



Basic information	
<b>2004/0169(CNS)</b> CNS - Consultation procedure Regulation	Procedure completed
European Fisheries Fund (EFF)  Repealed by <a href="#">2011/0380(COD)</a> Amended by <a href="#">2011/0212(COD)</a>  <b>Subject</b>  3.15.16 Financial Instrument for Fisheries Guidance (FIFG), European Fisheries Fund (EFF)	

Key players					
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>	
	<b>PECH</b> Fisheries		CASA David (PPE-DE)	15/09/2004	
	<b>Committee for opinion</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>	
	<b>BUDG</b> Budgets		GRIESBECK Nathalie (ALDE)	20/09/2004	
	<b>CONT</b> Budgetary Control		MULDER Jan (ALDE)	22/09/2004	
	<b>ENVI</b> Environment, Climate and Food Safety		The committee decided not to give an opinion.		
	<b>REGI</b> Regional Development		HIGGINS Jim (PPE-DE)	06/10/2004	
	Council of the European Union	<b>Council configuration</b>		<b>Meetings</b>	<b>Date</b>
		Agriculture and Fisheries		2669	2005-06-20
		Agriculture and Fisheries		2619	2004-11-22
Agriculture and Fisheries		2599	2004-07-19		
Agriculture and Fisheries		2739	2006-06-19		
Agriculture and Fisheries		2730	2006-05-22		
European Commission	<b>Commission DG</b>		<b>Commissioner</b>		
	Maritime Affairs and Fisheries				

## Key events

Date	Event	Reference	Summary
14/07/2004	Legislative proposal published	COM(2004)0497 	Summary
19/07/2004	Debate in Council		
22/11/2004	Debate in Council		Summary
14/12/2004	Committee referral announced in Parliament		
20/06/2005	Debate in Council		Summary
21/06/2005	Vote in committee		
24/06/2005	Committee report tabled for plenary, 1st reading/single reading	A6-0217/2005	
05/07/2005	Debate in Parliament	CRE link	
06/07/2005	Decision by Parliament	T6-0282/2005	Summary
06/07/2005	Results of vote in Parliament		
22/05/2006	Debate in Council		
27/07/2006	Act adopted by Council after consultation of Parliament		
27/07/2006	End of procedure in Parliament		
15/08/2006	Final act published in Official Journal		














## Technical information

<b>Procedure reference</b>	2004/0169(CNS)
<b>Procedure type</b>	CNS - Consultation procedure
<b>Procedure subtype</b>	Legislation
<b>Legislative instrument</b>	Regulation
	Repealed by <a href="#">2011/0380(COD)</a> Amended by <a href="#">2011/0212(COD)</a>
<b>Legal basis</b>	EC Treaty (after Amsterdam) EC 037
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	PECH/6/22726

## Documentation gateway

European Parliament				
Document type	Committee	Reference	Date	Summary
Committee opinion	<span style="border: 1px solid red; padding: 2px;">REGI</span>	<a href="#">PE355.438</a>	25/04/2005	
Amendments tabled in committee		<a href="#">PE357.979</a>	09/06/2005	
Committee opinion	<span style="border: 1px solid red; padding: 2px;">CONT</span>	<a href="#">PE357.830</a>	14/06/2005	
Amendments tabled in committee		<a href="#">PE360.039</a>	16/06/2005	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A6-0217/2005</a>	24/06/2005	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T6-0282/2005</a> <a href="#">OJ C 157 06.07.2006, p. 0097-0324 E</a>	06/07/2005	Summary

**European Commission**

Document type	Reference	Date	Summary
Document attached to the procedure	<a href="#">SEC(2004)0965</a> 	14/07/2004	<a href="#">Summary</a>
Legislative proposal	<a href="#">COM(2004)0497</a> 	14/07/2004	<a href="#">Summary</a>
Commission response to text adopted in plenary	<a href="#">SP(2005)2923</a>	14/07/2005	
Follow-up document	<a href="#">COM(2009)0696</a> 	22/12/2009	<a href="#">Summary</a>
Follow-up document	<a href="#">SEC(2009)1714</a> 	22/12/2009	
Follow-up document	<a href="#">SEC(2011)0139</a> 	07/02/2011	
Follow-up document	<a href="#">COM(2011)0037</a> 	07/02/2011	<a href="#">Summary</a>
Follow-up document	<a href="#">SEC(2011)1620</a> 	21/12/2011	<a href="#">Summary</a>
Follow-up document	<a href="#">COM(2011)0927</a> 	21/12/2011	<a href="#">Summary</a>
Follow-up document	<a href="#">SWD(2012)0424</a> 	12/12/2012	
Follow-up document	<a href="#">COM(2012)0747</a> 	12/12/2012	<a href="#">Summary</a>
Follow-up document	<a href="#">SWD(2013)0533</a> 	18/12/2013	
Follow-up document	<a href="#">COM(2013)0921</a> 	18/12/2013	<a href="#">Summary</a>
Follow-up document	<a href="#">COM(2014)0738</a> 	16/12/2014	<a href="#">Summary</a>
Follow-up document	<a href="#">SWD(2014)0352</a> 	16/12/2014	
Follow-up document	<a href="#">COM(2015)0662</a> 	17/12/2015	<a href="#">Summary</a>
Follow-up document	<a href="#">SWD(2015)0295</a> 	17/12/2015	
Follow-up document	<a href="#">SWD(2017)0276</a>	14/07/2017	
Follow-up document	<a href="#">SWD(2017)0274</a>	14/07/2017	

**National parliaments**

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	<a href="#">PT_PARLIAMENT</a>	<a href="#">COM(2012)0747</a>	11/10/2013	

**Other institutions and bodies**

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	<a href="#">CDR0252/2004</a> <a href="#">OJ C 164 05.07.2005, p. 0031-0047</a>	23/02/2005	
ESC	Economic and Social Committee: opinion, report	<a href="#">CES0532/2005</a> <a href="#">OJ C 267 27.10.2005, p. 0050-0056</a>	11/05/2005	

Additional information		
Source	Document	Date
European Commission	<a href="#">EUR-Lex</a>	
European Commission	<a href="#">EUR-Lex</a>	

Final act
<a href="#">Regulation 2006/1198</a> <a href="#">OJ L 223 15.08.2006, p. 0001-0044</a>
<a href="#">Summary</a>

## 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.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 18/12/2013 - Follow-up document

The Commission presents its 6<sup>th</sup> report on the implementation of the European Fisheries Fund (EFF).

**Overall assessment of EFF implementation:** the report shows that certified interim payments sent by Member States by the end of December 2012 **amounted to 41.4% (EUR 1 776 515 076) of the overall EFF allocation** - this represents an increase of 49.6% (EUR 588 789 657) relative to December 2011.

From 31 July 2012 to 31 May 2013, **commitments increased** by EUR 476 million (an 8% increase relative to the annual average), to EUR 2.898 billion (67.37% of the total EFF allocation). This amounts to an increase of 20% over a ten month period, indicating a significant acceleration in implementation.

With regard to the **five most important measures** (in terms of commitments per measure) in July 2012 and May 2013, the report reveals a significant reshuffling of EFF commitments. In the first half of 2013, fleet measures such as permanent and temporary cessation have decreased in importance compared to EFF supported investments processing. Permanent cessation decreased by almost 4% and temporary cessation also slowed down. Aquaculture remains also very important. The importance of commitments in infrastructure projects (fishing ports) remains stable.

### Assessment by priority axis:

**Axis 1 – Adaptation of the EU fishing fleet:** the EU fleet landed 4.7 million tonnes of seafood in 2011, worth EUR 6.3 billion. The EU fishing fleet landed less in quantity in 2011 relative to 2010 but generated a higher value. The fleet **continued its consolidation** and the slow economic recovery initiated in the last few years.

The report shows that generally speaking, **small scale coastal fleets** are performing better than fleets composed of larger vessels. They accounted for over 40% of total employment, and even if they represent just 6% of the total gross tonnage and landings by weight, they accounted for 15% of the landed value and for 20% of the net profits and gross value added (GVA).

**-Permanent cessation:** the EFF includes measures to adapt the EU fishing fleet, including public support for the permanent or temporary cessation of fishing activities. As of 31 July 2012, a total of 3 692 permanent cessation operations were underway. Some EUR 475 million of EFF money had been committed (EUR 128 657 per operation). The national public contribution amounted to a further EUR 364.44 million (EUR 98 711 per operation). By 31 May 2013 however, the number of permanent cessation operations had increased by 9.1% to 4 026.

**-Temporary cessation:** by 31 July 2012, the EFF was supporting 47 885 operations (57% of the total number of operations). Public support per operation was nevertheless small, EUR 6 369 (EUR 3 881.5 from the EFF and EUR 2 487.5 from national public funds). By 31 May 2013, the number of operations was 54 826 (54.31% of the total number of operations -100 935).

**Investments on board fishing vessels and selectivity:** EFF commitments for investments on board fishing vessels and selectivity (often referred to as modernisations) amounted to 8.7% of the total by July 2012 and close to 11% by May 2013 (11 341 operations), an increase of close to 25% over a ten month period. The leverage effect of these two measures is quite high (EUR 1 of EFF funding generates around EUR 4 of national funding, most of it private).

## Priority Axis 2 – Aquaculture and processing:

**-Aquaculture:** the report shows that **expenditure in aquaculture measures remains among the largest in terms of EFF commitments**. As of 31 May 2013, EUR 429.9 million of EFF money had been committed to aquaculture. The EU contribution has leveraged EUR 183.4 million of national public contribution and a further EUR 537.8 million of private funding.

Although recent trends show an increase in EFF support for investments in aquaculture, **production has stagnated in the last decade**. The Commission estimates that an increase of 1% in consumption from EU aquaculture could help create between 3000 and 4 000 full-time jobs.

For these reasons, the Commission proposed, through the reform of the Common Fisheries

Policy, to **promote aquaculture** through an open method of coordination, based on the adoption of Strategic Guidelines by the Commission, to assist Member States in the preparation of their Multiannual National Strategic Plans.

**-Processing:** the fish processing sector in the EU includes more than 3 500 firms with fish processing as their main activity, accounting for about EUR 23 billion of turnover. EFF support for the processing industry is the largest in terms of EFF commitments. As of 31 May 2013, EUR 504.6 million of EFF support had been committed to processing.

**Axis 3 – Pilot projects:** in the period 2007-2012, the EFF supported 453 operations fostering innovation. The modest number of operations supported (0.53% of total EFF operations) can be explained by the relatively high public cost per operation, which is among the highest in the EFF. These figures show that innovation is costly and represents a risk for private operators, which does not lead to short-term gains. **The need for public financing in this area is therefore much greater.**

**Axis 4 – Sustainable development of fisheries areas :** the implementation of Axis 4 **progressed substantially in 2012**. Progress in commitments is also substantial, with the number of operations increasing from 2 732 on 31 July 2012 to 4 704 by 31 May 2013, a 72% increase in 10 months.

Many projects contributed to **increasing income** and safeguarding jobs by strengthening the position of fishermen in the supply chain. Axis 4 has also helped to **create job opportunities** for local people in fisheries areas by promoting entrepreneurship and innovation.

The Commission will **launch a study in 2013** to examine the first concrete results of Axis 4 and its effectiveness in dealing with the challenges facing fishing communities.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 16/12/2014 - Follow-up document

The Commission presents its seventh annual report on the implementation of the European Fisheries Fund (EFF) by the commission and Member States during the course of 2013, the last year of the programme.

The main conclusions of the report are as follows:

**Financial implementation:** certified interim payments sent by Member States in 2013 totalled **EUR 544** million, compared to EUR 589 million in 2012. By 31 May 2014, EFF commitments amounted to EUR 3.413 billion. This represents an increase of 18 % over 31 May 2013 (EUR 515 million in one year).

The public national contribution up to 31 May 2014 was EUR 2.088 billion, which represents an increase of EUR 360 million over 31 May 2013 (+21 %). Over the same period, private contributions to EFF-supported measures amounted to EUR 2 497 billion.

The most significant leverage effects can be found in measures supporting modification for reassignment of fishing vessels, investments on board fishing vessels, fish processing and aquaculture.

The report notes that both commitments and certified expenditure at the level of the Member States have improved, but there is still some way to go.

By the end of 2013, only two years before the end of EFF implementation, **certified interim payments sent by the Member States represented just over half of the overall EFF allocation**. The extent of commitments at national level at this stage is significantly higher (80 %) but still below the ideal /expected 100 %.

These low figures towards the end of the programming period could mean that **Member States will not be able to make full use of 20 % of the funds available** in support of the implementation of the CFP unless additional funds are committed in the remaining time until the end of the programming period, i.e. 31 December 2015.

**Evolution per priority axis:** the report confirms the trends that were noted in previous implementation reports. Fleet measures (temporary cessation and permanent cessation of fishing activities, investments on boats) though still important, have gradually decreased. **Aquaculture and processing** continue to be important areas of investment for the EFF. Axis 4 (sustainable development of fisheries areas) is gradually progressing.

The last two years (2012-2013) show a decline in EFF support to measures under Axis 1 (adjustment of the fleet) while support to Axis 2 measures increased, both for aquaculture and for processing, with a high level of private funding for processing.

Investments in aquaculture were the second largest for the EFF, behind processing. Axis 3 (measures of common interest) also seems to be making progress although at a slower pace. The implementation of Axis 4 progressed well in 2013, but still lags behind the rest.

**Audit:** in 2013, the commission carried out a review of the work of the audit authorities in certain Member States. Seven operational programmes were audited. The Commission concluded that, in all cases, the opinions of the audit authorities were reliable (although some improvements were needed).

## European Fisheries Fund (EFF)

2004/0169(CNS) - 17/12/2015 - Follow-up document

The Commission presented its eighth annual report on the implementation of the European Fisheries Fund (EFF) during 2014.

The 2014 annual implementation report confirmed the following trends highlighted in previous reports:

**Axis 1: measures for the adaptation of the community fishing fleet:**

- by 31 May 2015, the EFF had contributed to 4 267 **permanent cessation** operations (+4 % over 31 May 2014), at a total public cost of EUR 935.81 million, including EUR 546.34 million from the EFF;
- as in previous years, **temporary cessation** remains the most used measured in terms of number of operations (63 152 operations 46.27% of the total number). However, in relative terms the importance of support to temporary cessation decreased by 10% between May 2014 and May 2015;
- **investments** in selectivity and on board fishing vessels remain the second most used set of EFF measures (13 019 operations); however, their relative importance has decreased since May 2013 (from 10.8% to 9.54%);
- operations in favour of small-scale coastal fishing remains few, representing only 4.21% of the total number of operations, but just 0.97% of the total EFF commitments.

The **gradual decrease over the last years in EFF support to measures under Axis 1 (permanent and temporary cessation in particular) is more prominent in 2014-2015**. This decrease can be explained by the following factors: scrapping schemes implemented in the past partly addressed overcapacity in some fleet segments; the improved profitability of some fleets makes the sector more confident in its future.

**Axis 2: aquaculture and processing:** aquaculture measures are the second largest areas of investment for the EFF:

- the number of operations is relatively small (8 358 operations, 6.12 % of the total), but they consume 14.33% of EFF commitments;
- **the relative importance of processing operations** has been increasing since end of July 2012 (+37%). The total cost of operations amount to EUR 2.39 billion of which EUR 1.33 billion are private resources and EUR 1.06 billion are public resources, of which EUR 685 million correspond to the EFF and the rest to public national contributions.

**Axis 3: measures of common interest:** axis 3 is still making progress, though at a relatively slower pace:

- by 31 May 2015, the EFF was contributing to 1 702 infrastructure projects (1.25 % of the total). Total investments amount to EUR 815.3 million (+17% over May 2014), with a public contribution of EUR 745 million (+16.5%), of which EUR 435.96 million EFF (+10%);
- **development of new markets and promotional campaigns**, by 31 May 2015, while the number of financed operations in this field was relatively small (2 363, 1.73 % of the total), they consumed 3.63% of total EFF commitments;
- **pilot** operations include the experimental use of more selective fishing techniques aimed at acquiring and disseminating new technical knowledge. The figures remain modest, 716 operations, representing just 0.52% of the total number, which is nevertheless a significant increase over 31 May 2014 (+20.5%).

**Axis 4: sustainable development of fishery areas:** axis 4 is **rapidly progressing** and now represents 11.47% of total EFF commitments. Whilst at the end of 2012 there were only 2 756 projects selected on the ground, this figure jumped to 6 353 projects in one year. This trend continued and by 31 May 2015, 11 299 projects had been approved (+28.4%).

**National public contributions and private contributions:** comparing the situation at the end of May of 2015 and 2014, it is possible to observe that for many measures (particularly aquaculture, processing, pilot projects and marketing measures) **the average national public contribution per operation increases more rapidly than the EFF contribution**.

In addition given the relative decrease in state aid schemes, it could be argued that national support is being directed towards co-financing EFF measures rather than granting state aid.

There is some evidence of an **increase of the private contribution per operation**. In part, this can be explained by a decrease in the aid intensity of EFF supported operations, particularly in profitable sectors of activity (most notably aquaculture and processing), which could be consistent with the fiscal consolidation over recent years.

**Financial implementation of the EFF by the Member States:** certified interim **payments** sent by Member States in 2014 totalled EUR 567 million, which represents a **4% increase** if compared with the same figure for 2013 (EUR 544 million). From 2007 to 31 May 2015, EFF **commitments** by the Member States amounted to EUR 3.91 billion. This represents an **increase of 14.5 %** of EFF commitments over 31 May 2014.

Both commitments and certified expenditure at the level of the Member States have improved but are **still below the level expected** before the end of EFF implementation.

By 31 May 2015, **over 9% of the EFF allocation (some EUR 394 million) had not been committed yet**, pointing to an urgent need to accelerate payments, in order to ensure full use of all funds available within the deadline (31 December 2015).

## European Fisheries Fund (EFF)

2004/0169(CNS) - 21/12/2011 - Follow-up document

The Commission presents a staff working document accompanying the Commission's fourth annual report on the implementation of the European Fisheries Fund (EFF) for 2010. The working document includes a summary of the EFF implementation in each Member State as well as four tables with detailed information on financial execution.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 21/12/2011 - 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 2010.

**Implementation of the European Fisheries Fund by Member States:** the reasons for the belated take off of EFF implementation were analysed in detail in the earlier Annual Reports – the late adoption of EFF Regulation and Implementing Regulation, the priority given by the Member States to the larger EU funds, the complexity of setting up compliant management and control systems and finalising the implementation of the Financial Instrument for Fisheries Guidance (FIFG) 2000-2006.

Another reason was the **effects of the economic and financial crisis** which constrained funding available to national co-financing in some Member States and hampered private investment. According to the mid term EFF evaluation, fishing and aquaculture were also exposed to increased economic pressure due to **rising fuel costs**, fish feed costs increase and rising levels of general unemployment resulting in some decline of demand for fisheries' products and stagnation of prices. On the other hand, for some Member States the impact of fuel crisis was rather temporary and been seen as an opportunity to promote innovation and higher productivity in the sector, to switch to more economical methods of fishing and to restructure the fleet.

The current figures show that **the implementation of EFF started to accelerate**, as expected in the 2009 Annual Report. By the end of 2010, 36.13% of the overall EFF allocation was committed to concrete projects, almost double the amount committed at the end of 2009, with some Member States exceeding 50%. The 36.13% of the overall EFF allocation was committed for the 4 priority axes as follows:

- 13.2% (EUR 567 485 078) for Axis 1 (measures for the adaptation of the Community fishing fleet,
- 11.7% (EUR 504 633 674) for Axis 2 (aquaculture, inland fishing, processing and marketing of fishery and aquaculture products),
- 9.7% (EUR 418 147 084) for Axis 3 (measures of common interest) and
- 0.7% (EUR 33 844 305) for Axis 4 (sustainable development of fisheries areas).

These figures reflect some progress not only for Axis 1 (where the financial absorption is facilitated by high aid intensity) but also for support under Axis 2 and Axis 3. This is a further confirmation that implementation of private and collective projects is picking up.

In terms of **payments**, by the end of 2010 EFF certified expenditure amounted to EUR 645 829 316, 15 % of the total EFF allocation. This is an increase by more than 10% in comparison with the situation at the end of 2009 (4.1%). Axis 1 accounted for most of the payments certified by Member States (60%) the high percentage of which is due to high aid intensity of this measure and the difficulties facing private and public co-financing, which have slowed down the implementation of measures under the other axes.

**Budget implementation by the Commission:** in terms of annual commitments, in 2010 14.8% of the total appropriations for 2007-2013 (EUR 4 304 949 019) were committed, of which EUR 485 174 453 for convergence and EUR 153 887 719 for non-convergence regions. In terms of payments in 2010, 8.85% of the total appropriations for 2007-2013 were paid, of which 66.9% for convergence and 33.1% for non-convergence regions. These payments were made in the form of interim payments.

At the end of 2010, two Member State (Germany and Slovak Republic) were concerned by a de-commitment according to the "N+2" rule referred to in Article 90 of the EFF for an amount of 2 154 026 and 108 599 respectively.

**Reduction of fishing capacity and economic performance:** during 2010, the **number of vessels decreased** by 0.82 %, while tonnage and power decreased by 3.6 % and 2 % respectively. These figures include the vessels registered in the outermost regions. The capacity reductions in 2010 are in line with those observed in the previous years and of the same magnitude as an estimated average annual increase of fishing capacity due to technological progress. According to the latest available Annual Economic Report on the European Fishing Fleet for 2009, the **gross value added of the EU fleet increased by 13%** in 2009 compared to 2008.

Despite this improvement, taking into account the capital costs, **the EU fleet as a whole moved into a loss making position**. Furthermore, if direct income subsidies were removed from the profit calculation, in 2009 the overall loss position would be still more significant (from -1.5% of total income to - 4.6% of total income).

In the same line, due to lower fuel costs during 2009, data suggest that **employment and average wages slightly increased in 2009** compared to 2008. However, both the total number of fishermen employed and the average wages were lower in 2009 than in 2004. As for the size of the EU fishing enterprises, the situation remains unchanged throughout the EU. The vast majority of around 41,000 EU fishing enterprises (91%) owned only one fishing vessel, while 8.5% of enterprises owned between two and five vessels, and 0.5% six or more vessels.

**The analysis of the economic performance by EU fleets reveals a mixed picture** in 2009, with 11 Member States making an economic loss during that year. The analysis between 2005 and 2009 at fleet segment level reveals that between 30-50% of all EU fleet segments made losses on average depending on the year i.e. vessels in these segments on average made insufficient returns on the capital invested. The data also suggests that between 2005-2009 the passive gear segments were more profitable than the mobile gears and beam trawlers were the least profitable.

Importantly, available data suggest that in the last years capital costs have been increasing for several segments of the EU fleet. In the same vein, the financial position has been also deteriorating for some fleet segments in parallel to the increase of the financial costs (e.g. interest paid by loans).

## European Fisheries Fund (EFF)

2004/0169(CNS) - 19/06/2006

By a qualified majority, with the Belgian and the Polish delegations abstaining, the Council adopted a political agreement on the proposal for a Regulation on a European Fisheries Fund (EFF), on the basis of a Presidency compromise endorsed by the Commission. Negotiations on the EFF failed twice previously, in June 2005 and May 2006. This adoption will provide the fishermen and the stakeholders in the fishing sector with a stable financial framework for the period 2007-2013. The implementing regulations are likely to be discussed from July to October 2006, so that the provisions can be implemented as soon as possible.

The key changes made by the agreement on the EFF are:

- Community support is extended to inland fishing and fisheries areas;
- The objectives of the Fund now include promotion of the sustainable development of inland fishing;
- The financial amounts allocated to the EFF have been reduced from EUR 4.96 billion to roughly EUR 3.85 billion following agreement on the draft on the financial perspectives;



- Extension of the scope of axis 1: the scope of the support of the Fund (Article 21) is extended to public aid in the framework of rescue and restructuring plans for firms finding themselves in difficulty, in accordance with Community guidelines on the subject; the scope also covers public aid on account of the temporary cessation of fishing activities for fishermen and the owners of fishing vessels for a maximum period of six months during the period 2007-2013, in the event of natural disasters, the closure of fisheries decided on by Member States for reasons of public health or other exceptional occurrences which are not the result of resource-conservation measures;
- Investment on board fishing vessels and selectivity covers the possibility of financing for the replacement of engines (Article 24) provided that it does not increase the fishing capacity: the Fund may contribute to the financing of the replacement of engines on fishing vessels –which was not initially provided for in the draft Regulation- provided the new engines have the same power or less in the case of small scale coastal vessels (12 metres or below), or that the new engines have at least 20% less power than the old ones in the case of vessels between 12 metres and 24 metres in length, or that they have at least 20% less power than the old ones and the vessels are subject to rescue and restructuring plans, and changes to less-fuel intensive methods in the case of trawlers more than 24 metres in length; initially the draft Regulation included only indicative figures for the financing of environmentally-friendly equipment and fishing gear;
- Aid for young fishermen (Article 26): the Fund may grant premiums to fishermen less than forty years old who can prove they have worked at least five years as fishermen or have equivalent professional training and who acquire for the first time a vessel less than 24 metres in length and between five and thirty years old. The premium must not exceed 15% of the cost of acquisition of the vessel nor exceed EUR 50 000. This measure is new as the initial draft provided for support only for training measures and training incentives for young fishermen;
- Investment aid in axis 2 (Article 28: aquaculture, inland fishing processing and marketing of fishery and aquaculture products): investment aid is now extended to medium-sized firms -instead of just micro and small businesses as in the proposal- and firms with less than 750 employees or with turnovers of less than EUR 200 million. Outermost regions and the outlying Greek Islands are exempt from these requirements;
- Aid intensity (Annex): Community financial participation has been merged with the public participation of the Member State concerned, simplifying the table on aid intensity and increasing the overall public contribution;
- Balance of fleet entries/exits: a joint statement from the Council and the Commission allows the reintroduction into the fleet of 4% (instead of 3%) of tonnage corresponding to exits from the fleet since 1 January 2007 in the reference period 2003-2006. However, Member States will be able to allocate this tonnage only for the purpose of improving safety, hygiene, working conditions and product quality on board vessels. Priority must be given to smaller vessels;
- Public aid for fishing vessels in the outermost regions permitted until 31 December 2006 (one year).

## European Fisheries Fund (EFF)

2004/0169(CNS) - 06/07/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by David CASA (EPP-ED, MT) by 524 votes with 89 against and 50 abstentions, and made numerous amendments to the Commission's proposal on reforming the system of financial aid to fishermen. Whilst Parliament accepted the principle behind the plans - to conserve fishing resources, it felt that the reform's socio-economic impact must be looked at too.

The amendments adopted focused on the following issues: the permanent withdrawal of vessels from fishing, the financing of fishing equipment and investment in aquaculture. The main points are as follows:

- On the withdrawal of boats from fishing, the Commission proposal would only allow subsidies for scrapping vessels or re-assigning them to non-profit making purposes. Parliament wanted to widen the scope of this policy, with amendments suggesting that public subsidies should be given for the scrapping of vessels or re-assigning them to non-fishing activities, or for creating joint ventures or for exports for non-fishing purposes. The Fund should be allowed to make lump-sum payments to crews of the vessels concerned.
- One of the objectives of the legislation should therefore be to promote the renewal and modernisation of the fishing fleet, provided that the sustainable balance between resources and the fishing effort and economic viability of the Community fleet is secured in order to ensure the highest possible level of supply of the Community market. There are new clauses on aid for the renewal and modernisation of the fishing fleet that does not result in an increase in capacity. Parliament stated that a Community Register of Vessels should be established which is harmonised across the Member States, with an indication of capacity and power measured using identical criteria, and which can easily be accessed for the purposes of monitoring, which shall be carried out by the Commission.
- A new objective inserted by Parliament is the promotion of more favourable treatment for the outermost regions. New clauses were introduced on public aid for renewal and modernisation of the fleet in the outermost regions.
- There are new provisions on aid for the conducting of experimental campaigns, as well as aid for the constitution of joint enterprises with Third States.
- Whilst the Commission text states that operations financed by the Fund shall not contribute to increasing fishing effort, Parliament states that funding of fisheries measures relating to clearly underexploited species shall be permitted.
- Member State shall adopt a national strategic plan within six months following the adoption of the strategic guidelines, and not three months. The national strategic plans shall be made public after their approval by the Commission.
- Member States may introduce one-off compensation for owners of vessels and fishermen in the context of marine resource protection plans such as Natura 2000 if this results in a reduction in fishing capacity.
- Aid may be granted for adaptations that enhance on-board safety, living and working conditions and, in general, the welfare of workers on board vessels, including engine replacement. Aid shall only be granted for the replacement of engines where this is for reasons of safety, fuel economy, or greater environmental friendliness, and on condition there is no increase in fishing capacity. Parliament stated too that the Fund shall make provision for the modernisation of all categories of fishing vessel, including their engines for safety reasons and on condition that the power of the new engine does not exceed that of the old one.
- Special emphasis was placed on smaller and older boats. Funding should be "for fleet renewal aimed at the replacement of vessels with an overall length of less than 12 metres" and on replacing "vessels older than 20 years which are not operating safely". The Commission proposal makes no mention at all of "fleet renewal" or vessels "eligible for replacement".

- The Fund may finance individual premiums for fishermen under the age of 35 who can prove that they have worked as a fisherman for at least five years or have equivalent vocational training and who are becoming owners or part-owners of a second-hand fishing vessel for the first time. It may also finance training measures and training incentives for young fishermen who wish to become owners of a fishing vessel for the first time.
- The Fund may grant contributions in the form of lump-sum premiums for crews of vessels affected by the permanent withdrawal from activity.
- On aquaculture, aid was originally restricted to micro and small enterprises, but this restriction has been deleted by Parliament. Parliament wanted EFF investments to cover all parts of the production chain, including the construction of new installations and the expansion and modernisation of existing installations and mussels dredgers, especially to increase production of species with good market prospects, provided they are technically and financially viable and do not generate excess production capacity.
- On the sustainable development of coastal fishing areas, Members disagree with the Commission, which wants the fund to invest only in communities with more than 100,000 inhabitants.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 14/07/2004 - Document attached to the procedure

### COMMISSION'S IMPACT ASSESSMENT

*For further details regarding the proposal for a European Fisheries Fund to implement measures aimed at securing sustainable fisheries and diversifying economic activities in fishing areas, please refer to the summary of the Commission's initial proposal COM(2004)0497 of 14 July 2004.*

#### 1- POLICY OPTIONS AND IMPACTS

**1.1- Option 1: maintaining the status quo** needs to be examined from the following aspects:

- **coastal zones:** affected by the decline in fishing activities, these risk depopulation and the relocation of those working in fisheries to other sectors or even other regions. The differential in development between fishing regions and other regions may also grow. The current approach could be pursued whereby no particular is in place for the support of coastal economies with the exception of socio-economic incentive measures for reconversion or compensation for reductions in fishing activities, or some support measures for the equipping of fishing boats. This would not suffice to encourage the reductions in excess capacity envisaged in the reform of the common fisheries policy (CFP), to compensate for the economic decline of communities dependent on fishing or to promote the synergies that integrated development measures specifically designed for these areas could promote.
- **over-fishing:** from a biological point of view, the sustainability of a large number of fish stocks will be threatened if fishing intensity remains at its current level. If the level currently attained is not modified, it will not only prove impossible to reduce the excess capacity of the fleet, but the fishing effort will continue to increase when it is already too high relative to the depleted state of stocks. This situation would result in a reduction in profits for many fishing businesses, bankruptcy for a number of them, the persistence of - and probably an increase in - job losses within the catching sector.
- **aquaculture:** the competition imposed by international trade has resulted in growing instability of the market and a drop in the average value of the price per kilo of farmed fish. Community aquaculture is also confronted with the problem of competition from others who make use of coastal areas such as tourism and other recreational activities, and problems of pollution of the marine environment.
- **processing:** the problems that the processing sector have experienced in recent years have given rise to considerable restructuring in the form of concentration with the appearance of large companies, which are often part of agro-food, finance or retail groups.

**1.2- Option 2: the creation of a new European Fisheries Fund (EFF):** the Commission's proposal aims to encourage the restructuring of the fisheries sector and to improve working and living conditions in coastal areas where the fisheries sector plays an important role. The proposal will radically simplify some of the existing measures. It will come into being with a new regulation establishing a single fund, the European Fisheries Fund, for the support of interventions, via a single programme for each Member State, covering all the regions whether or not they are eligible under the new convergence objective. The Fund's resources will be concentrated on a limited number of priority axes. The financial resources to support the implementation of the reformed Common Fisheries Policy (CFP) and the sustainable development of coastal areas will have to be further developed to better respond to needs. This development will take place in the context of the financial perspectives proposed by the Commission for the 2007-2013 period. These propose an allocation of EUR 4.96 billion for the CFP for the enlarged Europe of 25.

Several types of impact can be expected from EFF interventions:

- impacts on the balance between resources and their exploitation will be positive at Community level: the EFF could make a contribution towards the objective of reducing the overall capacity of the Community fleet by around 15% over the programming period which could help reduce the pressure on resources by up to 60% for certain stocks. These impacts will not, however, be uniformly felt in all the Member States and will concern in the first place those countries affected by stock recovery plans;
- impacts on the competitiveness of businesses will be positive at micro-economic level (partially) and at macro-economic level;
- impacts on the supply and value-added to fishery products will be both negative (fall in the rate of self-sufficiency) and positive (in particular via projects carried out in the aquaculture and processing sectors);
- the EFF will enable the alleviation of the socio-economic effects of restructuring of the sector and limits on fishing via various socio-economic measures;
- the positive effects of co-funded projects in the aquaculture, processing and marketing sectors and the sustainable development of coastal areas could, to some degree, compensate for the job losses expected in the catching sector;
- the EFF will contribute to improved safety, working and hygiene conditions on board vessels and the quality of products;
- the EFF will contribute to the protection of the marine environment, and improved selectivity of fishing gear.

**CONCLUSION:** the implementation of a coastal development plan will play a crucial role in coastal regions suffering from a decline in fishing activities, facing serious recruitment problems, and/or where alternative jobs are hard to find. However, diversification outside the fisheries sector is necessary using an integrated approach involving local actors.

## 2- FOLLOW-UP

The follow-up of the Funds will take place as follows:

- at strategic level, on a regular basis, through annual reports of the member States concerning the interventions undertaken and the Commission's report on the implementation of the strategic guidelines of the CFP;
- at operational level, via an interim evaluation and an annual report by programme;
- the establishment, for each operational programme, of a Monitoring Committee to ensure the efficiency and quality of the interventions;
- the organization of an annual verification to enable the progress of the programme and its results to be assessed, to examine how implementation aspects could be improved in order to better contribute to the realization of the strategic objectives. The system of control will be based on the system of control set up by Member States. The Commission will require the Member States for whatever is necessary for it to have reasonable certainty regarding good financial management in order for it to be acquitted of its responsibility for the implementation of the Community budget.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 22/11/2004

The Council held a policy debate on the proposal for a Council Regulation on a European Fisheries Fund, on the basis of a questionnaire drawn up by the Presidency, and invited Coreper to continue discussions on this proposal.

Nearly all the delegations took the floor to answer the five questions in the questionnaire.

In general, the principles laid down in the proposal were accepted by a vast majority of Member States, including the five priority axis proposed for the 2007-2013 period.

Several delegations supported the principles of the CFP reform of December 2002, whereby the Council decided to end subsidies for renewal of fishing vessels and to limit aid for their modernisation to works aimed at improving safety, hygiene and working conditions on board and did not concern fishing capacities. However, other delegations asked for the reintroduction of the aid for renewal and/or modernisation, in particular taking into account specific circumstances such as the situation of outermost regions and small-scale fisheries. Some delegations also insisted on the need to maintain a premium for young fishermen.

As regards the two-year limit for the implementation of national plans for the adjustment of fishing effort, several delegations asked for a longer period of time. Some delegations also questioned the mandatory nature of the socio-economic measures proposed.

Several delegations requested that explicit reference be made to inland fisheries support in the proposal, as it is currently dealt with within FIGG.

A number of delegations also requested extension of the aid to aquaculture and processing sectors to medium-sized enterprises and processing businesses.

Finally, a large number of delegations asked for increased flexibility and subsidiarity in the setting of criteria for the eligibility of fishing coastal areas.

Commissioner Borg noted the broad support expressed by delegations for the Commission proposal, and said he looked for bilateral meetings to be held with delegations in order to go into the proposal in further detail.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 07/02/2011 - Follow-up document

The Commission presents its third annual report on the implementation of the European Fisheries Fund (EFF). It covers the implementation of the EFF during 2009, the third year of the EFF programming period (2007-2013). Accompanying this report is a Commission Staff Working Document which includes a short summary of the EFF implementation in each Member State as well as four tables with detailed information on financial execution

**Implementation of the European Fisheries Fund by Member States:** the delayed adoption of Council Regulation (EC) No 1198/2006 (the EFF Regulation) had as a consequence the late adoption of Operational Programmes (OP) in Member States. As a result, a small number of Management and Control Systems (MCS) and Audit Strategies had been approved by the Commission by the end of 2008. For this reason the Annual Reports for 2007 and 2008 focused on programming rather than actual execution.

In most Member States the proper implementation of the EFF took off in 2009. The overall EFF execution at the end of this third year was 18.4% (EUR 793 894 729) in terms of commitments and 4.1 % (EUR 175 029 780) in terms of payments of which 61.93% for convergence (EUR 108 408 149) and 38.06% for non-convergence regions (EUR 66 621 631). These payments were partly made in the form of second pre-financing payments (EUR 108 821 400), an opportunity introduced by the Council Regulation (EC) N° 744/2008 (Restructuring Regulation), claimed by 7 Member States in 2009. The other payments were made in the form of interim payments for a total of EUR 66 208 380.

There are number of reasons for the slow rate of implementation, which were beyond the control of Member States. The programming stage was significantly delayed. Besides the late adoption of EFF Regulation and Implementing Regulation, there were also additional revisions of OP's in those Member States which decided to implement the Restructuring Regulation. Setting up compliant MCS was also a complex task managed for the first time by relatively small fisheries administration. The 10 OPs for which the MCS had not been accepted by December 2009 represented around 75% of the EFF budget allocated for the whole period. As these causes of delay are no longer present, it is expected that the rate of implementation will be accelerated throughout the remaining duration of the programme.

In addition, external factors linked to economic crisis made the absorption of the funds an even more difficult task for Member States. As a result, by the end of 2009 Axis 1 (where permanent and temporary cessation measures combined with high aid intensity facilitate financial absorption) accounted for most of the payments certified by Member States (56%) while Axis 2 and Axis 3 accounted for, respectively, 17% and 25%. However, the figure of 18.4% of the overall EFF allocation committed to concrete projects, with some Member States exceeding 30%, indicates some forthcoming progress in

the implementation. The commitments by axes amounted to 7.7% for Axis 1, 5.3% for Axis 2, 4.7% for Axis 3 and 0.4% for Axis 4. These figures show some progress not only for Axis 1 but also for the support under Axis 2 and 3. This means that the implementation of private and collective investment projects, notwithstanding the effects of the financial and economic crisis, may be picking up.

Axis 4 had a slower start, due to the longer time needed to set up local partnerships and adopt local development strategies. By the end of 2009 however, more than 90 Fisheries Local Action Groups (FLAGs) had already been selected in nine of the twenty-one Member States implementing axis 4.

In order to accelerate the rate of EFF implementation and make the EFF assistance reach the beneficiaries in the fisheries, aquaculture and processing sectors, Member States need to act as soon as possible, in line with the financial discipline.

**Economic situation of the fishing sector** : in total, Member States adopted 13 Fleet Adjustment Schemes (FAS), which envisage the scrapping of 367 vessels accounting for 32 448 GT and 50 934 kW. Between 01.01.2007 and 31.12.2009 the size of the EU fleet has been reduced from 1 970 860 GT to 1 797 292 GT and from 7 168 605 kW to 6 627 994 kW. Cumulated figures from Member States annual reports on EFF implementation for 2007-2009 show that fleet reduction with EFF assistance planned in this period is 138 427 GT and 442 232 kW. These figures show that the mid-term target of 7% reduction GT by 2010 (~ 140 000 GT) and 15% kW reduction envisaged for the period 2007-2013 has been achieved. Concerns expressed about proper measurement of kW in this context will be addressed in the framework of control implementing regulation.

EU assistance accounted for less than 50% of the overall reduction of the EU fleet. This seems to indicate that economic problems and the over-fished stocks are pushing down the size of the fleet. The result is a significant amount of capacity withdrawn without public aid which is not being replaced. The Commission expects reductions in employment in some important fleets, especially those with high fuel consumption, and a modest or low economic profitability in other fleet segments which, in turn, might limit available private investment.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 22/12/2009 - Follow-up document

The Commission presents its report on both the annual implementation of the European Fisheries Fund (EFF) for 2008 and on the implementation of Council Regulation (EC) No 744/2008 (the Restructuring Regulation). It is recalled that the content of the first Annual Report for 2007 was limited as only 19 (out of 26) Operational Programmes (OPs) were adopted. The remaining 7 OPs were adopted in the second half of 2008. Due to the late adoption of OPs, by the end of 2008 only a very small number of Management and Control Systems and Audit Strategies had been accepted by the Commission. The resulting low rate of implementation implies that the Commission report on the implementation of the EFF for 2008 concentrates more on the way the OPs are programmed than on the actual execution, which remained limited at that stage. The low implementation rate may also result from the reprogramming efforts undertaken by a number of Member States in order to implement the temporary specific action in the Restructuring Regulation.

**Annual report 2008**: for the 19 OPs adopted by the end of 2007, Member States' efforts concentrated on the preparation of the next implementation steps and, with the exception of Austria and France, no interim payment claims were submitted. The financial tables on the breakdown of EFF allocations between priority axes show an overall even distribution of funds between priority axes 1, 2, and 3. Axis 4 is less prominently funded due to the fact that measures for the sustainable development of fisheries areas are new in the programming period 2007-2013 and their implementation will only become effective as from 2010, once the local groups have been set up and the local development strategies are being implemented. This still shows, however, the high interest of Member States in this innovative measure. The allocations per axis vary largely between the Member States, reflecting the highly diverging conditions and strategies of Member States for their fisheries sector. Funds for the adjustment of the fishing fleet vary for instance between 82% in Ireland and 4.3% in Romania. The analysis of Axis 1 shows that the **approach towards fleet adaptation measures, such as permanent cessation, depends largely on the general strategic approach for tackling overcapacity**. Thus, some Member States give priority to the scrapping of vessels whilst others prefer market mechanisms like Individual Transfer Quotas (ITQs) to reduce fishing capacity. As a result the capacity reduction targets vary between the OPs. Overall, the target set in the OPs for capacity reduction is around 15% (kW and GT) by the end of 2013. Very large differences can also be noted in the allocations for support to aquaculture and processing and marketing. Whereas, for instance, Ireland has opted out from such support landlocked countries naturally foresee a high share of support under Axis 2, e.g. 98% in Austria.

With regard to **budget implementation by the Commission**, in terms of commitments, in 2008 24.05% (EUR 607 763 784) of the total appropriations for 2007-2013 (EUR 4 304 949 019) were committed, of which EUR 459 679 025 for convergence and EUR 148 084 759 for non-convergence regions. In terms of payments 11.1% (EUR 249 361 192) of the total appropriations for 2007-2013 were paid. These payments were almost entirely made in the form of pre-financing payments, of which EUR 72 775 030 for the 7 OPs adopted in 2008. In addition, 14 Member States claimed a second pre-financing payment, a possibility introduced by the Restructuring Regulation, leading to additional pre-financing payments. Due to lack of payment appropriations, only 9 Member States received the second pre-financing in 2008 (EUR 176 248 671).

**Implementation of the Restructuring Regulation**: the report notes that the Restructuring Regulation was adopted in the context of peak prices of fuel and based on widely shared expectations that energy prices would remain on a very high level. By the second half of 2008, however, prices returned to levels well below those that launched the crisis in the sector (EUR 0'5/l) in November). Although prices have remained high (the break-even point for some fleet segments has been assessed as EUR 0'30/l), the economic prospects in the last quarter of 2008 were generally better than at the time of adoption of the regulation. The picture changed again in the months following the financial crisis put new pressure on fishing operators through contraction of demand and declining fish prices. However, in spite of the financial crises, it appears that, overall, the incentives for operators to leave the fishing activity were lower than under the fuel crisis period. Hence, there was limited recourse to measures available under Fleet Adaptation Schemes, which eventually were adopted by only a few Member States. Similarly, the need for emergency relief, in particular through temporary cessation and socio-economic compensation, became less important, although in some Member States (e.g. Spain) important resources were freed for temporary cessation. There has been a wider use of the other general measures offered by the regulation: demand from the sector remained high for measures to support energy efficiency, in particular energy audits and on board investments. The full effect of the Restructuring Regulation cannot be ascertained until all the relevant administrative decisions, which can be taken until 31 December 2010, are known and executed to a fair proportion. Nevertheless, at this stage it can be concluded that the restructuring package will certainly contribute to promoting more energy efficiency onboard fishing vessels, but is **unlikely to make a significant contribution towards the objective of promoting a capacity reduction in those fleets that are structurally less resilient to economic pressure**. As a matter of fact, the extent to which the permanent cessation under the adopted FAS increased the capacity reduction target already foreseen in the OP is relatively limited. Lastly, it has become apparent from exchanges with Member States that the lack of additional EU funds was, for some of them, limiting the implementation of the restructuring regulation. The Communication noted that further funds could not be obtained without a major effort by Member States to re-allocate funds to Axis 1 for a permanent restructuring of the fleets. However, this would have required corresponding reductions on other axes and most Member States have preferred to retain the national strategies agreed between national governments and consulted parties.

# European Fisheries Fund (EFF)

2004/0169(CNS) - 20/06/2005

The Council asked the Permanent Representatives Committee and the Commission to continue their contacts with a view to reaching agreement on the proposal for a European Fisheries Fund Regulation during the future United Kingdom Presidency.

# European Fisheries Fund (EFF)

2004/0169(CNS) - 27/07/2006 - Final act

PURPOSE: the establishment of the European Fisheries Fund.

LEGISLATIVE ACT: Council Regulation 1198/2006/EC on the European Fisheries Fund.

CONTENT: this Regulation establishes the European Fisheries Fund (EFF) and defines the framework for Community support for the sustainable development of the fisheries sector and inland fishing. It has a total budget of EUR 3.8 billion and will last from 1 January 2007 to 31 December 2013. The EFF replaces the current "Financial Instrument for Fisheries Guidance" (FIFG). Its objectives and priorities are based on the 2002 reform of the Common Fisheries Policy with a particular emphasis on the sustainable development of the EU's fishing sector. Since 1993 the sustainable development component of the CFP has been integrated into the rules governing the Structural Funds. The measures provided for in the Regulation apply to the entire territory of the Community.

EFF financial assistance will seek to support the following objectives:

- The CFP and the sustainable development of the EU's fishing sector.
- A sustainable balance between fish resources and the capacity of the fishing fleet.
- The promotion of sustainable inland fishing.
- Strengthening the competitiveness of the fishing fleet.
- Protecting, as well as enhancing, the environment of fish.
- Improving the quality of life in those areas where fishing takes place.
- Promoting equality between men and women in the fishing sector.

A number of principles have been established including that of complementarity, consistency and compliance – in other words the EFF shall provide assistance which complements national, regional and local action. Further, the objectives of the EFF are to be pursued through close Member State /Commission co-operation such as the preparation, implementation, monitoring and evaluation of the operational programmes.

In addition to establishing these principles, the Regulation requires the Member States to draw up firstly, National Strategic Plans and secondly, an Operational Programme, both of which will form the framework for implementing the EFF. The National Strategic Plan sets out the Member States' individual priorities and objectives and will include the estimated public financial resources required plus deadlines for implementation. The operational programme on the other hand, also to be drawn up by each Member States, will contain a synthesis of the policy areas eligible for support, a description and justification of the priority axes chosen; the setting of specific targets for each priority axis and a summary description of the principal measures envisaged for implementing the priority axes.

The operational programmes, will be based on five priority axes:

**1) Measures for the adoption of the Community fishing fleet:** under this heading the EFF will offer financial support to owners of fishing vessels and fishermen who have been affected by the reform of the CFP and, in particular, adjustments in the level of permitted fishing. Owners will receive aid for either the permanent cessation of fishing or the temporary cessation of fishing activities. The EFF can contribute to financing the permanent cessation of fishing activities – provided that it forms part of a fishing effort adjustment plan and includes actions such as the scrapping of fishing vessels or else reusing vessels to create artificial reefs. Alternatively, the EFF may be used to invest in on-board technology and the modernisation of fishing vessels.

**2) Aquaculture , inland fishing, processing and marketing of fishery and aquaculture products:** support under this heading will be targeted at: investing in aquaculture; public health measures and animal health measures. For example, the EFF may support investments in the construction and modernisation of installations with a view to improving working conditions, hygiene, animal health and environmental improvements. The EFF may also offer compensation to mollusc farmers for the temporary suspension of harvesting farmed molluscs due to the presence of toxin producing plankton.

**3) Measures of common interest:** within the scope of this priority axis the EFF will offer assistance to "broad" measures or those not normally undertaken by private enterprises such as the protection and development of aquatic fauna and flora. On a practical level actions could include removing lost fishing gear from the sea bed or the rehabilitation of inland waters, including spawning grounds and migration routes for migratory species.

**4) The sustainable development of fisheries areas:** the EFF is seeking to support the implementation of CFP sustainable development priorities and as such is offering assistance to environmental measures including support for coastal environments. As a matter of priority, assistance under the fourth axis, will target areas with a low population density, fishing regions which are in decline and small fishing communities. A fisheries area selected for assistance will be limited in size and, as a rule, shall be smaller than NUTS level 3. Measures eligible for financial assistance will include strengthening the competitiveness of the fishing area concerned and economic diversification.

**5) Technical Assistance:** funding under this heading will be devoted to evaluations, studies and meetings etc needed to implement the EFF. It will be allocated 0.8% of the budget.

Whilst the EFF retains many FIG features, a number of new elements have been introduced into the EFF in a bid to simplify and improve upon the previous financial instrument and to take account of the changing needs of the fishing industry. The EFF has been designed so that, in future, Member States can benefit from simplified implementation rules and take advantage of the greater flexibility afforded by the revised eligibility criteria.

ENTRY INTO FORCE: 4 September 2006.

## European Fisheries Fund (EFF)

2004/0169(CNS) - 14/07/2004 - Legislative proposal

**PURPOSE** : to establish a European Fisheries Fund (EFF) and define the framework for Community support for the sustainable development of the fisheries sector and coastal fisheries zones.

**PROPOSED ACT** : Council Regulation.

**CONTENT** : the European fishing industry currently receives aid from the European Union (EU) under the Financial Instrument for Fisheries Guidance (FIG). In common with the other so-called "structural funds", the current financial programme covers the period 2000 to 2006. The new European Fisheries Fund will succeed FIG and provide aid to fisheries from 2007 to 2013.

To be effective, EU funding to fisheries has to be adapted to the evolving needs of the fishing and aquaculture industry in an enlarging Union. The Common Fisheries Policy (CFP) is undergoing a major reform, agreed by the Council of Fisheries Ministers in December 2002. The new Fund will help implement the major changes under this reform aimed at delivering sustainability in fisheries and aquaculture.

In addition, to optimise the impact of public aid, there must be coherence between the Fisheries Fund and the other EU Structural Funds. EFF reflects the new approach for EU Funds towards simplification, strategic planning and greater responsibility for the Member States in the choice and implementation of funding. EFF combines innovations and continuity in order to better meet the challenges facing the fishing and aquaculture industry and the areas concerned.

The European Fisheries Fund, like the FIG, is to play a dual role in adding Community value. Firstly, as a financial instrument forming an integral part of the common fisheries policy, it is to accompany resource management measures and help adjust the structures of the production sector and the CFP monitoring tools. Secondly, it is to maintain a concern for cohesion vis-à-vis the populations and areas engaged in fishing activities.

As proposed here, the European Fisheries Fund will be able to play a greater role in the development and maintenance of the economic and social fabric of communities involved in fishing, for which the economic alternatives remain limited, while at the same time pursuing the objectives which the Treaty sets for the CFP.

The Fund will keep the same foundations and principles, as other Structural Funds, of multi-annual programming and monitoring, partnership, part-financing, subsidiarity and concentration on the least-favoured regions and those most under threat from the impact of fish stock recovery measures.

Each Member State will draw up a national strategic plan setting out its specific goals and priorities for Fund action, in the light of the Community strategic guidelines for the common fisheries policy. This strategic plan, which indicates the interventions and the financial contribution from the Fund and the other needed resources, will serve as a reference frame for drawing up the operational programmes.

The new EFF will target four priority areas. These reflect EFF's task of facilitating the implementation of measures adopted under the reform of the CFP to secure economic, environmental and social sustainability in fisheries.

The four EFF priorities have been identified as follows:

- Reduction of fishing pressure and better protection for the marine environment;
- Aquaculture, and processing and marketing of fisheries and aquaculture products;
- Measures of collective benefit;
- Sustainable development of coastal fishing areas.

More specifically, the proposal highlights that assistance under the Fund shall aim to:

- support the common fisheries policy so as to ensure exploitation of living aquatic resources in a way which creates the necessary conditions for sustainability in economic, environmental and social terms;
- promote a sustainable balance between resources and the capacity of the Community fleet;
- strengthen the competitiveness of the operating structures and the development of economically viable enterprises in the fisheries sector;
- foster the protection of the environment and natural resources;
- encourage sustainable development and the improvement of the quality of life in marine, lake and coastal areas affected by fishing and aquaculture activities;
- promote equality between women and men in the development of the fisheries sector and coastal fishing areas.

FINANCIAL IMPLCIATIONS : the proposed overall budget for EFF for the seven year-programming period 2007 to 2013 amounts to EUR 4.963 billion. Three-quarters of this budget will be allocated to the regions lagging behind, most of which are located in the new Member States.