

# European Fisheries Fund (EFF)

2004/0169(CNS) - 12/12/2012 - Follow-up document

In accordance with Council Regulation (EC) No 1198/2006 European Fisheries Fund (EFF Regulation), the Commission presents a report the implementation of the EFF during 2011.

**Financial implementation by Member States (MS):** certified interim payments sent by Member States by end of December 2011 amounted to 28% (EUR 1 187 725 419.93) of the overall EFF allocation, an increase of 84.5% compared to December 2010. The average commitment rate by end 2011 was 55.29%. Bulgaria and Romania are significantly delayed. The rate of commitment for Germany, France, Hungary, Italy, Malta, Slovenia, Spain and Sweden is below the average EU rate. On the other hand, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Ireland, Lithuania, Latvia, Austria, Poland, Slovakia, The Netherlands and United Kingdom are above the EU average. At the end of 2011, six MS were concerned by de-commitment according to the "N+2" rule for an amount of EUR 9 696 117, on the 2009 tranche. This represents a significant increase relative to the situation by the end of 2010.

**Audit of the Fuel Regulation:** in the framework of Council Regulation (EC) No 744/2008, audits were carried out in Belgium, Denmark, France, Portugal and Spain. The main findings related to shortcomings in the national management and control systems, and Member States were requested to take remedial action.

**Compliance:** compared to previous reports, compliance problems in relation to temporary and permanent cessation have lessened which prompted fewer interruptions in payments.

**Budget implementation by the Commission:** in terms of annual commitments, in 2011, 15.2% (EUR 653 204 485) of the total appropriations for 2007-2013 (EUR 4 292 990 279) were committed, of which EUR 496 297 184 for convergence and EUR 156 907 301 for non-convergence regions. In terms of payments, in 2011, 10.2% of the total appropriations were paid, of which 72.7% for convergence and 27.3% for non-convergence regions. These payments were made in the form of interim payments.

**Outcome of the strategic debate in Article 16.1 of the EFF:** interim evaluations for the EFF were the basis for a synthesis report that was used for the strategic debate by Directors of Fisheries held in Brussels on 8-9 December 2011.

The report found that the economic situation has had an important effect on the implementation of Axis 1, accelerating the implementation of measures on permanent and temporary cessation of fishing activity. Despite a specific provision in the EFF Regulation, permanent cessation measures have not been accompanied by the necessary Fishing Effort Adjustment Plan. The impact has also been felt in the implementation of measures in support for on-board investments, such as increasing the selectivity of gear (with only a few projects up and running), as well as support for small-scale coastal fishing.

The evaluation shows low overall contribution of EFF programmes to the conservation of resources or to environmental sustainability, with underutilisation of available environmental measures. The contribution of EFF programmes to the promotion of equal opportunities was generally viewed as neutral or only marginally positive.

The Commission asked Member States to examine ways to accelerate implementation of the EFF. It also presented a synthesis on views and reactions on the programming stages of the EFF. Many Member States

concluded that the National Strategic Plan (NSP) had been useful at the early stages of the programming process but lost its relevance in the programming cycle. Others stressed the need for a regional dimension to the NSP including, where relevant, a sea-basin approach.

**Economic performance of the fisheries sector in 2010 to 2011:** contrary to the situation during 2007-2009, **the EU fleet was on average profitable in 2010.** 11 out of 21 Member States for which there is information generated a net profit in 2010, 4 continued to generate losses in the sector, while the rest broke even.

Total income was EUR 7 billion while total costs were EUR 6.5 billion (93% of total income). Total income increased 2.6% over that of 2009. It comprised EUR 6.6 billion in fish sales, EUR 34 million in fishing rights income, EUR 193 million in non-fishing income, and EUR 126 million in direct income subsidies (less than 2% of total income and 27% less than in 2009).

Aggregated crew wages (EUR 1.9 billion, 9% less than in 2009, in spite of the increase in employment), fuel (EUR 1.3 billion 11% more than in 2009, a percentage significantly below the 37.5% increase of fuel prices between 2010 and 2009), other variable costs (EUR 943 million) and depreciation costs (EUR 793 million) were the 4 most important cost items, together representing 75% of total costs.

The total number of fishers employed on board (excluding Greece) was 138 500 (105 700 FTE). This represents an increase of 2.4% over 2009. Spain had the highest level of employment, both in terms of total employed and FTEs, of all EU MS for which data was available.

The report also looks at the figures for processing and aquaculture.

**Permanent cessation:** by 31 December 2010, EFF support for permanent cessation accounted for just 3% of the projects undertaken but for 56% of the EFF payments under Axis 1 (EUR 202 million). Based on current projections, for the 2007-2013 programming period, this would represent approximately EUR 720 million. Adding this amount to the EUR 546 700 000 paid under the FIFG (2000-2006 period) results in an **overall amount of close to EUR 1.3 billion of public support for decommissioning measures in the 2000-2015 period.**

Successive evaluations of the EFF and its predecessor the FIFG have highlighted a recurrent problem with the way permanent cessation is used in practice. It is triggered not so much by the need to adapt the fleet to the resources available but by the economic difficulties of fleets, irrespective of the situation of stocks. The requirement in the EFF of **putting in place fishing effort adjustment plans before using permanent cessation has not solved that problem.** On the contrary, in some fishing effort adjustment plans, permanent cessation is explicitly presented as a tool to compensate for the reduction of fishing opportunities and to improve the economic viability of the remaining vessels. As a result, permanent cessation is often not targeted on the vessels which exert the most pressure on the stocks but on those with the worst financial prospects, which limits the effectiveness of the capacity adjustment it generates.