

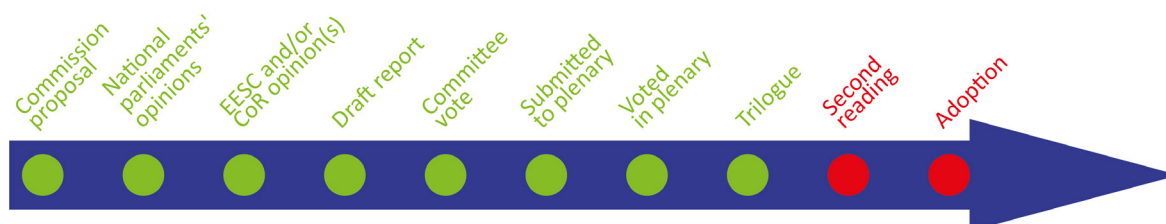
# European Maritime, Fisheries and Aquaculture Fund

## OVERVIEW

As part of the EU budget framework for the 2021-2027 period, the European Commission proposed in June 2018 a regulation to continue the fund dedicated to the Common Fisheries Policy and the Integrated Maritime Policy. On 4 April 2019, Parliament adopted its first-reading position on the file. After lengthy interinstitutional negotiations, started after the 2019 elections, political agreement was reached on 4 December 2020. The new fund allows for more flexibility in national programmes. A greater focus on aquaculture is reflected in its inclusion in the name of the fund. A thorny issue in the negotiations was support for investment in fishing vessels, on which the co-legislators wanted to go beyond the proposal. The compromise allows aid for vessels up to 24 metres long: support for the first acquisition of a vessel by a young fisherman, the replacement or modernisation of engines, and operations that improve safety, working conditions or energy efficiency. The measures come with restrictive conditions, such as the respect of fishing capacity ceilings. At least 15 % of Member States' allocations should be spent on control and data collection. The agreed text was endorsed by the Committee on Fisheries on 22 February 2021. After adoption by the Council, Parliament is expected to adopt the text and complete the procedure at second reading.

### Proposal for a regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund and repealing Regulation (EU) No 508/2014 of the European Parliament and of the Council.

<i>Committee responsible:</i>	Fisheries (PECH)	COM(2018) 390 12.6.2018
<i>Rapporteur:</i>	Gabriel Mato (EPP, Spain)	2018/0210(COD)
<i>Shadow rapporteurs:</i>	Manuel Pizarro (S&D, Portugal) Pierre Karleskind (Renew Europe, France) Rosanna Conte (ID, Italy) Francisco Guerreiro (Greens/EFA, Portugal) Ruža Tomašić (ECR, Croatia) João Ferreira (The Left, Portugal)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	Second-reading vote in plenary	



## Introduction

European Union funding for the fisheries sector was first introduced in the 1970s and was based on agricultural principles: funding was focused on structural aid (e.g. investments in fishing fleets) and marketing fishery products (e.g. aid to producer organisations). Around a decade later, in 1983, the **common fisheries policy** (CFP) was established, and underwent several subsequent reforms (1992, 2002, 2013). Following the CFP's introduction, structural aid (in particular fleet aid) and the CFP conservation policy have become gradually more coherent.

The first unified fund for fisheries was created shortly after the first revision of the CFP and was called the Financial Instrument for Fisheries Guidance (FIFG): it ran over two periods from 1994 to 2000 and from 2000 to 2006. An important change introduced by the FIFG was the use of **shared management** with Member States (i.e. implementation by the European Commission with Member States, instead of direct management by the European Commission). For the 2007-2013 period, the fund was renamed the European Fisheries Fund (EFF) and its programme was adapted in line with the CFP reform of 2002. In 2014, in parallel with the last CFP reform, the **European Maritime and Fisheries Fund** (EMFF) was adopted for the 2014-2020 period. The EMFF is one of the five European structural and investment funds (ESIF) that support EU economic development to 2020. The general lines of these funds are defined by the Common Provisions Regulation (CPR), while the specific conditions for fisheries are defined by the EMFF.

As part of the long-term EU budget for 2021-2027, the European Commission [proposed](#) to renew the EMFF in order to continue to support the CFP objectives, the Union's maritime policy and the Union's international commitments in the field of ocean governance. In addition, the Commission also proposed to renew the budget allocated for the international dimension of the CFP. This includes the compulsory contributions to the Regional Fisheries Management Organisations (RFMOs) and finances the Sustainable Fisheries Partnership Agreements (SFPAs) with third countries in exchange for access to their waters.

## Existing situation

Through its **common fisheries policy** (CFP), the EU has exclusive competence for the conservation of marine biological resources, both in EU waters and in relation to its international obligations.<sup>1</sup> This exclusive competence equally applies to the bilateral fisheries agreements signed with third countries. The CFP also includes areas of shared competence between the EU and its Member States, where the subsidiarity principle applies. The main objective of the CFP is to ensure that fishing and aquaculture activities are environmentally sustainable and managed in a way that is consistent with the objectives of achieving economic, social and employment benefits, and of contributing to the availability of food supplies. The EMFF provides the EU and the Member States with the financial means to support and implement the objectives of the CFP.

In addition, the EMFF also serves as a tool to sustain funding for the implementation and development of an **integrated maritime policy** (IMP) for the EU. Its objective is to support the sustainable use of seas and oceans and to develop coordinated, coherent and transparent decision-making in relation to all other policies affecting the oceans, seas, islands, coastal and outermost regions and maritime sectors (such as transport, research and technological development, energy, and tourism).

The EMFF for the 2014-2020 period is covered under Regulation [508/2014](#). Its [budget](#) amounts to €6 490 million (in 2018 prices), of which 90 % is spent under **shared management**, which involves both the European Commission and Member States. The measures financed from this part of the EMFF budget are also subject to the Common Provisions Regulation (CPR, [1303/2013](#)). As in the case of the other ESI funds, the co-financed actions are specified in the operational programmes prepared by the Member States and approved by the European Commission.

The [distribution](#) of the budget under shared management between the Member States is set according to objective and transparent criteria, such as the size of the fishery and aquaculture sector. The biggest beneficiary of the fund is Spain (19.6 %), followed by France (10.3 %), Italy (9.5 %) and Poland (9.3 %). It covers six different priorities. Almost half of the budget covers the 'sustainable fisheries' (26.3 %) and 'sustainable aquaculture' (20 %) priorities. Others are 'implementation of the CFP' (19.4 %), 'employment and territorial cohesion' (9.6 %), 'market and processing' (18.4 %) and 'implementing the IMP' (1.2 %). The remaining part of the budget is used for 'technical assistance' (5.2 %) to help Member States to implement the above priorities.

The part of the EMFF budget spent under **direct management** by the European Commission represents 10 % of the total EMFF budget. Its implementation is delegated to the Executive Agency for Small and Medium-sized Enterprises ([EASME](#)). It covers measures related to scientific advice, specific control measures enhancing regional cooperation, the advisory councils, voluntary contributions to RFMOs, market intelligence and operations for the implementation of the IMP.

## Parliament's starting position

On 14 March 2018, the European Parliament adopted a [resolution](#) preparing the Parliament's position on the Multiannual Financial Framework (MFF) post-2020. It was based, among other things, on the [opinion](#) of the Committee on Fisheries (PECH). The resolution called for continuous support for existing, long-standing EU policies such as the CFP and stresses the socioeconomic and ecological importance of the fisheries and aquaculture sector, the maritime environment and the 'blue economy' and their contribution to EU sustainable food autonomy. In terms of budget, it called, as a minimum, to keep the same level of funding for the fisheries sector as under the current MFF and, if new needs arise, to increase the budget for maritime affairs. It noted that other financial instruments in addition to non-repayable aid, such as access to a loan scheme, could provide complementary financing possibilities. It also called for the re-establishment of the programme of options specifically relating to remoteness and insularity (POSEI scheme) in fisheries for the EU's outermost regions. It also included a warning on the possible negative impacts of United Kingdom withdrawal from the EU in a 'hard Brexit' on this sector.

## Preparation of the proposal

### Ex-post evaluation of the 2007-2013 EFF fund

The [ex-post evaluation](#) of the EFF fund for the 2007-2013 period, published in November 2016, provided a series of recommendations for the post-2020 period. For **fisheries**, the evaluation recommended removing support for permanent cessation (scrapping of vessels), judged as ineffective to adjust fishing capacity to resources, as soon as possible, and restricting it in the meantime to well-identified circumstances. It also recommended maintaining temporary cessation when linked to conservation measures, to encourage improved crew health, safety and working conditions (including support for training) and better support for small-scale and inland fishing fleets. For **aquaculture**, the evaluation recommended improving and expanding marine and coastal aquaculture both in terms of production and competitiveness. Among the other items, the report also includes a recommendation to increase the involvement of **local communities** and strengthen their networking and sharing of experience.

### Consultation on the current and future fund

In view of the new fund, a major consultation activity was the [EMFF stakeholder conference](#) held in Tallinn in October 2017. This allowed participants from the public sector, industry, NGOs and the academic world to present their views on the current and future fund. Furthermore, Member States were given the opportunity to provide input through meetings of the EMFF Expert Group in November 2017 and January 2018 and via written contributions. Other input was collected from advisory councils, non-governmental organisations, European social partners, the Conference of

Peripheral Maritime Regions, the European Maritime Days and via a number of other workshops and reports.

A number of important points in the [outcome](#) of the consultations can be summarised as follows:

- There was a large consensus for a certain level of **stability** and a strong call that the new fund should continue to achieve the CFP objectives;
- The slow take up of the fund, due to the late approval of the legislative framework, in combination with a rigid and complex legal framework, was seen as one of the biggest shortcomings of the current fund. **Simplification** is desired at all levels;
- Member States were in favour of providing more support for **small-scale** fisheries and fisheries in **outermost** regions;
- Stakeholders also acknowledged the need for **flexibility** to reflect **local** specificities and facilitating generational **renewal** in an ageing workforce;
- Opinions were polarised regarding support for **fishing fleets** (with roughly half the stakeholders in favour and half against the continuation of fleet measures);
- All stakeholders called for greater administrative and legal simplification in the **aquaculture** sector (to reduce the length of licencing procedures and to remove administrative burdens);
- **Data collection**, fisheries **control** and support for **producer organisations** should remain part of the fisheries fund under shared management;
- Support for **maritime** policy through the EMFF is considered an added value for Europe but duplication and fragmentation between various instruments should be avoided;
- Many stakeholders also recognised the importance of **community led local development (CLLD)** and would like to see this play a wider role in the development of the **blue economy** at local level.

## Impact assessment

The legislative proposal is accompanied by an [impact assessment](#) which identified the main challenges to be addressed by the future programme based on findings of evaluations and consultation activities, the cross-cutting objectives of the new MFF, and new political priorities and emerging problems requiring Union intervention.

The impact assessment highlighted the significant improvement in economic performance and net profitability that is partly driven by the reduction of fleet capacity and an increase of stocks being fished at sustainable levels. However, it pointed to uneven development and the considerable problems that remain in certain fleet segments and geographical areas of the Union. It therefore mentioned, as a key challenge for successful implementation of the CFP, the continuation of support for fisheries control and data collection and the fight against illegal, unreported and unregulated (IUU) fishing. Furthermore, it stressed the importance of small-scale coastal fisheries for the viability of many coastal communities. The lack of attractiveness of the fisheries sector was highlighted as a problem due to safety concerns and difficult working conditions. On the blue economy, the impact assessment highlighted the great potential of CLLD in developing the blue economy at local level. In terms of emerging policies, the new fund would have to take the objectives of the [Paris Agreement](#), the effects of 'Brexit' and ocean governance into account.

EPRS prepared an [initial appraisal](#) of the Commission's impact assessment. The appraisal noted that the impact assessment essentially builds on the ex-post evaluation of the EFF fund and the Tallinn conference. It stated that the persuasiveness and quality of the impact assessment suffered from several shortcomings. More specifically, it noted that the description of the delivery mechanisms and monitoring and evaluation lacked clarity and focus, and that there was no analysis of the environmental, economic, and social or employment impacts.

## The changes the proposal would bring

### General objectives and political priorities

Following the evaluation's recommendations, stakeholder views and the impact assessment, the focus is on evolution rather than radical change. The new [proposal](#) for a regulation is therefore in line with the delivery of the key CFP objectives, notably fishing at sustainable levels in all sea basins by 2020 and beyond, enabling conditions to facilitate innovation and market development (including the development of local economies in coastal communities) and responding to emerging issues.

This is reflected in the following four general objectives:

- Fostering sustainable **fisheries** and the conservation of marine biological resources;
- Contributing to **food security** in the Union through competitive and sustainable aquaculture and markets;
- Enabling the growth of the sustainable **blue economy** and fostering prosperous coastal communities;
- Strengthening international **ocean governance** and enabling safe, secure, clean and sustainably managed oceans.

### Budget and allocation of the funding<sup>2</sup>

The initially proposed budget for the new fund for the 2021-2027 period amounted to **€6.14 billion** in current prices. For comparison purposes, the figures are also presented in constant prices (2018 prices). Constant prices differ from current prices in that they apply a 2 % annual deflator to counter the effect of inflation. In terms of constant 2018 prices, the proposed budget amounted to **€5.45 billion**, around 13 % less than the EMFF for the 2014-2020 period, excluding the UK. Following the coronavirus crisis however, on 27 May 2020 the Commission published a [revised MFF proposal](#), including increased funding for the fisheries sector. The proposed budget now amounts to **€6.67 billion** in current prices, equivalent to **€5.93 billion** in 2018 prices, which is around 5 % less than the EMFF for the 2014-2020 period excluding the UK.

As far as the financial implementation is concerned, about 13.5 % of the fund would fall under direct management by the European Commission, while 86.5 % is subject to shared management. The part under shared management is distributed among the Member States on the basis of the same allocations as currently used (but taking the withdrawal of the UK into account).<sup>3</sup>

The Commission proposal also envisaged that Portugal, Spain and France would allocate at least the following amounts from their budget (according to the initial proposed budget of €6.14 billion in current prices) to their **outermost** regions: €102 million for the Azores and Madeira (26.9 % of the budget for Portugal); €82 million for the Canary Islands (7.3 % of the budget for Spain); and €131 million for Guadeloupe, French Guiana, Martinique, Mayotte, Réunion and Saint-Martin (23.1 % of the budget for France).

In addition to the new fund, and as part of the [communication](#) on the new MFF for the 2021-2027 period, the Commission also proposed to renew the budget used for '**International Fisheries Agreements**'. This covers the compulsory contributions to RFMOs and other international organisations and finances the SFPAs with third countries. The initially proposed budget amounted to **€990 million**, in terms of current prices, equivalent to **€878 million** in 2018 prices. It has been revised only slightly downwards in the May 2020 Commission proposal, to **€876 million** in 2018 prices (reflecting a decrease of 9 % compared to the EMFF for the 2014-2020 period). This programme is implemented directly by the European Commission by way of financial contributions.



## Some important elements

A more **simplified** and **flexible** architecture for the new fund is a key change in the new proposal. Detailed predefined measures or eligibility rules would no longer be set at Union level. Instead, different areas of support are described under each priority. The proposal, however, does maintain a list of ineligible measures. It will be up to the Member States to prepare their programmes, in which they indicate the most appropriate means for achieving the priorities. These national programmes are to be approved by the Commission. In the context of **regionalisation**, the Commission will develop an analysis for each sea basin, which will guide both the Member States and the Commission in negotiating each programme. Simplification will also be achieved through the new [CPR](#), where most provisions related to implementation, monitoring and control are set out.

The obligation to land all catches under the reformed CFP has implied significant changes in fishing practices, with an important financial cost. The new proposal therefore includes support for innovation and investments that contribute to the implementation of the **landing obligation**, with a higher aid intensity rate than that which applies to other operations. It also grants a maximum aid intensity of 100 % for systems to exchange fishing opportunities between Member States ('quota swaps'), in order to mitigate the '**choke species**'<sup>4</sup> effect caused by the landing obligation. As fisheries control is a key element for the successful implementation of the CFP, the proposal supports the implementation of a Union fisheries **control system**. Certain obligations envisaged in the [revision](#) of the [Control Regulation](#) (e.g. vessel tracking and electronic reporting systems) justify specific support for Member States and fishermen. In addition, investments in control assets could also be used for the purpose of maritime surveillance and cooperation on coastguard functions (including contributing to information sharing). It also supports the collection, management and use of **data** for fisheries management and scientific purposes.

The proposal reintroduces support for the **permanent cessation** of fishing activities in fleet segments whose capacity is higher than the fishing opportunities, which the EMFF stopped after 31 December 2017.<sup>5</sup> In the past, it was considered that such financial support was insufficiently targeted and that it could not efficiently address the structural imbalances of the fishing fleet, so the Commission proposed that support for this measure would be strictly conditional and based on the achievement of the conservation objectives of the CFP, instead of being based on the real costs incurred. Such conditions would be established through a delegated act. **Temporary cessation** (e.g. due to conservation measures) would also be supported in case of significant impact on fishermen (i.e. if commercial activities are halted during at least 90 consecutive days and if the losses amount to more than 30 % of the average turnover). Both actions (permanent and temporary cessation) may have an aid intensity rate of 100 % (maximum 50 % co-financed by the EU), but the proposed plan also sets a ceiling: total Union financial support may not exceed the higher of the following two thresholds: €6 million or 10 % of the budget allocated to the Member State.

The Commission proposed to allocate preferential treatment up to a 100% aid intensity rate to **small-scale coastal fishing**, representing nearly 75 % of all EU fishing vessels, with the aim of encouraging their sustainable fishing practices. Small-scale fisheries would also have exclusive access to other areas of support, such as the first acquisition of a second-hand vessel by young fishermen (under 40 years of age) and the replacement or modernisation of a vessel's engine.

As **outermost regions** have specific challenges (e.g. due to their remoteness) and assets (e.g. potential to develop the blue economy), a financial allocation would be reserved to support the implementation of action plans to be drawn up by the Member States concerned. They would also receive preferential treatment through a higher aid intensity rate. The additional costs resulting from the regions' specific handicaps in the fishing, farming, processing and marketing of certain fishery and aquaculture products may be compensated at a maximum co-financing rate of 100 %.

The new fund would also contribute to clean and healthy seas and oceans, e.g. through support for the collection of **lost fishing gear** and **marine litter** and by contributing to the implementation of the [European strategy for plastics in a circular economy](#).

As the European Union currently imports more than 60 % of its supply of fishery products and is therefore highly dependent on third countries, the Commission points out the important role that **aquaculture** has to play. The proposal therefore includes various areas of support in the sector, such as for innovation, productive investments, compensatory measures which provide critical land and nature management services, and actions for animal health and welfare. The proposed EMFF also supports measures promoting the marketing, quality and value added of fishery and aquaculture products and investments in the processing of those products.

The proposal also points out to the great potential of the **blue economy** and the job creation it would bring to coastal communities. The scope of support to **CLLD** would therefore be extended: every local partnership will need to ensure a balanced representation of all local blue economy sectors. The EMFF is expected to support a sustainable blue economy through the use of data gathering to improve knowledge of the marine environment and promote, among other things, integrated governance, innovation, knowledge sharing, and climate resilience.

The proposal also takes the Union's international commitments for the safe, secure, clean and **sustainably managed oceans**<sup>6</sup> into account. The EMFF would fund international arrangements that the Union has concluded in areas not covered by the SFPAs or RFMOs. The proposed regulation also contributes to the Union's commitments to implement the Paris Agreement: **30 %** of the overall EMFF budget is expected to contribute to **climate objectives**.

Some specific parts of the proposed EMFF fall under direct management (by Commission implementing acts), and indirect management (through EMFF contributions to the European Fisheries Control Agency and the European Maritime Safety Agency by way of grants for implementing support for maritime surveillance and security). This includes support for: provision of scientific advice; development of a Union fisheries control system; advisory councils; market intelligence for fishery and aquaculture products; improvement of maritime skills and sharing of socio-economic data; promotion of maritime security and surveillance (including data sharing); voluntary contributions to international organisations active in the field of ocean governance; and many other items.

## Advisory committees

The European Economic and Social Committee ([EESC](#)) noted in its [opinion](#), adopted in plenary on 12 December 2018, that 'the Commission proposal is not based on a detailed economic and social impact assessment' and therefore asked for a sector-based social dialogue. The EESC asked for clarity on whether measures for the improvement of working and security conditions are included. It urged giving priority to the social dimension in order to support generational renewal, and, as part of the global strategy, to fight against every form of human exploitation. On aquaculture, which could compensate for employment losses in fisheries, it recommended a simplified mechanism for new and existing projects, including the definition of allocation zones of aquaculture. The EESC noted EU fishermen have to compete with those from third countries, and therefore asked for awareness-raising campaigns on European fish quality and for full traceability of imports. Among the other recommendations, it asked to continue support for producer organisations in need of temporary storage of fishery products intended for human consumption, and proposed to maintain the current conditions for temporary and permanent cessation. The EESC also pointed out that the [new EU directive on reducing the impact of certain plastic products](#) combined with [the new directive on port reception facilities](#) open up new opportunities for fishermen where the act of cleaning up could become another profitable economic activity.

The European Committee of the Regions ([CoR](#)) proactively adopted a position on the EMFF beyond 2020 through an [own-initiative opinion](#), at its May 2018 plenary session, prior to publication of the

Commission proposal. On the new proposal, the CoR adopted its [opinion](#) on 9 October 2018 in which it welcomed the simplification, flexibility and strengthening of the territorial focus (through sea basin strategies). However, it restated its position that the overall EMFF budget should reach a minimum threshold of 1 % of the MFF post-2020. The large increase (nearly half of the fund) would be allocated to the integrated maritime policy in order to finance the emerging blue economy, maritime surveillance and numerous other projects. It also proposed more involvement from regional authorities in the national programmes, regretted the lower share for shared management, supported more specific measures for the outermost regions (such as investment aid, training support or microcredit), and called for a simplified single application form to reduce the administrative burden for small-scale coastal fishermen. As regards investments in fishing fleets, it supported the purchase of new vessels in small-scale fisheries and the replacement or modernisation of a vessel's engine, whatever the size of a vessel, in order to speed up the renewal of an ageing fleet.

## National parliaments

The deadline for the [submission of reasoned opinions](#) on the grounds of subsidiarity was 13 September 2018. Both the [Spanish Cortes Generales](#) and the [Romanian Senate](#) concluded with contributions stating the proposal complies with the subsidiarity principle. However, the Romanian Senate in its [opinion](#) considered the proposal does not respect the principle of proportionality, as Romania is disadvantaged for a number of reasons. It asked for reconsideration of the financial allocation for Romania and, among other things, for a stronger support for aquaculture.

## Stakeholder views<sup>7</sup>

In a [press release](#), [Europêche](#), an association of national fishing enterprise organisations in the European Union, regretted the removal of support for training and that the Commission referred only to small-scale coastal fishing when proposing important measures. It welcomed a number of points, such as the simplification and flexibility of the fund, support for temporary and permanent cessation of fishing activities and continuation of financial support for key actions such as data collection, fisheries control and enforcement.

Environmental organisations such as the World Wide Fund for Nature ([WWF](#)) and [ClientEarth](#) were disappointed with the proposal and believed it fell short of EU sustainability objectives. While the WWF's [press release](#) welcomed the simplification of the fund, it believed clear mechanisms were lacking to ensure that financial aid is allocated for the sustainable management of the oceans and to improve marine biodiversity. ClientEarth [pointed out](#) that the proposal lacked substantive funding for crucial areas such as data collection, control or increased protection of fish stocks and the marine environment. Both organisations also regretted the reintroduction of the 'controversial payments' for the scrapping of vessels: ClientEarth pointed out that the cash flow for permanent cessation is difficult to control. In addition, the subsidies for acquisition of a first vessel or to replace engines (in small-scale fisheries) was criticised due to the risk of increasing fishing capacity in unsustainable fisheries. Instead of financing this kind of operation, ClientEarth would like greater focus on selective fishing, improving management and monitoring tools.

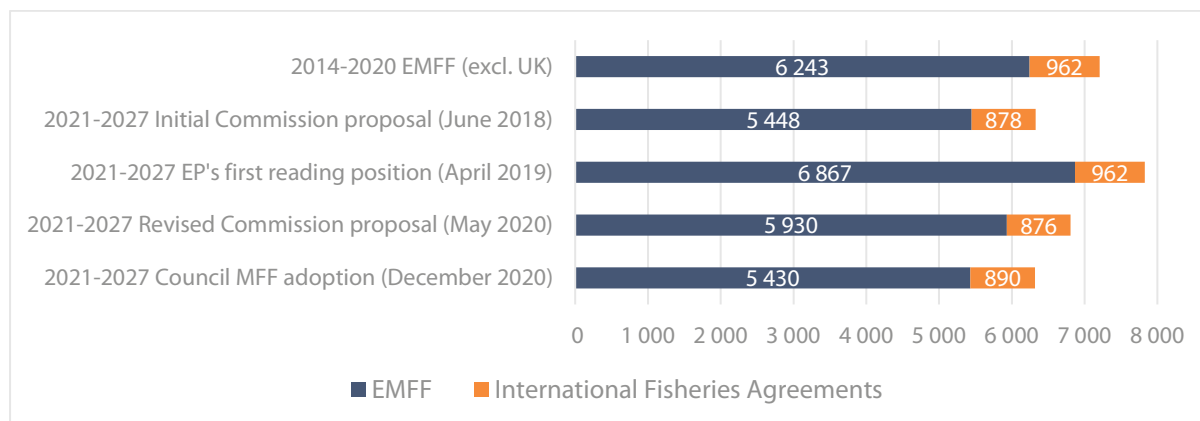
The Conference of Peripheral Maritime Regions ([CPMR](#)), representing some 160 regions from 25 states from the European Union and beyond, highlighted the need to increase the share of the budget allocated for shared management, strengthen the role of regions in the management of operational programmes, remove the obligation to use financial instruments to support aquaculture and processing of fishery products outside small-scale fisheries, and reduce the list of ineligible measures, in a [publication](#) on the proposal. The CPMR was also [alarmed](#) by the drastic cut in the budget (in 2018 prices). It welcomed the simplification, strengthening of specific measures for outermost regions, support for CLLD and sustainable blue growth.



## Legislative process

In the **Council**, the Commission presented its proposal to the [Agriculture and Fisheries Council](#) at its [meeting](#) of 18 June 2018, after which the proposal was studied at working party level. In the Council [meeting](#) of 18 March 2019, the Slovenian delegation, on behalf of Bulgaria, Croatia, Cyprus, Greece, Malta, Poland and Portugal, presented a [joint statement](#) in support of the modernisation of the small-scale fleet. In the [meeting](#) of 14 May 2019, the delegations of Spain, France and Italy presented in turn their own [joint statement](#), including further fleet modernisation measures. In the [debate](#), other delegations were critical of extending fleet support. Despite differences in opinion, agreement on a partial general approach was reached at the Council [meeting](#) of 18 June 2019. Among the changes compared to the Commission proposal, Council's [approach](#) further simplified the fund, proposed less strict conditions for support to temporary cessation and extended the support for fleet investments. In particular, the Council provided a derogation allowing operations increasing the fishing capacity of a vessel when they relate to investments in on-board safety, labour conditions and energy efficiency, and provided they go along with very restrictive conditions, such as respecting fishing capacity ceilings. The Council also extended the maximum length for the provisions related to investments in small-scale fishing vessels, both for the first acquisition of a second-hand vessel by a young fisherman and for the replacement or modernisation of a vessel's engine. In the Council's approach, support for these measures is allowed for vessels up to 24 metres long. The extended possibility of engine replacement or modernisation for vessels between 12 and 24 metres long, goes alongside a condition that the new engine should emit at least 15 % less CO<sub>2</sub>. In the [October 2019](#) Council meeting, the negotiation position was supplemented by adding some of the remaining elements related to result indicators, delegated acts and alignment with the CPR. At the October 2020 Council meeting, an [additional partial general approach](#) was reached on the financial aspects, following the July European Council conclusions on the future MFF. The new MFF finally adopted by the Council on [17 December 2020](#) also presented the amounts in [2018 prices](#) (Figure 1). With **€6 108 million** in current prices (**€5 430 million** in constant 2018 prices), the budget of the new fund is slightly below the amount of the initial Commission proposal, representing a 13 % reduction compared to the EMFF for the 2014-2020 period (Figure 1).

Figure 1 – Commission proposals, Parliament's position and final figures for the 2021-2027 fisheries policy budget compared with the 2014-2020 budget (commitments, 2018 prices, € million)



Data source: Parliament's [Interim report on the MFF](#), Commission's [communication](#) on the revised MFF, and Council [table](#) (in 2018 prices) included in the press release on the adoption of the MFF.

In the **European Parliament**, the PECH Committee held a hearing on the EMFF as well as an initial exchange of views on the new fund on 20 June 2018. A second exchange of views took place on 29 August 2018. Gabriel Mato (EPP, Spain) was appointed rapporteur and his [draft report](#) was presented in the PECH meeting of 24 September 2018. On top of the 83 amendments included therein, 945 amendments were submitted, which were considered during the PECH meeting of

27 November 2018. Three parliamentary committees issued an **opinion**: Budgets (BUDG), Environment, Public Health and Food Safety (ENVI) and Regional Development (REGI). The committee vote took place on 7 March 2019, where the [report](#), as amended, was adopted by 18 votes to 9 against. After a [debate](#) on 3 April 2019, Parliament adopted the [first-reading resolution](#) in plenary on 4 April 2019, including new amendments, by 497 votes to 93 with 40 abstentions. With the vote, Parliament established its first-reading position. In a [written reaction](#), the Commission expressed concerns about Parliament's amendments, in particular on fleet measures due to 'the very serious risk of introducing support for vessel construction and capacity-enhancing investments'.

On the budget, the resolution called for an increase of at least 10 %, in line with the [interim report on the Multiannual Financial Framework 2021-2027](#), prepared by the BUDG committee and voted in plenary on 14 November 2018. Parliament's position was translated into a budget of **€7 739 million** in current prices, corresponding to **€6 867 million** in 2018 prices (Figure 1). The plenary also restricted some of the more controversial measures regarding investments in small-scale fishing vessels (such as the modernisation of an engine). While the PECH committee allowed support for vessels above 12 metres (provided that small-scale coastal operators are given priority in the selection process) and removed the 40-year age limit for the first acquisition of a vessel by a young fisherman, both limits were restored in plenary. The resolution however supported the first acquisition of a new vessel (as compared to second-hand vessels only, in the Commission's proposal). It also allowed capacity-enhancing support measures for operations improving safety, working or living conditions on board, as long as the increase is within the national capacity ceiling and without jeopardising the balance between fishing capacity and available fishing opportunities. As regards the minimum allocations of EU support per Member State, the Parliament maintained the minimum of **15 %** to be allocated for measures related to control, enforcement and data collection, but also introduced two other minimum allocation shares: **25 %** for 'the protection and restoration of marine and coastal biodiversity and ecosystems and for marine knowledge' (up from 10 % as first proposed in the committee report) and **10 %** for 'the improvement of safety, working and living conditions of the crew, training, social dialogue, skills and employment'.

In the new parliamentary term, Francisco José Millán Mon (EPP, Spain) was appointed rapporteur. An exchange of views was held in the PECH meeting of 2 October 2019, and the PECH committee voted to enter into interinstitutional negotiations during its meeting of 12 November. First trilogue meetings took place on 19 November and 10 December 2019. Gabriel Mato, who returned to the Parliament on 1 February 2020 as one of the additional 'post-Brexit' Members, was then re-appointed as rapporteur. New trilogue meetings took place on 4 March and 12 June 2020. In the PECH meeting of 25 June, the rapporteur reported on the ongoing negotiations. An important area of discussion was the fleet measures and how to avoid **harmful subsidies** following the EU's global commitment in this area.<sup>8</sup> In the [debate](#), the rapporteur defended Parliament's position on the modernisation and energy efficiency of vessels, while the Commission stated that more safeguard measures were needed so that such investments do not lead to higher fishing capacity. New trilogue meetings took place on 24 September and 17 November 2020, after which an agreement was reached on 4 December during the seventh trilogue meeting.

The [agreed text](#) highlights an increased focus on aquaculture, renaming the fund the **European Maritime, Fisheries and Aquaculture Fund** (EMFAF) and adapting the wording in the priorities. The budget of the new EMFAF is aligned with the MFF amount adopted by the Council, namely **€6 108 million** in current prices (21 % less than the Parliament's position at first reading), out of which about 87 % falls under shared management with the Member States. Regarding the minimum allocations under shared management, the agreed text maintains the threshold of **15 %**, as in the Commission proposal, to be allocated for measures related to control, enforcement and data collection, but does not include the additional minima related to marine protection and knowledge and to the improvement of safety and working conditions, as proposed in Parliament's position. Budget allocations to outermost regions are set as in the Commission proposal. While Parliament's resolution removed the limitation of the support for 'additional costs' in **outermost regions** at 50 %

of their total budget, the agreed text maintains the limitation but at a higher level (60 %, or up to 70 % in circumstances to be justified in the action plans for the outermost regions).

On **fleet aid**, the agreed text includes several measures dedicated to vessels up to **24 metres** long: support for the first acquisition by a young fisherman, replacement or modernisation of engines and operations that increase the gross tonnage of a fishing vessel for the purpose of improving safety, working conditions or energy efficiency. In case of the **first acquisition** of a vessel, or the acquisition of partial ownership thereof, by a young fisherman no more than 40 years of age, the vessel in question should have been registered for at least 3 years in case of small-scale coastal fishing vessel (up to 12 metres) and otherwise at least 5 years (12 to 24 metres). The possibility of acquiring a **new vessel** as proposed by Parliament has not been retained. Support for the **replacement or modernisation of an engine** and for operations that **improve safety, working conditions or energy efficiency** is only allowed if the fishing capacity of the fleet segment to which the vessel belong is in balance with the fishing opportunities. In case of engine replacement or modernisation, the vessel must have been registered for at least 5 years and the new engine may not have more power than the current one. In addition, for vessels up to 24 metres, the new engine should emit at least **20 % less CO<sub>2</sub>**. For operations that improve safety, working conditions or energy efficiency, the vessel concerned must have been registered for at least 10 years. In addition, an increase in gross tonnage due to these operations, and thus an increase in capacity, must be offset by the earlier withdrawal of at least the same amount of fishing capacity from the same fleet segment or from a segment for which the latest report has shown the capacity is not in balance with the available fishing opportunities.

Regarding support for **temporary cessation**, 'health crises' have been added as possible reasons for support (in line with recent amendments to the EMFF for the previous programming period that added [the Covid-19 outbreak](#) as grounds for support). The condition proposed by the Commission for temporary cessation, that 'the economic losses resulting from the cessation amount to more than 30 % of the annual turnover', voted down by the PECH committee but re-introduced in Parliament's position at first reading, was not included in the final agreed text. On support for **permanent cessation**, the agreement does not retain the provision from the Commission that financial support for this measure should be linked to the achievement of conservation objectives. According to the rapporteur, this would have led to legal uncertainty which would dissuade Member States from requesting support.

The ceiling for the fleet and cessation support measures together (Articles 16, 16a, 16b, 17 and 18) is set to the higher of the following two thresholds: **€6 million** or **15 %** of the budget allocated to the Member State. Further, grants are not excluded as a possibility for financial support for investments in the **processing industry** in case of small and medium-sized enterprises, while support for other enterprises is only allowed through financial instruments. The EMFAF may also, in the case of exceptional events causing significant market disruption, compensate fishery and aquaculture operators for their lost income or additional costs, and compensate recognised producer organisations, or associations thereof, for the **storage** of fishery products.

The maximum EMFAF co-financing rate is set at **70 %**, with the exception of compensation for additional costs in the outermost regions for which it is set at **100 %**. As a general rule, the maximum aid intensity rate is set at **50 %** of the total eligible expenditure, with the exception of a list of different rates in Annex III. For example, aid related to small-scale coastal fishing enjoys preferential treatment of up to **100 %** aid intensity, as in the Commission proposal.

The deal was endorsed by the PECH committee on 22 February 2021 (21 votes in favour, 6 against and 1 abstention) and by the Committee of Permanent Representatives of the Member States on 3 March 2020. After formal adoption by the Council, which will thus finalise its first-reading position, the Parliament is expected to vote on adopting the agreed text, thus concluding the procedure at early second reading.

## EP SUPPORTING ANALYSIS

Sapala, M., Weissenberger, J., [How the EU Budget is spent – European Maritime and Fisheries Fund](#), EPRS, European Parliament, June 2017.

Parry, M., Sapala, M., [2021-2027 multiannual financial framework and new own resources: Analysis of the Commission's proposal](#), EPRS, European Parliament, July 2018.

M. Sapala, N. Kresnichka-Nikolchova, [Amended proposal for the 2021-2027 MFF and 2021-2024 Recovery Instrument in figures](#), EPRS, European Parliament, July 2020.

Zandersone, L. with Albanese, A., [European Maritime and Fisheries Fund 2021-2027](#): Initial Appraisal of a European Commission Impact Assessment, EPRS, European Parliament, January 2019.

[Research for PECH Committee - Implementation and impact of key European Maritime and Fisheries Fund measures \(EMFF\) on the Common Fisheries Policy, and the post-2020 EMFF proposal](#), Policy Department for Structural and Cohesion Policies, European Parliament, January 2019.

## OTHER SOURCES

[European Maritime and Fisheries Fund 2021-2027](#), Legislative Observatory (OeIL), European Parliament.

## ENDNOTES

- <sup>1</sup> More specifically, international obligations deriving from the United Nations Convention on the Law of the Sea ([UNCLOS](#)) and from other international agreements and organisations to which the EU is a Party.
- <sup>2</sup> The comparison between the future EMFF and the current 'virtual' EMFF (excluding the UK), in terms of current prices versus constant 2018 prices, is based on data from the Secretariat of the Committee on Budgets in the European Parliament. More information can be found in the in-depth analysis '[2021-2027 multiannual financial framework and new own resources: Analysis of the Commission's proposal](#)', EPRS, European Parliament, July 2018.
- <sup>3</sup> The percentages of the total EMFF budget for shared management is therefore slightly higher for the remaining 26 Member States. Luxembourg is not a recipient of the EMFF budget.
- <sup>4</sup> Under the landing obligation, all catches have to be kept on board, landed and counted against the quotas. A 'choke species' is a term used to describe a species with a low quota that can cause a vessel to stop fishing even if they still have quota for other species.
- <sup>5</sup> Apart from exceptional derogations, such as in the context of the [multiannual plan for demersal stocks in the western Mediterranean Sea](#) and in the context of the recent support measures for [Baltic cod and herring fisheries](#).
- <sup>6</sup> The EU is strongly committed to international ocean governance, in accordance with the [Joint Communication](#) of 10 November 2016 entitled 'International Ocean Governance: and agenda for the future of our oceans'.
- <sup>7</sup> This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.
- <sup>8</sup> The [United Nations 2030 Agenda and the sustainable development goals](#) (SDGs), to which the EU has [committed](#) itself, includes under [SDG 14.6](#) a commitment to ban all fisheries subsidies by 2020 which contribute to over-capacity and over-fishing. [Negotiations](#) on fisheries subsidies at the level of the World Trade Organization are currently ongoing.

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