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COVER NOTE

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| From: | Secretariat General of the Council |
| date of receipt: | 23 January 2014 |
| To: | Delegations |
| Subject: | Proposal for a Regulation of the European Parliament and of the Council on amending Council Regulation (EC) No 1198/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability (doc: 11641/13 PECHE 283 CODC 1620 CADREFIN 163 - COM(2013) 428 final) |

Delegations will find attached the Report with the vote of 22 January 2014 of the European Parliament Committee on Fisheries on the above proposal.

This Report will be examined shortly in the Fisheries Working Party.



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Fisheries

2013/0200(COD)

21.11.2013

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council on amending Council Regulation (EC) No 1198/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability

(COM(2013)0428 – C7-0178/2013 – 2013/0200(COD))

Committee on Fisheries

Rapporteur: Maria do Céu Patrão Neves

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in *bold italics* in the left-hand column. Replacements are indicated in *bold italics* in both columns. New text is indicated in *bold italics* in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in *bold italics*. Deletions are indicated using either the ▯ symbol or strikeout. Replacements are indicated by highlighting the new text in *bold italics* and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on amending Council Regulation (EC) No 1198/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability (COM(2013)0428 – C7-0178/2013 – 2013/0200(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2013)0428),
 - having regard to Article 294(2) and Article 43(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0178/2013),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 19 November 2013¹,
 - having regard to the opinion of the Committee of the Regions of 19 November 2013²,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Fisheries and the opinion of the Committee on Budgets (A7-0000/2013),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ OJ C ... /not yet published in the Official Journal.

² OJ C ... /not yet published in the Official Journal.

Amendment 1

Proposal for a regulation Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) Member States receiving financial assistance should also benefit from the increased co-financing rate until the end of the eligibility period and the submission of the final application for payment, even where they are no longer receiving financial assistance by that time.

Or. pt

Amendment 2

Proposal for a regulation Article 1 – paragraph 1

Text proposed by the Commission

Amendment

In Regulation (EC) No 1198/2006, paragraph 5 of Article 77a is deleted.

Regulation (EC) No 1198/2006 is amended as follows:

Or. pt

Amendment 3

Proposal for a regulation

Article 1 – paragraph 1 – point a (new)

Regulation (EU) No 387/2012

Article 76 – paragraph 3

Text proposed by the Commission

Amendment

a) In Article 76, paragraph 3 is replaced by the following:

"3. By way of derogation from Article 53(3), at the request of a Member State, interim payments shall be increased by an amount corresponding to ten percentage points above the co-financing rate applicable to each priority axis, up to a maximum of 100 %, to be applied to the amount of eligible public expenditure newly declared in each certified statement of expenditure submitted by a Member State which on or after 31 December 2013 fulfils one of the following conditions:"

Or. pt

Amendment 4

Proposal for a regulation

Article 1 – paragraph 1 – point b (new)

Regulation (EU) No 387/2012

Article 77 – paragraph 2

Text proposed by the Commission

Amendment

b) In Article 77, paragraph 2 is replaced by the following:

"2. By way of derogation from Article 53(3), at the request of a Member State, payments of the final balance shall be increased by an amount corresponding to ten percentage points above the co-financing rate applicable to each priority axis, up to a maximum of 100 %, to be applied to the amount of eligible public expenditure newly declared in each certified statement of expenditure submitted by a Member State which on or after 31 December 2013 fulfils one of the conditions laid down in points (a), (b) and (c) of Article 76(3)."

Or. pt

Amendment 5

Proposal for a regulation

Article 1 – paragraph 1 – point c (new)

Regulation (EU) No 387/2012

Article 77a – paragraph 2

Text proposed by the Commission

Amendment

c) In Article 77a, paragraph 2 is replaced by the following:

"2. The derogation referred to in Articles 76(3) and 77(2) shall be granted by the Commission upon the written request of a Member State fulfilling one of the conditions laid down in points (a), (b) and (c) of Article 76(3)."

Or. pt

Amendment 6

Proposal for a regulation

Article 1 – paragraph 1 – point d (new)

Regulation (EU) No 387/2012

Article 77a – paragraph 5

Text proposed by the Commission

Amendment

d) In Article 77a, paragraph 5 is deleted.

Or. pt

Amendment 7

Proposal for a regulation

Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

***This Regulation shall apply from 1
January 2014.***

Or. pt

EXPLANATORY STATEMENT

INTRODUCTION AND CONTEXT

Since 2009, the financial crisis and economic recession have, to varying degrees, affected financial stability and economic growth in the European Union in general and the Member States receiving external assistance in particular. The latter countries have been under macro-economic adjustment programmes agreed with the Commission, which initially covered seven Member States: Cyprus, Greece, Hungary, Ireland, Latvia, Portugal and Romania. Only Cyprus, Greece, Ireland and Portugal are currently still receiving financial assistance.

These four Member States are subject to severe budgetary constraints, and these constraints cause liquidity problems resulting from the necessary fiscal consolidation and hamper the implementation of operational programmes. As a consequence, investment capacity in both the public and private sector in these Member States is limited, and this in turn hinders the utilisation of the funding available for growth and improved competitiveness. This could undermine efforts to revitalise the sector with a view to safeguarding its sustainability, and there is a risk of it falling into a recessive spiral.

There is therefore an urgent need to help ensure that the conditions are in place that will facilitate the management of European Union funds, so as to leverage and speed up investment in the Member States receiving financial assistance and provide a boost for projects that are essential for socio-economic recovery and sectoral development.

COMMISSION PROPOSAL

The aim of this Commission proposal to amend Regulation (EC) No 1198/2006 is to aid the countries currently receiving financial assistance, as well as other Member States that might be assisted through adjustment programmes in the future, ensuring that they continue to have the necessary financial resources to carry out their fisheries policy projects.

Regulation (EC) No 1198/2006 on the European Fisheries Fund (EFF) has in fact already been amended before, by Regulation (EU) No 387/2012, increasing the interim and final payments to Member States receiving financial assistance by 10% above the co-financing rate applicable to each priority axis of the operational programmes without modifying their overall allocation, in order to facilitate the management of Union funding and speed up investment in the fisheries sector in these countries.

This provision applies up until 31 December 2013, but given that adjustment programmes are still in force in some Member States, the Commission is now proposing to extend it in order to ensure the smooth implementation of EFF operational programmes. To this end, the

Commission is proposing to amend Article 77a of Regulation (EC) No 1198/2006 so that its application will not be limited to the current year and the Commission will be able to continue, until the end of the eligibility period and the submission of the final application for payment, to reimburse newly declared expenditure by applying the 10% increase over and above the co-financing rates for the priority axes of the 2007-2013 operational programmes co-financed by the EFF.

RAPPORTEUR'S POSITION

The rapporteur welcomes the Commission's initiative to ensure the continuity of increased co-financing for Member States receiving financial assistance, guaranteeing the timely availability of financial resources that are vital in the current crisis and facilitating the smooth implementation of EFF operational programmes. Indeed, in the current context of financial instability and economic downturn, the Commission proposal is the only option that will allow the continuity of projects and investment in the fisheries sector.

Your rapporteur would highlight the following aspects in particular:

1. Under Article 143 of the Treaty on the Functioning of the European Union (TFEU) regarding Member States in serious financial difficulties or threatened with such difficulties, the Commission is to state what measures it suggests to the countries concerned and recommend to the Council that mutual assistance be granted, suggesting appropriate methods. The Commission proposal under review has been drawn up in this context and is consistent with other initiatives taken by the Commission in response to the prolonged crisis affecting Europe, which is jeopardising its economic and financial position.

The proposal for a regulation laying down common provisions on the funds covered by the Common Strategic Framework 2014-2020 also refers to the need to ensure that the effectiveness of the funds is not undermined by unsound macro-fiscal policies, providing for the application of a 10% higher co-financing rate for Member States receiving financial assistance, thus reducing the effort required from national budgets at a time of fiscal consolidation, while keeping the same overall level of EU funding.

2. This Commission proposal will not give rise to any additional costs for the European Union, since the 10% top-up on co-financing rates for the priority axes of operational programmes, which will be applied until the ceiling for payments is reached, will not entail any change to the overall amounts allocated by the EFF to countries receiving financial assistance in the 2007-2013 programming period.

3. The Commission proposal complies with the subsidiarity principle, proposing a mechanism which will allow the Commission to boost support for Member States receiving financial assistance by increasing the amount reimbursed on the basis of certified expenditure under the EFF.

The proposal also complies with the proportionality principle, since extending the application of the 10% top-up on co-financing rates is appropriate in view of the crisis, and proportional in relation to the other efforts undertaken by the European Union to support the countries receiving financial assistance under the corresponding macroeconomic adjustment programmes.

4. The rapporteur wishes to highlight the urgent nature of this Commission proposal, given that Regulation (EU) No 387/2012 will remain in force only until 31 December 2013 and any hiatus in the ongoing co-financing arrangements must be avoided.

At the same time, the Commission proposal under review can be expected to make a decisive contribution in terms of promoting the full use of the amount made available by the EFF (2007-2013) and helping the Member States receiving assistance to spend appropriations more effectively and improve implementation rates for the operational programmes.

5. It should also be stressed that the Commission proposal makes a valuable contribution to simplifying and speeding up funding, revitalising projects and investment in the fisheries sector and helping to ensure a smooth transition between the current and the future programming period 2014-2020.

6. Finally, with regard to measures to support the countries receiving financial assistance, it is clear that the EFF cannot be discriminated against by comparison with the Cohesion Fund and the Structural Funds (European Regional Development Fund/ERDF and European Social Fund/ESF) over the same programming period 2007-2013, where it was recognised that financial resources needed to be made available to implement co-financed projects until the final application for payment had been submitted. It is therefore essential for the Commission to ensure that the present proposal for a regulation is brought into line with the above two funds, so that the 10% top-up on co-financing rates for the priority axes can continue until the end of the programmes supported by the EFF, allowing the increased rate to apply until the end of the eligibility period and the submission of the final application for payment, even where the Member State concerned is no longer receiving financial assistance by that time.

For these reasons, and bearing in mind that the Common Provisions Regulation provides for increased payments for Member States facing temporary budget difficulties to apply until 30 June 2016 for all the funds covered by the Common Strategic Framework 2014-2020 (Cohesion Fund, European Regional Development Fund/ERDF, European Social Fund/ESF, European Agricultural Fund for Rural Development (EAFRD) and the future European Maritime and Fisheries Fund/EMFF), the same schedule should be laid down for payments made under the EFF.

Extending the application of the 10% top-up on co-financing rates in this way until the end of the programme and the final application for payment is a transparent, simple and flexible measure that will play a vital role in facilitating the payment of support and thus in leveraging the development of projects and investment in the fisheries sector, which are crucial in order to promote economic growth and job creation in a number of regions that are heavily dependent on fishing.

Given the urgent nature of this proposal for a regulation, the rapporteur recommends that it be approved immediately, avoiding any unnecessary complications, delays and problems so that it can enter into force and be applied in practice as soon as possible.