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REVISED REPORT

From:	Presidency
To:	Permanent Representatives Committee (Part 1)/Council
No. Cion prop.:	17870/11 PECHE 368 CADREFIN 162 CODEC 2255 - COM(2011) 804 final
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund [repealing Council Regulation (EC) No 1198/2006 and Council Regulation(EC) No 861/2006 and Council Regulation No XXX/2011 on integrated maritime policy - *Progress Report*

I. INTRODUCTION

1. On 2 December 2011, the European Commission adopted a proposal for a new European Maritime and Fisheries Fund (EMFF). This proposal was officially presented to the Council during the "Agriculture and Fisheries" Council on 15-16 December 2011.

2. The EMFF proposal must be seen in the context of the Commission's proposal for a multiannual financial framework for 2014-2020 as well as the package for the reform of the Common Fisheries Policy (CFP) which is designed to lay down the legislative framework for the same period.

The general objective of the EMFF is to support the implementation of the CFP and to further develop the EU's Integrated Maritime Policy (IMP). The common procedural provisions are laid down in a proposal for a horizontal Regulation[1].

The European Commission proposes that most of the current CFP and IMP instruments are integrated into one fund, with the exception of Fisheries Partnership Agreements and the compulsory contribution to regional fisheries management organisations (RFMOs).

3. Since the beginning of January this year, the Working Party on Internal and External Fishery Policy has dedicated a lot of time to undertake a first reading of the proposal. As regards the financial framework, programming and eligible measures both related to CFP and IMP (Articles 1-92) of the proposal, the first reading has been completed whereas the reading of the rest of the proposal requires a little more work before completion of the first reading. A summary of specific comments made by delegations is set out in an annotated version of the proposal[2].

4. All delegations are still deemed to have scrutiny reservations on the proposal. The French, Netherlands, Slovene and United Kingdom delegations have entered Parliamentary scrutiny reservations.

5. To steer and accelerate the work of its preparatory bodies, the Agriculture and Fisheries Council held, in March and May, two orientation debates based on Presidency's questions[3].

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1 Cf. doc. 15243/11 FSTR 49 FC 39 REGIO 83 SOC 859 AGRISTR 56 PECHE 279 CADREFIN 87 CODEC 1632

2 Cf. doc. 9069/1/12 PECHE 128 CADREFIN 208 CODEC 1058 REV 1

3 Cf. docs. 7076/12 PECHE 63 CADREFIN 116 CODEC 519 and 9153/12 PECHE 132 CADREFIN 216 CODEC 1079.

6. The first debate revealed that delegations would like to see the EMFF do more, notably the need for reintroducing some fleet restructuring measures, an even stronger focus on aquaculture, including support of existing facilities, more measures for processing and marketing and incorporating the huge burden of the fishery related activities stemming from NATURA 2000 and the Marine Strategic Framework Directive into EMFF. A general concern is that the administrative rules are too complex and should be simplified.

7. The second debate revealed a general satisfaction with the proposed overall funding which should be adequate to support the implementation of the reformed CFP. Some delegations call for flexibility that would enable transfers, if needed, between the different headings. However, there are questions in relation to the proposed allocation under direct management. The Commission was invited to clarify the contents of the allocation criteria and their weighting.

8. The European Parliament's opinion is scheduled for January 2013.

9. During the month of May, the Presidency presented, at the level of the Working Party, draft amendments[4] in order to prepare a future tentative position of the Council. The presented amendments concern Articles 1-11, 14-17, 26-57, 68-72, 79-93, 95 and Annex III. As the parts regarding programming and implementation of shared management and sustainable development of fisheries areas are of a more horizontal nature and depend on work related to the other larger funds, the Presidency has deliberately decided to leave the administrative aspects aside for later. Furthermore, compensation for additional costs in outermost regions has to be dealt with later.

10. Although the initial reactions by Member States to the Presidency's proposals are generally positive. Member States still seek clarifications. The Presidency intends to pursue work on these amendments until the end of its term.

[4] Cf. docs. 9562/12 PECHE 151 CADREFIN 231 CODEC 1190 and 9847/12 PECHE 162 CODEC 1283 CADREFIN 254.

II. MAIN OUTSTANDING ISSUES IN THE FISHERIES SECTION

11. The following topics have from the outset been excluded from an in-depth discussion, and will have to be further scrutinised at a later stage, namely:
    - recitals and definitions; and
    - the choice and formulation of Commission powers to adopt delegated acts or implementing acts; in general terms, almost all delegations took the view that the use of delegated acts needs to be much more limited, and where possible preference given to implementing acts.

A. Budgetary resources under shared and direct management as well as financial distribution for shared management

12. As mentioned above, the second orientation debate revealed general satisfaction with the proposed overall funding, which should be adequate to support the implementation of the reformed CFP.

13. However, there are questions in relation to the proposed allocation of ca. EUR 1,05 bn under direct management in Article 16, especially for the IMP part. Several delegations have requested a detailed breakdown and explanation of the allocation and some delegations are of the view that the allocation is too high.

14. EMFF Article 15(3) and (4) sets out the allocations for control and enforcement measures and data collection which fall under shared management. Robust funding for these purposes are generally needed to support the implementation of the CFP. Some delegations have called for a transfer of part of the funds under direct management to shared management to increase the funds for control and enforcement measures and for data collection. Similarly, many delegations call for flexibility that would enable transfers, if needed, between the different headings in Article 15(2)-(6). Several delegations have requested that the EMFF cover operational costs associated with controls.

15. Regarding storage aid Member States are divided. Some delegations would have preferred this option to be omitted or phased-out faster than proposed. Contrary, several delegations are favouring the continuation of the mechanism. A few delegations would like to see the support level increased.

B. Criteria for allocation of funds to Member States

16. Generally Member States seeks more clarity of the criteria for the allocation of the EMFF funds.

C. Support for Fisheries

17. Concerning the list of operations that is not eligible under the EMFF, many delegations have expressed strong opposition as Article 13 rules out various traditional "fleet instruments", notably regarding construction of new vessels, decommissioning of vessels and temporary cessations of fishing activities. Many argue that there is a need for aid for modernisation of the fleet. Several delegations have argued that decommissioning is the only instrument to reduce fleet capacity, and in respect of temporary cessations, that they constitute an important accompanying measure to recovery plans.

18. While enabling the EMFF to support investments on board aimed at reducing the emission of pollutants or green-house gases and increasing energy efficiency of fishing vessels, a great many delegations argue that replacing old engines with more energy efficient engines is one of the main instruments to mitigate climate change, and should therefore be allowed.
Some delegations stated that should engine replacements be allowed, no capacity increases should occur as a result.

D. Support for Aquaculture

19. There is general agreement on the increasing role of aquaculture in the future. However, a large majority of delegations want the EMFF to continue supporting investments in the construction, extension, equipment and modernisation of existing production installations, and they have made a joint statement in the Council[5] and they also presented a joint proposal for amendments to that effect of the EMFF[6]. Furthermore, the said delegations made a joint statement to coincide with the May Salzburg Conference on Aquaculture. In response to this the Presidency has, at the level of the Working Party, presented draft amendments which broaden the scope of investments for aquaculture.

E. Ex ante conditionalities and admissibility of applications

20. There is a broad support for the Presidencies text reducing the number of ex ante conditionalities only to cover the ones relevant for CFP and especially EMFF.

21. Many delegations argue that the principle of admissibility of applicants should be kept precise and hence "other cases of non compliance with the CFP rules" should be omitted.

F. Administrative rules

22. The large majority take the view that the rules are too complex and cumbersome for such a small funds as the EMFF and want to see the rules simplified.

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5 Cf. doc DS 1185/12
6 Cf. doc. 9833/12 PECHE 159 CADREFIN 247 CODEC 1279