses in non-fishing related sectors';

21. 'Fresh-water fishing' should be inserted in Title III before 'aquaculture';

22. 'Fresh-water fishing' should be re-inserted in Article 14(1);

23. In Article 17, paragraph 1, first sentence, delete 'may' and insert 'shall';

24. In Article 17, paragraph 2, first sentence, delete 'may' and insert 'shall';

25. In the annexes to the Commission proposal, the limits on private beneficiaries financial participation in measures eligible for assistance should be the same in Objective 1 regions and in all other regions;

26. In Annex III, paragraph 1.4(b) delete 'Without prejudice to Article 17(2), the replacement of fishing gear shall not be considered eligible expenditure', add 'iv) the replacement of fishing gear and modernisation of fish rooms' and in paragraph 1.4(c) delete 'paragraph' and insert 'paragraphs' and add at the end 'and (iv)';

27. In Table 3 of point 2 (participation rates) of Annex IV, in the 'other areas' section of the Group 2 and Group 3 columns, the reference to '15 %' should be replaced by '25 %' in the case of Objective 2 regions.

Brussels, 3 June 1999.

The President

of the Committee of the Regions

Manfred DAMMEYER