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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	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 (EMFF) - Political Agreement

I. INTRODUCTION

1. On 13 June 2018, the Commission submitted the above proposal to the European Parliament and to the Council. This proposal was presented to the Agriculture and Fisheries Council on 18 June 2018.

2. The EMFF proposal must be seen in the context of the Commission's proposal for the multiannual financial framework for 2021-2027 (MFF)[1] and of the Commission's proposal laying down common provisions on the horizontal funds (CPR)[2].

3. The European Economic and Social Committee and the Committee of the Regions delivered their opinions on 12 December 2018 and 16 May 2018 respectively.

[1] Proposal of the Commission for the Multiannual Financial Framework 2021-2027 (COM(2018) 321 final); (COM(2018) 322 final); (COM(2018) 323 final); COM(2018) 324 final).

[2] Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (COM(2018) 375 final)

WORK WITHIN THE COUNCIL AND WITH THE EUROPEAN PARLIAMENT

4. The European Parliament adopted its position at first reading on 4 April 2019[3].

5. After examination of the proposal in the Working Party on Internal and External Fisheries Policy during the second part of 2018 and the first semester of 2019, the Council agreed on a first partial General Approach on 18 June 2019[4], and on a second partial General Approach on 14-15 October 2019[5]. This second partial General Approach completed the first one and only left aside the aspects related to the MFF (bracketed provisions) and CPR. The Council also agreed on a third partial General Approach[6] on 19 October 2020. This third partial General Approach translates the political guidance provided by the European Council and the subsequent financial breakdown on Article 1 and the previously bracketed provisions in Articles 5(1), 6(1), 6(2), 7, 8(1) and Annex V.

6. In total, seven trilogues took place between 19 November 2019 and 3 December 2020, under the Finnish, Croatian and German Presidencies. The Permanent Representatives Committee was debriefed in detail after each trilogue.

7. At its meeting on 25 November 2020, the Permanent Representatives Committee endorsed a revised mandate for negotiations as set out in the annex to document 13057/20.

8. On the basis of this revised mandate, the Presidency held a seventh trilogue on 3 December 2020, where a tentative agreement, in line with the flexibility granted in the revised mandate, was reached with the European Parliament on the remaining outstanding issues.

9. Under the Portuguese Presidency, technical legal adjustments on the agreed text and alignment to the Common Provisions Regulation and to the MFF took place.

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[3] Report on the proposal for a regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund and repealing Regulation (EU) N° 508/2014 of the European Parliament and of the Council, PE 625.439v03-00, A8-0176/2019.

[4] doc. 10297/19.

[5] doc. 12660/1/19 REV1.

[6] Doc. 10050/20 + 10050/20 COR1

II. POLITICAL AGREEMENT

10. On the key political issues which remained opened until the last trilogue, the compromise provisionally agreed with the European Parliament consists of the following elements:

   - Agreement that the Regulation establishes the programme for the period from 1 January 2021 to 31 December 2027, and that the duration of the programme is aligned to the duration of the MFF (Article 1);

   - In article 16, agreement that a young fisher must own at least 33% of shares to be eligible to support for partial ownership under the first acquisition of a vessel (in line with the revised mandate, and instead of the 51% proposed by the Commission-.

   - On Article 16a, the replacement or modernisation of engines, agreement on the following package:

     - the only condition for small-scale coastal vessels is that the new engine does not have more power in KW, as in the Council's position;

     - for vessels between 12 and 24 meters, agreement that those vessels should emit 20% less CO_2 emissions (compromise between the Council's 15% and the European Parliament's request for 30%);

     - a compromise was also found on the physical verification of engines, as opposed to the physical verification of the conditions;

     - On the methodology, a compromise was found on the addition of a criteria with the age difference with the use of an energy efficient technology, and where the Commission is empowered to adopt implementing acts to identify the energy efficient technologies.

- On Article 17, permanent cessation, financing not linked remains an option as in the CPR (in line with the Council's position), but not an obligation as was proposed in the Commission's proposal.

- On Article 18, temporary cessation, maximum duration for support was agreed at 12 months.

- In Article 19 (2), agreement that all vessels are eligible (instead of the limitation to small-scale coastal vessels proposed by the Commission and originally supported by the European Parliament). A Commission statement is included on this matter in the annex to this note.

- In Article 23(3), on aquaculture, agreement that support may be granted through grants or financial instruments (as in the Council's position).

- In Article 25(2), on processing, agreement on the basis of the Council's position, whereby SMEs have the choice between grants or financial instruments.

- On storage aid, the Commission's new compromise drafting on support in cases of exceptional events generating a significant disruption of markets, which had been circulated to delegations on 24 November in WK 13537/20, was agreed.

- on the budget for shared management, as well as for the budget for Outermost Regions, agreement in line with the Council's 3rd PGA (doc. 10050/20)

- The European Parliament also agreed to withdraw their very problematic amendment on the ring-fencing for biodiversity, which was opposed by the Council. A statement was entered by the Commission and the European Parliament, and it is suggested that the Council joins this statement;

- In article 6, agreement on the capping of measures in Articles 16, 16a, 16b, 17 and 18 to 15% as per the revised mandate.

- On co-financing rates, agreement to have as a general rule a single co-financing rate of 70% (instead of much lower rates for cessation proposed by the Commission and the European Parliament).

- On aid intensity rates, an agreement was reached based on the Council's position.

- On Outermost regions, the European Parliament accepted to withdraw their amendment on the renewal of small-scale costal fleets (Article 29d). A Commission statement was included at the request of the European Parliament.

- On the capping for compensations for additional costs in Article 6, an agreement was reached to set the capping at 60%, with an additional 10% in justified circumstances.

- On State aid, Article 29f, agreement based on drafting proposed by the Commission, in line with the revised mandate.

- On the review of specific measures (Article 29g), agreement on the Commission's review of compensations for additional costs.

11. In order for the European Parliament to accept the Council's position on several key elements, notably the Council's redline on not accepting any budget ring-fencing for biodiversity, two statements were introduced, as set out in Annex I of this note. The Council is invited to join these two statements. The statements introduced by the Commission are included in Annex II of this note.

III. <u>CONCLUSION</u>

12. On 22 February 2021, <u>the PECH Committee of the European Parliament</u> gave its endorsement to the text. Subsequently, on 25 February, the <u>Chair of the PECH Committee</u> sent a letter to <u>the Chair of the Permanent Representatives Committee</u> indicating that, should the Council transmit formally to the European Parliament its position as agreed, subject to legal-linguistic review, he will recommend to the Plenary that the Council's position be accepted without amendments at Parliament's second reading.

13. In light of the above, and with a view to enabling an early second reading agreement between the Council and the European Parliament on this legislative proposal, the Permanent Representatives Committee is invited to:

- reach a political agreement on the proposal for a European Maritime, Fisheries and Aquaculture Fund, as set out in doc. 6311/21 PECHE 59 CADREFIN 83 CODEC 230;
- agree to the proposed joint statements as set out in Annex I of this note;
- take note of the statements as set out in Annex II of this note.

Statement by [the Council and] the Commission

The [Council and the]Commission remain committed to trying to avoid an interruption of fishing activities under Sustainable Fisheries Partnership Agreements by striving towards the timely renewal of Sustainable Fisheries Partnership Agreements and their implementing Protocols.

Joint Statement by the European Parliament[, the Council] and the Commission

The European Parliament, [the Council] and the European Commission recognise the need to urgently advance action on the protection and conservation of marine and coastal ecosystems and biodiversity. The [three] institutions agree that tackling biodiversity loss, protecting and restoring ecosystems and/or maintaining them in good condition will require significant public and private investment at national and European level and that a significant proportion of the EMFAF expenditures should be invested in biodiversity. The [three] institutions agree that the European Commission will work with Member States, in the context of the programming exercise for the EMFAF 2021-2027, to reach the overall ambition of biodiversity spending highlighted in recital xx.

Statement by the Commission

The Commission has accepted the eligibility of investments on board related to fisheries control and enforcement, be they mandatory or not, and for all Union fishing vessels. The Commission considers that these investments will enable Member States to make full use of the financial resources available in the EMFAF for control and enforcement, to fulfil their obligations under the Control Regulation and other rules of the Common Fisheries Policy and to substantially improve the culture of compliance in the fishing sector. Moreover, the Commission expects that – in the context of the ongoing review of the Control Regulation – the European Parliament and the Council will support the modernisation of the existing control tools and the use of new technologies as proposed by the Commission. This means in particular introducing smart solutions for the tracking and catch reporting of small scale vessels, installing systems for the continuous monitoring of engine power, moving to fully digitised traceability systems covering all fishery products (fresh, frozen and processed), and introducing mandatory remote electronic monitoring systems on board fishing vessels and based on risk assessment, as the only effective means to control the application of the landing obligation and the bycatch and discard of sensitive species.

Statement by the Commission

The Commission takes note of the difficulties encountered up to now to grant state aid for the renewal of the fleets in the outermost regions. With a view to the sustainable development of those regions, the Commission will endeavour to assist the Member States to improve the collection of scientific data necessary to comply with the eligibility condition set in the State aid guidelines with a view to facilitating the application of the guidelines for the examination of State aid to the fishery and aquaculture sector in the Outermost Regions.

Statement by the Commission

The European Commission, in the context of the programming exercise for the EMFAF 2021-2027, will actively encourage Member States to maximise the use of measures included in their programmes, in particular under Article 22 (protection of biodiversity and ecosystems), to reach the overall ambition of providing an annual spending under the MFF to tackle biodiversity loss, protect and restore ecosystems and maintain ecosystems in good conditions as follows: 7,5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027. The Commission will regularly monitor the level of this spending on the basis of the total eligible expenditure declared by the beneficiaries to the managing authority and on data submitted by the Member State. Where the monitoring shows insufficient progress towards reaching the overall ambition, the Commission will actively engage with Member States in the annual review meeting in order to adopt remedial measures, including a programme amendment.