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REPORT

from :	Working Party on Internal Fisheries Policy
dated :	20 May 1999
to :	Permanent Representatives' Committee
No. prev. doc.:	6271/99 PECHE 44 + REV 1
No. Cion prop.:	13605/98 PECHE 413
Subject :	Proposal for a Council Regulation (EC) laying down the detailed rules and arrangements regarding Community Structural Assistance in the Fisheries Sector

BACKGROUND

1. The Commission submitted the Proposal for a Council Regulation (EC) laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector to Council on 21 December 1998. (Commissioner Bonino gave an initial oral presentation of the Proposal to the Council at its session on 17/18 December 1998.).The Proposal has been discussed by the Working Party on Internal Fisheries Policy on numerous occasions ; initially on the basis of a Presidency Working Paper and subsequently on the basis of two Draft Presidency Compromises. The Proposal was also the subject of a policy debate at Council on 30 March 1999.
2. Original Articles 7, 10 and 11 of the Commission Proposal, all of which contain measures relating to the fleet, were the subject of bilateral discussions between the Presidency and the Fisheries Directors General from the Member States, in the presence of the Commission on 11-12 April 1999.

3. The non-fleet related Articles were last discussed by the Working Party on Internal Fisheries Policy on 6 May 1999 ; the fleet-related Articles were last discussed in the same forum on 20 May 1999. In the light of these discussions the Presidency has drawn up a Second Revised Draft Presidency Compromise (REV 2) for presentation to the Committee of Permanent Representatives.
4. The **opinion of the European Parliament** on the Commission Proposal was made available on 6 May 1999. The **opinion of the Economic and Social Committee** will be delivered on 26 May 1999.

GENERAL RESERVATIONS

5. It should be understood that as REV 2 has been only partially examined in the Working Party on Internal Fisheries Policy, both the Commission and Member States hold general reservations on this document. It follows that the Parliamentary scrutiny reservation entered by the United Kingdom delegation on the previous Revised Draft Presidency Compromise (REV 1) is now applied to REV 2.

KEY TO THIS REPORT

6. This Report is divided into two parts: **Part I** contains a summary of the **fleet-related measures** set out in Articles 6, 9 and 10 of REV 2 and the **general positions of the Commission and Member States** concerning fleet measures ; **Part II** contains the **entire text of REV 2** showing in **footnotes the comments of the Commission and Member States on all Articles where appropriate**. A list of the **written contributions** from Member States is set out in an **Appendix** to this report.
7. The basis for REV 2 is the Revised Draft Presidency Compromise set out in document SN 2971/99. All the following modifications indicated are in relation to this text :
 - ~~strikeout~~ indicates old text deleted ;
 - **bold** indicates new text inserted ;
 - [square brackets] indicate old text which remains open for discussion ;
 - **[square brackets and bold]** indicate new text which remains open for discussion.

PART I

FLEET-RELATED MEASURES (Articles 6, 9 and 10)

Introduction

8. These Articles were last discussed by the Working Party on Internal Fisheries Policy on 20 May 1999 on the basis of a Revised Draft Presidency Compromise (doc SN 2971/99). They have not yet been examined as they stand in the present document. It should, therefore, be understood that the Commission and Member States hold **general reservations** on Articles 6, 9 and 10.
9. However, **the policy positions** adopted by Member States on fleet measures in the course of the full discussion of this dossier, are summarised below.

Nature of the structures Regulation

10. Certain delegations, notably the United Kingdom, Denmark and Austria, considered that structural assistance should be viewed against the principal objectives of the **Common Fisheries Policy** and in particular with regard to the **conservation of resources**. These delegations took the view that the **priority** of structural assistance should be to **reduce fishing capacity** in line with the objectives of the multiannual guidance programmes (MAGPs). The remaining delegations, however, considered the structural assistance Regulation as primarily a financial Regulation designed to accompany the fleet measures outlined in the MAGPs, and not to reinforce them or to add to them.
11. **These two views of the structures Regulation imply conflicting positions on the fleet-related measures** in the Proposal : the first set of delegations supporting the Commission's view that the implementation of the present **MAGP is inadequate and requires tightening up**, particularly in the domain of fleet measures and, if necessary, by means of the structures Regulation; the second set of delegations opposing this view on the basis that the Council Decision on the MAGPs effectively sets the objectives of these programmes, that it would require another Council Decision to modify them in any way, and that **the Commission Proposal goes beyond the objectives set by MAGP IV**, indeed anticipating an MAGP V.

Respecting the MAGPs

12. Delegations were generally **agreed** that all Member States should make every effort to attain the MAGP objectives. The vast majority were not opposed, in principle, to the Commission Proposal to introduce **sanctions** against Member States which did not meet annual and final objectives. Certain delegations, indeed, considered it **discriminatory not** to distinguish between the various performances of Member States in meeting these objectives. The Netherlands delegation, endorsed by the Danish delegation, however, took the opposite view, stressing the importance of offering some motivation to non-compliant Member States to meet their objectives.
13. Delegations were less happy with the nature of the sanctions proposed by the Commission, in particular the provision allowing the Commission to **adjust the capacity objectives in the MAGP** and the provision permitting the **suspension of the introduction of license applications** to third countries under Fisheries Agreements with the said countries that receive a financial contribution from the Community budget. A number of delegations considered that these provisions went **beyond the existing MAGP** and that the second provision in particular would effectively **penalise the individual vessel-owner** rather the recalcitrant Member State, which was legally questionable; the Spanish delegation pointed out that this measure might also be considered **discriminatory** in that it was directed at only one particular segment of the Community fleet.

Withdrawal and replacement of capacity

14. There was general **agreement** among delegations, including those most concerned with reducing capacity, that the Community fleet required modernisation and renewal and that **increases in capacity were sometimes necessary** to achieve this. As a general rule, Member States would consider it desirable that any structural assistance Regulation be sufficiently flexible to permit them, according to the **principle of subsidiarity**, to increase or reduce fleet capacity as long as they met their MAGP objectives. The French delegation believed that there should be a distinction made between identical replacement of capacity and increase in capacity.

Public aid for fleet renewal

15. The Commission principle that, where public aid had been granted to reduce capacity, public aid would not be granted again to the same sector for increasing capacity – i.e **double aid** should be avoided - was not challenged. **Disagreement**, however, arose regarding the **conditions** under which increases in capacity should be permitted, particularly where such increases were publicly funded. Positions varied considerably on this question.
16. The United Kingdom delegation considered that any **new investment** in the fisheries sector should be supported by **profits from the industry** ; this was all the more true when stocks were under threat. However, recognising the differences in the various fleets of Member States, the problems of modernisation, and socio-economic difficulties in the fisheries sector, this delegation could agree to public aid being made available on condition that there was a counterpart for such aid in the form of a reduction of fishing capacity and protection of resources. In summary, it considered that a **dual regime** should operate along the following lines :
- where **no public aid** was made available, the structural assistance provisions could be more relaxed provided Member States respected the downward trend to meet **annual targets of the MAGP** ;
 - where **public aid** was made available, respect of the MAGPs targets should be a condition *sine qua non* but in addition modernisation should take place in a specific framework and there should be a **counterpart for the taxpayer** in the form of a reduction in fishing capacity.
17. The Netherlands delegation believed that public aid should be provided to all Member States **even those who had not met their MAGP targets**. This delegation believed that such public aid could be instrumental, and indeed vital, in reducing capacity.
18. A number of delegations took the view that increases in capacity should be possible **with or without public aid** as long as Member States comply with the MAGP objectives.

Revised entry and exit system

19. The Commission Proposal that, for every 100 % of new capacity entering the fleet with public aid, **130 % of old capacity** should be withdrawn in order to compensate for enhanced performance due to improved technology, was endorsed by the Austrian, Danish and United Kingdom delegations. The remaining delegations considered this Proposal **unjustified** on the basis of principle, that it went **beyond MAGP IV**, and on that of substance in that it made the **renewal of the fleet virtually impossible**; they also questioned the figure of 130 %.

Small scale coastal fishing

20. The Commission Proposal envisaged more **flexible conditions for renewal of small scale and coastal vessels** on the grounds that this fleet had a lower impact on the stocks and due to the social factors in this sector.
21. The German delegation stressed the importance of taking into account the different situations in individual Member States when considering structural assistance. It pointed out that small scale coastal fisheries could not renew their fleet without public aid and a penalty of **130 % withdrawal of capacity for 100 % new capacity was not viable in this sector**.

Hygiene, safety and work conditions

22. The Spanish, Portuguese and Danish delegations, considered that increases in capacity for improvement in hygiene, safety and working conditions, should be permitted, not just for existing vessels as proposed by the Commission, but also for **new vessels**. They also believed that these measures should be eligible for **public aid** ; the latter delegation considered it should be made clear that the MAGP targets had to be respected as far as any increase in capacity was concerned and that no aid for new vessels should be made available for Member States who did not meet MAGP targets.

Joint enterprises (Article 8 : Has not been treated along with fleet measures but is relevant in terms of public aid)

23. The German delegation questioned the **validity of continuing to provide public aid** for these enterprises on the basis that they had fulfilled the role for which they had been designed. In the light of the **Court of Auditors report** criticising the creation and operation of joint enterprises, the United Kingdom delegation expressed the view that joint enterprises should only be permitted in the framework of Agreements with third countries where they could be better monitored. Both these positions were endorsed by a number of delegations who questioned the need to provide additional incentives for joint enterprises. In this context, the majority of delegations were in favour of **tightening up conditions** for the creation and continuing operation of these enterprises, particularly the conditions relating to eligibility and receipt of public aid.
24. Certain delegations, however, notably the Spanish, Italian and Portuguese delegations, insisted that conditions for the operation of joint enterprises should not be too restrictive in order to provide the necessary **flexibility** for them to operate efficiently. The Spanish delegation entered a reservation of substance on these provisions and on the correlating section 1.2. in Annex III where it is seeking, in particular, a rewording of the insurance conditions.

Multi-annual aspect of the MAGPs

25. The French delegation, endorsed by the Belgian and Spanish delegation, considered it important that the regime for structural assistance take full account of the multi-annual aspect of the MAGPs ; Member States' performance, particularly in the domain of assessment in granting public aid, should be determined primarily on the basis of meeting the **annual / intermediate MAGP target** rather than in the dominant trend in meeting the final objectives.

Segment approach

26. The majority of delegations favoured a segment approach to structural assistance on the basis that the **MAGP objectives had been drawn up on a segment basis**. However, the Italian delegation requested that a **vessel by vessel** approach be adopted in the **Mediterranean** where the level of exploitation of resources was already high.
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PART II

SECOND REVISED DRAFT PRESIDENCY COMPROMISE – (REV 2)

Proposal for Council Regulation (EC) No/..., of ...

**laying down the detailed rules and arrangements regarding Community structural assistance
in the fisheries sector**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³,

(1) Whereas Council Regulation (EC) No .../.. of laying down general provisions on the Structural Funds⁴ defines the general objectives and tasks of the Structural Funds and the financial instrument for fisheries guidance, hereinafter called the ‘FIFG’, their organisation, the assistance methods, the programming and general organisation of the aid provided by the Funds and the general financial arrangements;

¹ OJ C ..., ..., p. .

² OJ C ..., ..., p. .

³ OJ C ..., ..., p. .

⁴ OJ L ..., ..., p. .

- (2) Whereas Council Regulation (EEC) No 3760/92 of 20 December 1992 establishing a Community system for fisheries and aquaculture⁵ lays down the objectives and general rules of the common fisheries policy; whereas the development of the Community fishing fleet must in particular be regulated according to the decisions that the Council is called upon to take by virtue of Article 11; whereas it is for the Commission to translate these decisions into precise measures at the level of each Member State; whereas, furthermore, Council Regulation (EEC) No 2847/93 of 12 October 1993 establishing a control system applicable to the common fisheries policy⁶ must be complied with;
- (3) Whereas Council Regulation (EC) Noof on the financial instrument for fisheries guidance⁷ defines the specific purpose of structural measures in the sector, as it is defined in Article 1 of the said Regulation; whereas under Article 4 the Council must decide, no later than ..., on the terms and conditions of the contribution of the FIG to the restructuring of the sector in order to ensure that this restructuring achieves its intended objectives;
- (4) Whereas the provisions concerning the programming should be fixed;
- (5) Whereas the multiannual guidance programmes for the fishing fleets for the period from 1 January 1997 to 31 December 2001 are to remain in force until they expire; whereas appropriate provisions should be laid down for the period commencing on 1 January 2002;
- (6) Whereas the provisions for the monitoring and implementation of the multiannual guidance programmes should be specified, in particular concerning the mechanism of fleet entries and exits as well as the delimitation of public aid for the renewal of the fleet, the modernisation of vessels and the establishment of joint enterprises;
- (7) Whereas small scale coastal fishing has a special status in terms of the objectives for fishing effort adjustments; whereas it is important that this specificity is translated into concrete measures at the level of the present regulation;

⁵ OJ L 389, 31.12.1992, p. 1. Regulation last amended by Regulation (EC) No 1181/98 (OJ L164, 9.6.1998, p. 1).

⁶ OJ L 261, 20.10.1993, p. 1. Regulation last amended by Regulation (EC) No 686/97 (OJ L 102, 19.4.1997, p. 1).

⁷ OJ L ..., ..., p..

- (8) Whereas socio-economic accompanying measures will be needed to implement the restructuring of the fishing fleets;
- (9) Whereas the detailed rules should be fixed for the granting of aid for the protection and development of the aquatic resources, for aquaculture, for equipment in fishing ports, for processing, for marketing and for the promotion of fisheries and aquaculture products;
- (10) Whereas certain measures having a structural character in benefit of producers organisations currently being implemented under Council Regulation (EEC) No 3759/92 of 17 December 1992 on the common organisation of the market in fishery and aquaculture products⁸ should be included among the structural measures , and that such inclusion should not jeopardise the regulatory role of the producers organisations as defined in Regulation (EEC) No. 3759/92; whereas it is also convenient to include other measures of collective interest undertaken by the professionals;
- (11) Whereas detailed rules should be fixed for the granting of indemnities and financial compensation to fishermen and vessel owners, in cases of temporary cessation of activity or of technical restrictions applied to certain equipment on board or fishing methods;
- (12) Whereas the programmes must envisage the means necessary for the execution of innovative actions and technical assistance;
- (13) Whereas achieving a lasting balance between marine resources and their exploitation and environmental impact represent important interest for the fisheries sector it is as important, therefore, to provide for appropriate measures to preserve the trophic chain as it is to provide for aquaculture and the fish processing industry;
- (14) Whereas, in so far as such measures are not limited to the granting of Community aid, it is appropriate in particular to regulate State aid schemes in this sector, without prejudice to Articles 92, 93 and 94 of the Treaty, and to integrate the programming of the restructuring of Community fishing fleets in a coherent manner in the context of structural assistance as a whole,

⁸ OJ L 388, 31.12.1992, p. 1. Regulation last amended by Regulation (EC) No 3318/94 (OJ L 350, 31.12.1994, p. 15).

(15) Whereas Council Regulation (EC) No 2468/98 of 3 November 1998 laying down the criteria and arrangements regarding Community structural assistance in the fisheries and aquaculture sector and the processing and marketing of its products⁹ as well as other provisions should be repealed; whereas at the same time, for the proper execution of the aid, actions and projects approved up until 31 December 1999 the repealed provisions should remain applicable to this effect;

HAS ADOPTED THIS REGULATION:

Article 1

Objectives

1. This Regulation provides a framework for all structural measures in the sector carried out in the territory of a Member State, without prejudice to regional particularities with a view to achieving the objectives set out in Article 1(1) of Regulation (EC) No. ... / ... [on FIFG] and the objectives of the Common Fisheries Policy, in particular conservation and long term sustainability of resources..
2. Structural policy in this sector, aims at guiding and facilitating restructuring. Restructuring shall comprise actions and measures with a lasting effect that contribute ~~over the long term~~ to achieving the tasks defined in Article 1(2) of Regulation (EC) No .../.. [on FIFG].

Article 2

Means

The FIFG may, under the conditions laid down in this Regulation, provide assistance for the measures defined in titles II, III and IV within the fields of application covered by the common fisheries policy as defined in Article 1 of Regulation (EEC) No 3760/92.

⁹ OJ L 312, 20.11.1998, p.1

TITLE I

PROGRAMMING

Article 3¹⁰

Common provisions

1. Programming, defined in Article 9 Paragraph (a) of Regulation (EC) No.(general Funds Regulation), shall be in accordance with the objectives of the common fisheries policy and with the provisions of the multiannual guidance programmes for the fishing fleets referred to in Article 4. To this end, it may be revised as necessary and in particular at the end of each period of application of the multiannual guidance programmes.

Programming shall cover all the fields referred to in Titles II, III and IV.

2. Programming of measures part-financed by the FIFG in Objective 1 Regions shall be in accordance with article 2(2) first sub-paragraph of Regulation (EC) No .../.... [on FIFG].

Programming of measures part-financed by the FIFG outside Objective 1 Regions shall be in accordance with Article 2(2) second sub-paragraph of Regulation (EC) No .../... [on FIFG]. Articles 14, 15(2), 15(3) first sub-paragraph, 15(5), 15(6), 15(7), 19(3) and 19(4) of Regulation No... [general Funds Regulation] shall be applicable.

¹⁰ *ES, GR, I and IRL: scrutiny reservations. IRL: to liaise with the Commission on plans and programming.*

3. The plans, defined in Article 9 Paragraph (b) of Regulation (EC) No. ... (general Funds Regulation), shall demonstrate that public aid is necessary with regard to the objectives pursued, and in particular that without public aid the fishing fleets concerned could not be renewed or modernised and that the planned measures will not jeopardise the long-term equilibrium of fishery resources¹¹.

The contents of the plans shall be as set out in Annex I.

4. For the remainder of the programming period not yet covered by a multiannual guidance programme approved by the Commission, the programming information shall be purely indicative; it shall be specified by Member States when the new multiannual guidance programme is approved, in accordance with its objectives.

Article 4

Multiannual guidance programmes for fishing fleets

1. The Council, under Article 11 of Regulation (EEC) No 3760/92, lays down the objectives and measures for restructuring the fisheries sector. On the basis of this Council Decision, the Commission shall, acting in accordance with the procedure laid down in Article 18 of that Regulation, adopt the multiannual guidance programmes for individual Member States.
2. The Commission decision referred to in paragraph 1 shall fix, in particular, a series of objectives accompanied by a set of measures for their realisation, allowing for management of fishing effort on an overall, long-term basis.

¹¹ *F, I, NL, P, ES: Reservations, question practicality of requirement that the necessity of public aid be demonstrated; request rewording. NL: Suggest that the sentence beginning "and in particular..." be deleted. UK, DK and Commission: maintain Commission text. Justification for public aid is necessary.*

3. Before 1 May 2001 at the latest, Member States shall supply the Commission with the information specified in Annex II to this Regulation, to be used in drawing up subsequent multiannual guidance programmes¹².

Article 5

Monitoring multiannual guidance programmes

1. For the purpose of monitoring the implementation of multiannual guidance programmes, Member States shall transmit to the Commission, before 1 May each year, a document reviewing the progress made with their multiannual guidance programme. Within three months of this deadline the Commission shall forward an annual report to the European Parliament and the Council on the implementation of multiannual guidance programmes throughout the Community.
2. Member States shall transmit to the Commission information on the physical characteristics of fishing vessels and the monitoring of fishing effort by fleet segment and by fishery, particularly as regards the development of capacities and the corresponding fishing activities, in accordance with the procedures laid down in Commission Regulations (EC) No 2090/98 of 30 September 1998 concerning the fishing vessel register of the Community¹³ and No 2091/98 of 30 September 1998 concerning the segmentation of the Community fishing fleet and fishing effort in relation to the multiannual guidance programmes¹⁴.
3. On its own initiative or at the request of the Member State concerned, or under provisions laid down in the multiannual guidance programmes, the Commission may re-examine and adapt any multiannual guidance programme, whilst respecting the Council Decision mentioned in Article 4 paragraph 1.

¹² *E: reservation. Request deletion of 4.3 and correlating ref. in Annex II.3..*

¹³ OJ L 266, 1.10.1998, p. 27.

¹⁴ OJ L 266, 1.10.1998, p. 36.

4. The Commission shall decide on the revisions provided for in paragraph 3 in accordance with the procedure laid down in Article 18 of Regulation (EEC) No 3760/92.
5. For the implementation of this Article, Member States shall apply the provisions of Article 24 of Regulation (EEC) No 2847/93.

TITLE II

IMPLEMENTATION OF MULTIANNUAL GUIDANCE PROGRAMMES FOR FISHING FLEETS

Article 6

Fleet renewal and modernisation of fishing vessels

- ~~1. Fleet renewal and the modernisation of fishing vessels shall be organised in accordance with this title.~~

~~Each Member State shall submit to the Commission, for approval in accordance with the procedure laid down in Article 18 of Regulation (EEC) No 3760/92, permanent arrangements for monitoring fleet renewal so far as it is required in the multiannual guidance programme.~~

~~a) These arrangements must guarantee that:~~

- ~~— fishing capacity or effort does not exceed the annual and final objectives fixed in the multiannual guidance programme or that, where appropriate, fishing capacity or effort is gradually reduced to attain these objectives;~~
- ~~— fishing capacity withdrawn under Article 7 of this Regulation shall not be replaced.~~

~~Increase in capacity resulting exclusively from improving safety, hygiene, product quality and working conditions of existing vessels registered in the fishing vessel register of the Community will be permitted if Member States can demonstrate that it does not lead to an increase in exploitation of fisheries resources and that it complies with the objectives of Regulation (EC) No. 3760/92.~~

~~b) The indicators relating to the fishing fleet in the plans, as provided for in Annex I(2) point d) must be drawn up in accordance with these arrangements.~~

~~2. Member States shall ensure that the fishing licenses of the withdrawn vessels are cancelled and that the withdrawals of the vessels are communicated to the fishing vessel register of the Community. They shall also ensure that vessels permanently transferred to third countries and declared as deleted from the register are permanently excluded from fishing in Community waters.~~

- 1. Fleet renewal and the modernisation of fishing vessels shall be organised in accordance with this title.**
- 2. Each Member State shall submit to the Commission, for approval in accordance with the procedure laid down in Article 18 of Regulation (EEC) No 3760/92, permanent arrangements for monitoring fleet renewal and modernisation.**
 - a) Within the framework of these arrangements Member States shall demonstrate that entries and exits from the fleet will be managed in such a way that the capacity does not exceed the annual objectives fixed in the multiannual guidance programme or, where appropriate, that fishing capacity is gradually reduced to attain these objectives. These arrangements shall in particular take into account that capacity which has been withdrawn with public aid cannot be replaced.**
 - b) These arrangements may include measures to improve safety, navigation at sea, hygiene, product quality and working conditions.**

3. The indicators relating to the fishing fleet in the plans, as provided for in Annex I (2) point d) must be drawn up in accordance with these arrangements.

Article 7

Adjustment of fishing effort

1. Member States shall take appropriate measures to adjust fishing effort to achieve the objectives of the multiannual guidance programmes referred to in Article 4.

Where necessary, this shall be achieved by stopping vessels' fishing activities permanently or to restrict them or a combination of both measures, in accordance with the applicable provisions of Annex III.

2. Measures to stop vessels' fishing activities permanently may be applied only to vessels 15 years old or more¹⁵.
3. The stopping of vessels' fishing activities permanently may be achieved by :
- a) the scrapping of the vessel,

¹⁵ *ES, F, NL, P, IRL, I and UK: request age limit of 10 years.*

B : Prefer 15 years.

Cion: prefer to reserve aid for vessels of 15 years or older; these age limits and other conditions do not apply when no public aid is granted.

- b) permanent transfer of the vessel to a third country, **including in the framework of a joint enterprise within the meaning of Article 8**, after agreement by the competent authorities of the country concerned, provided all the following criteria are met¹⁶ :
- (i) there exist appropriate guarantees that international law is not likely to be infringed, in particular with respect to the conservation and management of marine resources or other objectives of the common fisheries policy and with respect to working conditions of fishermen;
 - (ii) the third country to which the vessel is to be transferred is not a country which is a candidate for accession ;
 - (iii) the transfer results in a reduction of fishing effort on the resources previously exploited by the vessel transferred ; however, this criteria shall not apply when the vessel transferred has lost fishing possibilities under a fisheries agreement with the Community **or under another agreement**
- c) permanent reassignment of the vessel for purposes other than fishing.
4. The capacity of vessels that are subject to a measure to stop fishing activities permanently within the meaning of paragraph 2 and 3 may under no circumstances be replaced. ~~The vessels concerned shall be subject to the conditions laid down in Article 6 (2)~~¹⁷ .

Member States shall ensure that the fishing licenses of all vessels withdrawn are cancelled and that the withdrawals of the vessels are communicated to the fishing vessel register of the Community. They shall also ensure that vessels transferred to third countries and declared as deleted from the register are permanently excluded from fishing in Community waters.

¹⁶ *ES: request clarification of text: agreements with other countries should not interfere with Structural Policy. UK: don't weaken text on third countries.*

¹⁷ *UK: essential to maintain this paragraph to ensure that public aid for withdrawal of capacity results in a reduction of fishing in Community waters.*

5. Public aid for final-cessation paid to beneficiaries may not exceed the following amounts:
- a) Scrapping premiums
 - i) 15 year old vessels: see Tables 1 and 2 in Annex IV;
 - ii) vessels from 16 to 29 years old: the scales in Tables 1 and 2 decreased by 1.5% per year over 15.
 - iii) vessels of 30 years old or more: the scales in Tables 1 and 2, less 22.5%.
 - b) Premiums for permanent transfer within the framework of a joint enterprise : the amounts referred to in Article 8(3); however, no public aid for this purpose can be given for vessels with a tonnage less than 25 GRT or 27 GT, or of 30 years old or more, except under the conditions foreseen in paragraph 6¹⁸**
 - c) Premiums for **other** permanent transfer to a third country: the maximum amounts for the scrapping premiums referred to in (a) above, less 50 %. However, no public aid for this purpose can be given for vessels with a tonnage less than 25 GRT or 27 GT, or of 30 years old or more, except under the conditions foreseen in the paragraph 6¹⁸.
 - d) Premiums for other cases stopping fishing activities permanently : the maximum amounts for the scrapping premiums referred to in (a) above, less 50 %. However, no public aid for this purpose can be given for vessels with a tonnage less than 25 GRT or 27 GT, except under the conditions foreseen in paragraph 6¹⁸.
6. Notwithstanding paragraph 5(~~b~~ c) and (~~e~~ d), where the vessel is definitively assigned for the preservation of historical heritage in the territory of a Member State, or for the fisheries research or training activities of public or semi-public bodies of a Member State, or for the control of fishing activities, in particular by a third country, public aid shall be granted under the conditions given in paragraph 5 (a).

¹⁸ *P: premiums should apply to whole fleet irrespective of tonnage or age. E: delete reference to tonnage in particular with respect to permanent transfer. Cion: necessary to have an age limit to avoid permanent transfer of very old vessels. Necessary to have reference to tonnage as Community does not want to be accused of exporting its over-capacity or of promoting unfair competition.*

7. Without prejudice to Article 16, measures to restrict fishing activities may include restrictions on the fishing days or days at sea authorised for a specific period. Such measures may not give rise to any public aid.

Article 8

Joint enterprises¹⁹

1. ~~An additional premium to the premium for permanent transfer paid under Article 7 paragraph 5, b) may be granted to carry out~~ **Member States may take measures to promote the creation of joint enterprises.**

For the purpose of this Regulation “joint enterprise” means a commercial enterprise ~~project~~ with one or more partners who are nationals of the third country in which the vessel is registered, ~~hereinafter called a ‘joint enterprise’.~~

2. In addition to the conditions laid down in Article 7 and Annex III for the grant of a premium for permanent transfer, the following conditions shall apply:
 - a) The creation and registration of a commercial enterprise, in accordance with the laws of the third country, or the acquisition of holdings in an enterprise that is already registered, for the purpose of engaging in a commercial activity in the fisheries sector in the waters under the sovereignty or the jurisdiction of the third country. The Community partner must hold a significant proportion, generally between 25% and 75%, of the share capital;

¹⁹ See Part I, paragraph 23 of this report for Member States' positions.

- b) ownership of the permanently transferred vessel must be handed over to the joint enterprise in the third country. For five years the vessel may not be used for fishing activities other than those authorised by the competent authorities of the third country, nor may it be used by other shipowners.
3. The ~~additional~~ premiums for the creation of joint enterprises shall be granted according to the following rules :
- a) Where a fisheries agreement exists with the third country concerned that already provides for the creation of joint enterprises, the ~~additional~~ premium may not exceed ~~60%~~ **80 %** of the maximum amount of the premium for ~~permanent transfer~~ **scrapping** referred to in Article 7 paragraph 5(~~b~~ **a**) ;
 - b) Where there is no fisheries Agreement with the third country concerned or where an existing Agreement does not provide for the creation of joint enterprises, the additional premium may not exceed ~~30%~~ **65 %** of the maximum amount of the premium for ~~permanent transfer~~ **scrapping** referred to in Article 7 paragraph 5(~~b~~ **a**).

The premiums referred to in this paragraph cannot be cumulated with the premiums referred to in Article 7 paragraph 5 (a,c,d).

4. The management authority shall pay ~~50%~~ **80 %** of the ~~additional~~ premium to the applicant when the vessel is transferred to the joint enterprise, after the applicant has provided proof that a bank guarantee for an amount equal to ~~50%~~ **20%** of the ~~additional~~ premium has been lodged.
5. Each year for five consecutive years from the date of constitution of the joint enterprise or the date on which the Community partner acquired holdings in the enterprise, applicants shall submit to the management authority a report on the implementation of the activity plan, including data on catches and markets of fisheries products, in particular products landed in or exported to the Community, with supporting documents, together with the enterprise's balance sheet and a statement of its net worth. The management authority shall forward the report to the Commission for information.

The balance of the ~~additional~~ premium shall be paid to applicants after two years of activity and after the first two reports have been received.

6. The guarantee shall be released, provided all the conditions are met, once the fifth report has been approved.
7. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Articles 47(3) and 51(2) of Regulation (EC) No .../.. [general Funds regulation].

Article 9

Public aid for fleet renewal and for vessel modernisation

~~1. Without prejudice to the conditions laid down in the second subparagraph of Article 3 paragraph (4), public aid for fleet renewal and for vessel modernisation shall be granted only on the following conditions and those given in Annex III:~~

- ~~a) Public aid for fleet renewal or vessel modernisation entailing an increase in capacity may be granted only if the overall final objective and the final objective in the concerned fleet segment of the multiannual guidance programme have been respected and the measure will not entail an exceeding of this objective again, as well as of tonnage as of power.~~
- ~~b) Public aid for fleet renewal or vessel modernisation entailing an increase in capacity also may be granted if the overall final objective and the final objective in the concerned fleet segment of the multiannual guidance programme have not yet been respected, on condition that the capacity withdrawn in association with the addition of new capacity for each individual project is at least 30% greater than the new capacity added, in terms of both tonnage and power. In this case point a) will not apply.~~

~~2. Expenditure eligible for public aid as referred to in paragraph 1 may not exceed the following amounts:~~

~~a) construction of fishing vessels: twice the scales in Table 1 in Annex IV;~~

~~b) modernisation of fishing vessels including, where applicable, the cost of remeasuring tonnage in accordance with Annex I to the 1969 Convention²⁰: the scales in Table 1 in Annex IV.~~

~~3. In conformity with Article 7 paragraph 4 no public aid may be granted for capacity withdrawn in association with the addition of new capacity for which public aid is granted.~~

[1. **Without prejudice to the conditions laid down in the second subparagraph of Article 3 paragraph 3, public aid for fleet renewal and modernisation shall be granted under one of the alternative conditions set out under a) and b) below and those set out in Article 6 and Annex III:**

a) Public aid for fleet renewal or vessel modernisation entailing an increase in capacity may be granted for segments where the objectives of the MAGP are achieved by reduction of capacity only; and where the overall final objective and the final objective in the concerned fleet segment of the multiannual guidance programme have been respected; and where the measure will not entail an exceeding of this objective again, in terms of tonnage as well as of power.

b) Public aid may also be granted if the annual objectives of the MAGP, overall and for the segment concerned, are respected. In this case, Member States must ensure that the entry of new capacity with public aid is compensated by the withdrawal of capacity without public aid which is 30% greater than the capacity added in the segment concerned, taken in aggregate and in terms of both tonnage and power.

²⁰ ~~International Convention on Tonnage Measurement of Ships, drawn up in London in 1969 under the auspices of the International Maritime Organisation (IMO).~~

By derogation from the second sentence of point (b) above, first sub-paragraph, Member States may determine within the framework of the permanent arrangements referred to in Article 6 paragraph 2, the appropriate relation between entries with public aid and the associated capacity to be withdrawn without public aid in order to ensure that the capacity introduced with public aid does not increase the exploitation rate of the resources. Under no circumstances can the capacity introduced with public aid be greater than the associated capacity withdrawn.

For the segment containing vessels less than 12 metres overall length other than trawlers, the entry of new capacity with public aid must be compensated by the withdrawal of capacity without public aid which is at least equal to the capacity added, taken in aggregate and in terms of both tonnage and power.

2. Expenditure eligible for public aid as referred to in paragraph 1 may not exceed the following amounts:
 - a) Construction of fishing vessels: twice the scales in Table 1 in Annex IV
 - b) Modernisation of fishing vessels including, where applicable, the cost of remeasuring tonnage in accordance with Annex I to the 1969 Convention²¹: the scales in Table 1 of Annex IV.
3. In conformity with Article 7 paragraph 4, no public aid may be granted for capacity withdrawn in association with the addition of new capacity for which public aid is granted.]

²¹ International Convention on Tonnage Measurement of Ships, drawn up in London in 1969 under the auspices of the International Maritime Organisation (IMO).

Article 10

Common provisions on fishing fleets

1. Public aid for fleet renewal and the modernisation of vessels as well as the issue of licences for the addition of new vessels is not permitted where, within the time allowed, the Member State²²:
 - a) has not submitted the information provided for in Article 5;
 - b) has not taken the necessary measures to comply with Council Regulation (EEC) No 2930/86 of 22 September 1986 defining characteristics for fishing vessels²³;
 - c) has not taken the necessary measures to comply with the objectives of the multiannual guidance programmes by introducing and applying the arrangements provided for in Article 6 (1).

²² *IRL: Issuing of licences is a matter for national competence. DK: In favour of ban on new licences.*

²³ OJ L 274, 25.9.1986, p. 1. Regulation last amended by Regulation (EC) No 3259/94 (OJ L 339, 29.12.1994, p. 11).

- [2. In the cases referred to in paragraph 1 the Commission may take the following measures:
- a) the adjustment of the capacity objectives in the multiannual guidance programme in the light of the information available to it,
 - b) the suspension of the introduction of licence applications to third countries under fisheries agreements with the said countries that receive a financial contribution from the Community budget.]²⁴
3. The following provisions shall apply to the cumulation of public aids to the fishing fleet²⁵:
- a) expenditure on modernisation shall not be eligible for aid for five years following the grant of public aid for the construction of the vessel concerned²⁶;
 - b) permanent withdrawal premiums within the meaning of Article 7 (5) and additional premiums for the creation of joint enterprises within the meaning of Article 8 may not be added to other Community aid granted under this Regulation or Regulations (EEC) No 2908/83²⁷, (EEC) No 4028/86²⁸ and (EC) No 2468/98. These premiums are to be reduced
 - i) by a part of the amount previously received in the case of modernisation aid and/or the allowance for a temporary joint venture; this part is calculated *prorata temporis* for the five year period preceding the permanent withdrawal or the setting up of the joint enterprise;

²⁴ This paragraph appeared in the original Cion. Proposal and provoked the following comments. *ES, D, DK, Gr, IRL, P, NL* : *Question the justification of these provisions on the basis that they go beyond the existing Regulation. ES* : *Substantial reservation particularly on 2b) on the basis that it discriminates against a particular segment of the Community fleet. Cion* : *These provisions are perfectly legal and are needed for effective control of the MAGP.*

²⁵ *ES*: *Oppose restriction on the cumulation of aid for construction and aid for withdrawal.*

Cion: *New paragraph 4 should meet Spanish concerns.*

²⁶ *P*: *Some equipment does not have a life of 5 years. This provision penalises small-scale fisheries. NL*: *What about technological or hygiene equipment. D*: *If we reduce 5 year period we will end up with difficulties in overheads and repair costs. Fishermen should finance small expenditures alone.*

²⁷ Council Regulation (EEC) No 2908/83 of 4 October 1983 on a common measure for restructuring, modernising and developing the fishing industry and for developing aquaculture (OJ No L 290, 22.10.1983, p. 1). Regulation last amended by Regulation (EEC) No 3733/85 (OJ L 361, 31.12.1985, p. 78).

²⁸ Council Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector (OJ L 376, 31.12.1986, p. 7). Regulation last amended by Regulation (EEC) No 3946/92 (OJ L 401, 31.12.1992, p.1).

- ii) by the total amount previously received in the case of aid for the temporary cessation of activities within the meaning of Article 16 (1) of this Regulation and under Article 14 of Regulation (EC) No 2468/98 paid during the year preceding permanent withdrawal or the setting up of the joint enterprise²⁹.

4. **An aid for construction or for modernisation, under this Regulation shall be reimbursed *pro rata temporis* when the vessel concerned is deleted from the fishing vessel register of the Community within fifteen years from the construction, or within five years from the modernisation works.**

Article 11

Small-scale coastal fishing

1. For the purposes of this Article, 'small-scale coastal fishing' means fishing carried on by vessels of an overall length of less than 12 metres.^{30 31}
2. Member States may take additional measures as provided for under this Regulation to supplement the measures to improve the conditions in which small-scale coastal fishing is carried on, under the terms laid down in this Article.
3. Where a group of owners of vessels or families of fishermen involved in small-scale coastal fisheries cooperatively implement an integrated collective project to develop or modernise this fishing activity, a lump-sum premium part-financed by the FIFG may be granted to the participants.

²⁹ *Land P: Temporary cessation is not the same as permanent withdrawal. Delete this paragraph.*

³⁰ *Cion to provide a draft declaration stating that this definition of small-scale coastal fishing is without prejudice to definitions appearing elsewhere in Community legislation.*

³¹ *IRL, NL, S: Seek length threshold of 15 metres.*

The following projects, *inter alia*, may be considered integrated collective projects for the purpose of this paragraph:

- safety equipment on board and improvement of sanitary and working conditions
 - technological innovations (more selective fishing techniques)
 - organisation of the production, processing and marketing chain (promotion and added value of the products)
 - professional requalification or training.
4. The lump-sum premium shall not exceed EUR 150 000 per integrated collective project. The management authority shall determine the amount of the premium actually paid and how it is shared between the beneficiaries according to the scale of the project and the financial commitments made by each participant.

Article 12

Socio-economic measures³²

1. For the purposes of this Article, 'fisherman' means anyone engaging in his main occupation on board an operational seagoing fishing vessel.³³
2. The Member States may take, for fishermen, measures of a socio-economic nature associated with restructuring of the Community fisheries sector within the meaning of Article 11 of Regulation (EEC) No 3760/92.

³² *UK* : General reservation on this Article. Seeking legal opinion.

DK : Scrutiny reservation, on 12.5 in particular. Must examine link with normal laying up scheme.

D : Still hold reservations on the principles underlining this Article but can reluctantly accept this text as part of an overall compromise.

³³ *Fin* : : Scrutiny reservation. Socio-economic measures should also apply to inland fishing, so amend paragraphs 1 and 3 accordingly.

3. Financial assistance from the FIGF may be granted only for the following measures:

- a) part-financing of national early-retirement schemes for fishermen, provided that the following conditions are fulfilled:
 - i) at the time of early retirement, the age of the beneficiaries of the measure must be not more than ten years from the legal retirement age within the meaning of the legislation in force in the Member State, or the beneficiaries must be aged at least 55;
 - ii) the beneficiaries can show that they have worked for at least 10 years as fishermen.

However, contributions to the normal retirement scheme for fishermen during the period of early retirement shall not be eligible for financial assistance from the FIGF.

In each Member State, for the entire programming period the number of beneficiaries may not exceed the number of jobs eliminated on board fishing vessels as a result of those vessels permanently stopping fishing activities within the meaning of Article 7 ;

- b) granting individual compensatory payments to fishermen who can show that they have worked for at least twelve months as fishermen, on the basis of an eligible cost limited to EUR 10 000 per individual beneficiary, provided the vessel on which the beneficiaries were employed has been the object of measures permanently stopping its activities, within the meaning of Article 7;
- c) granting non-renewable individual compensatory payments to fishermen who can show that they have worked for at least five years as fishermen, to help them retrain or diversify their activities outside maritime fisheries under an individual or collective social plan, on the basis of an eligible cost limited to EUR 50 000 per individual beneficiary; the management authority shall determine the individual amount according to the scale of the retraining and diversification project and the financial commitment entered into by the beneficiary.

4. The Member States shall make the necessary arrangements, in particular through appropriate control mechanisms, to ensure:
- a) that the beneficiaries of the measure referred to in paragraph 3(a) permanently give up work as fishermen;
 - b) that no one fisherman can benefit from more than one of the measures referred to in paragraph 3;
 - c) that the compensation referred to in paragraph 3(b) is refunded on a *pro rata temporis* basis where the beneficiaries return to their work as fishermen within a period of less than one year after being paid the compensation;
 - d) that the compensation referred to in paragraph 3(c) is refunded on a *pro rata temporis* basis where the beneficiaries return to their work as fishermen within a period of less than five years after being paid the compensation;
 - e) that the beneficiaries of the measure referred to in paragraph 3(c) actually engage in a new activity.
- [5. The Member States may introduce nationally financed accompanying social measures for fishermen in order to facilitate temporary cessation of fishing activities in the framework of plans for the protection of aquatic resources.] ³⁴

³⁴ *I* : Substantial reservation. Uncertain that paragraph 5 is adequate to provide social support at national level to fishermen. Need adequate provision for payment of unemployment benefits and social security contributions to fishermen in the body of the text..
D : This paragraph is covered by the Treaty and is therefore superfluous. Wanted general cessation premium and possibility to give national aid. Can accept this paragraph only as part of an overall compromise.
Cion : Substantive reservation on paragraph 5. Article 92 of the Treaty permits a Member State to give social aid at national level ; no need to repeat it here. Cion is prepared to make a declaration in the Minutes to cover this concern.

TITLE III
PROTECTION AND DEVELOPMENT OF AQUATIC RESOURCES, AQUACULTURE,
FISHING PORT FACILITIES AND PROCESSING AND MARKETING

Article 13

Scope³⁵

1. Member States may, under the conditions specified in Annex III, take measures to encourage capital investment in the following fields:
 - a) fixed or movable facilities aimed at the protection and development of aquatic resources, except restocking ;³⁶
 - b) aquaculture,
 - c) fishing port facilities,
 - d) processing and marketing of fishery and aquaculture products.
2. Financial assistance from the FIFG may be granted only for projects which:
 - a) contribute to lasting economic benefits from the structural improvement in question;
 - b) offer an adequate guarantee of technical and economic viability;

³⁵ *A : Reservation. Want fresh water fishery covered here. Is aquaculture in fresh water limited to nets or does eel release for example fall into aquaculture. Cion: Fresh water fishing is not covered by this Article as it is hazardous to increase capacity in lakes and these fisheries are not included in the MAGPs. Fresh water fishing is however covered where aquaculture is concerned, private property being what distinguishes aquaculture from fisheries.*

³⁶ *S, Dk : General reservation and scrutiny reservation respectively. Want restocking included here particularly where there is an eventual conservation effect unnatural resources (e.g. salmon in the Baltic). Cion : Restocking or even initial stocking is not a structural action and should not be financed by the FIFG although it might be eligible for state aid.*

- c) avoid counterproductive effects, particularly the risk of creating surplus production capacity.

TITLE IV

OTHER MEASURES

Article 14

Measures to find and promote new market outlets

1. Member States may, under the conditions specified in Annex III, take measures to encourage collective operations to find and promote new market outlets for fishery and aquaculture products, in particular:
 - a) operations associated with quality certification, product labelling, rationalisation of product names and product standardisation,
 - b) promotion campaigns, including those highlighting quality,
 - c) projects to test consumer and market reactions,
 - d) organisation of and participation in trade fairs and exhibitions,
 - e) organisation of study and sales visits,
 - f) market studies and surveys, including studies relating to the prospects for marketing Community products in third countries,
 - g) campaigns improving marketing conditions,
 - h) sales advice and aids, services provided to wholesalers,-retailers, and producer organisations.

2. Priority is to be given to investments:
 - a) to encourage the sale of surplus or under-exploited species,
 - b) implemented by organisations officially recognised within the meaning of Regulation (EEC) No 3759/92,
 - c) jointly implemented by several producer organisations or other organisations of the sector recognised by national authorities ;
 - d) pursuing a quality policy for fishery and aquaculture products,
 - e) to promote products obtained using environmentally friendly methods.
3. The measures must not be based around commercial brands nor make reference to particular countries or geographic zone, except in specific cases where official recognition of origin with reference to a specified geographical zone for a product or process is granted pursuant to Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs³⁷. The reference may be used only from the date on which the name has been entered in the register provided for in Article 6(3) of Regulation (EEC) No 2081/92.

Article 15

Operations by members of the trade

1. The Member States may encourage the creation and facilitate the operation of producer organisations recognised under Regulation (EEC) No 3759/92:
 - a) Aid can be granted to producer organisations created after 1 January 2000 for three years following the date of recognition. This aid for the first, second and third years must be within both the following limits:

³⁷ OJ L 208, 27.7.1992, p. 1. Regulation last amended by Regulation (EC) No 1068/97 (OJ L 156, 13.6.1997).

- i) 3%, 2% and 1% respectively of the value of the products marketed by the producer organisation;³⁸
 - ii) 60%, 40% and 20% respectively of the administrative costs of the producer organisation;
 - b) Without prejudice to the aid referred to at (a), aid may be granted to producer organisations that have been specifically recognised under Article 7a(1) of Regulation (EEC) No 3759/92 during the three years following the date of the specific recognition to facilitate the implementation of their plans to improve quality and marketing. The amount of this aid, for the first, second and third years must be within both the following limits:
 - i) 3%, 2% and 1% respectively of the value of the products covered by the plan and marketed by the beneficiary producer organisation;³⁹
 - ii) 60%, 50% and 40% respectively of the costs incurred by the organisation in implementing the plan;
 - c) The aid referred to at (a) and (b) shall be paid to the final beneficiaries during the year following that for which it was granted, and not later than 31 December 2008.
2. The Member States may encourage short-term operations of collective interest with a broader scope than operations normally undertaken by private businesses, carried out with the active contribution of members of the trade themselves or carried out by organisations acting on behalf of the producers or by other organisations having been recognised by the management authority, and serving to attain the objectives of the common fisheries policy.

³⁸ *ES, F : Delete this provision which is dissuasive to investment; in the past aid was not drawn on even when the need existed.*
Cion : Maintain this text which already exists in market regulation.

3. Eligible operations shall relate in particular to the following themes:
- a) management and control of conditions for access to certain fishing zones and quota management;
 - b) management of fishing effort;
 - c) promotion of gear or methods recognised by the management authority as being more selective;
 - d) promotion of technical measures for the conservation of resources;
 - e) promotion of measures improving the working conditions and the sanitary conditions concerning the products, on board and landed;
 - f) collective aquaculture facilities, restructuring or improvement of aquaculture sites, collective treatment of aquaculture effluent;
 - g) eradication of the pathological risks of fish farming or parasites in catchment areas or coastal ecosystems;
 - h) collection of basic data and/or preparation of environmental management models for fisheries and aquaculture with a view to drawing up integrated management plans for coastal areas;
 - i) organisation of electronic trade and other information technologies to disseminate technical and commercial information;
 - j) creation of business incubators in the sector and/or centres for the collection of fishery and aquaculture products;
 - k) access to training, particularly in quality, and organisation of transmission of know-how on board vessels and on land;
 - l) design and application of systems to improve and control quality, traceability, health conditions, statistical instruments and environmental impact ;
 - m) creation of added value in products (*inter alia*, through experimentation, innovation, the addition of value to by-products and co-products) ;
 - n) improvement of knowledge and transparency in production and in the market.

Expenditure incurred in the normal production process in firms shall not be eligible under this paragraph.

4. The Commission shall adopt detailed rules for the application of this Article in accordance with the procedure laid down in Articles 47(3) and 51(2) of Regulation (EC) No .../.. [general Funds regulation].

Article 16

Temporary cessation of activities and other financial compensation³⁹

1. The Member States may grant compensation to fishermen and owners of vessels for the temporary cessation of activities in the following circumstances:
 - a) in the event of unforeseeable circumstances, particularly those caused by biological factors; the granting of compensation may last for no more than two months per year or six months over the entire period from 2000-2006. The management authority shall forward suitable scientific proof to the Commission in advance;⁴⁰
 - b) where a fisheries agreement is not renewed, or where it is suspended, for the Community fleets dependent on the agreement; the granting of compensation may not last longer than six months; it may be extended by a further six months provided a conversion plan approved by the Commission is implemented for the fleet concerned;

³⁹ *UK* : General reservation. This Article provides for compensation to fishermen who are at fault for depleting stocks. Want case by case examination under Council procedures.

⁴⁰ *Cion* : Scrutiny reservation. Uncertain as to precise implications of addition of "6 months over the entire period".

c) where a plan is introduced for the recovery of a resource threatened with exhaustion, decided by the Commission or by one or some Member States; the granting of compensation may last for no more than two years and may be extended by a further year. Compensation may also be granted, subject to the same restrictions as to duration, to the processing industry where it depends for its supply on a resource covered by a recovery plan and where imports cannot compensate for the reduced supply. Before the recovery plan is put into place the management authority shall forward to the Commission suitable scientific and economic justification. . The Commission shall request without delay the opinion of the Committee provided for in Article 16 of Regulation (EEC) No 3760/92.

2. The Member States may grant financial compensation to fishermen and owners of vessels where a Council Decision imposes technical restrictions on the use of certain gear or fishing methods; this aid is intended to cover the technical adjustment and may not be paid for more than six months. ⁴¹
3. The financial contribution from the FIFG to the measures referred to in paragraphs 1 and 2 per Member State for the entire period from 2000-2006 may not exceed the higher of the following two thresholds: EUR 1 million or 4% of the Community financial assistance allocated to the sector in the Member State concerned. ⁴²

The management authority shall determine the amount of compensation as provided for in paragraphs 1 and 2 to be paid in individual cases taking account of relevant parameters such as the real losses suffered, the scale of the conversion effort, recovery plan or technical adjustment effort.

⁴¹ *IRL* : Like a solution perhaps in the form of a Commission statement to our problem of flanking measures following the ban on drift-nets.

Cion : Will make efforts to solve Irish problem.
⁴² *ES* : 4 % is too low. Consider case of Morocco. *Cion*: In paragraph 3, 4 % is more than adequate; has already been increased by 1 %.

4. The measures taken under this Article may under no circumstances be invoked as contributing to the attainment of the objectives of the multiannual guidance programme referred to in Article 5, nor can they be justified by a recurrent seasonal suspension of activity as part of the ongoing management of fisheries.⁴³

Article 17

Innovative measures and technical assistance

1. The Member States shall envisage in the plans referred to in Articles 3 (3) and defined in Article 9 paragraph (b) of Regulation (EC) No.... (general Funds Regulation) the means necessary to undertake studies, pilot projects, demonstration projects, training measures, technical assistance, the exchange of experience and publicity connected with the preparation, implementation, monitoring, evaluation or adjustment of the operational programmes and the single programming documents.
2. 'Pilot project' means a project carried out by an economic operator, a scientific or technical body or another competent body to test, in conditions approaching actual conditions in the industry, the technical reliability and/or financial viability of an innovative technology with a view to acquiring and disseminating (technical and/or financial) knowledge of the technology being tested. Pilot projects shall always comprise scientific monitoring of sufficient intensity and duration to obtain significant results; they must be the subject of scientific reports forwarded to the management authority. The latter shall immediately forward such reports to the Commission for information.

⁴³ *I* : Reservation. Need more flexibility in this provision which is linked to our social measures request. *D* : Our concerns on temporary laying up are not accommodated here.

Experimental fishing projects shall be eligible as pilot projects provided their aim is the conservation of fishery resources and they implement more selective techniques.⁴⁴

3. The measures referred to in paragraph 1 may, in particular, concern the themes referred to in Article 15(2), provided they are implemented on the initiative of public or semi-public bodies or other bodies designated to that end by the management authority.

They may also include the construction or transformation of vessels provided that these vessels are destined exclusively for fisheries research **and training** activities, undertaken by public or semi-public bodies, under the flag of a Member State.

4. In addition, the measures referred to in paragraph 1 may include the promotion of equal employment opportunities between men and women working in the sector.

TITLE V

GENERAL AND FINANCIAL PROVISIONS

Article 18

Compliance with the conditions governing assistance

The management authority shall ensure that the special conditions governing assistance listed in Annex III are complied with.

It shall also satisfy itself as to the technical capacity of beneficiaries and the financial viability of firms before granting aid.

⁴⁴ *ES, IRL, NL : Should have reference to exploring new fishing grounds*

Article 19

Notification of aid schemes

1. The Member States shall notify the Commission of the aid schemes provided for in the plans referred to in Articles 3 (3) and defined in Article 9 paragraph (b) of Regulation (EC) No ... (general Funds Regulation), in accordance with Articles 87 to 89 of the Treaty.⁴⁵
2. Within the scope of this Regulation, Member States may introduce supplementary aid measures subject to conditions or rules other than those laid down in this Regulation, or covering a sum in excess of the maximum amounts referred to in Annex IV , provided they comply with Articles 87 to 89 of the Treaty.

Article 20

Monetary Conversion

For Member States which are not in the Euro zone, the amounts in Euros set by this Regulation shall be converted into national currency at the rate published in the C series of the Official Journal of the European Communities.

The conversion shall be made at the rate applicable on 1 January of the year of the Member State's decision to grant the premium or aid.

⁴⁵ *DK, I, UK : Need to speed up notification procedures.
I : Scrutiny reservation. Request Cion to make statement to this effect.*

Article 21

Implementing rules

The form of the expenditure statements and annual implementation reports shall be adopted by the Commission in accordance with the procedure laid down in Articles 47(3) and 51(2) of Regulation (EC) No .../.. [general Funds regulation].

Article 22

Transitional provisions

The following are repealed with effect from 1 January 2000 :

- Regulation (EC) No 2468/98
- Articles 7, paragraphs 1, 2 and 3, and 7b of Regulation (EEC) No 3759/92,
- Regulation (EEC) No 3140/82⁴⁶.

However, the repealed provisions shall remain applicable for aid, measures and projects approved before 31 December 1999.

References to the repealed regulations and articles shall be understood as references to this Regulation.

⁴⁶ Council Regulation (EEC) N° 3140/82 of 22 November 1982 on granting and financing aid granted by Member States to producers' organisations in the fishery products sector (OJ L 331, 26.11.1982, p. 7).

Article 23

Entry into force

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,

For the Council

The President

CONTENTS OF THE PLANS

- 1. Quantified description of the actual situation for each of the fields referred to in Titles II, III and IV**
 - a) Strengths and weaknesses;
 - b) Summary of operations undertaken and impact of funds used in previous years;
 - c) Requirements of the sector, particularly with regard to the constraints of the multiannual guidance programme for the fishing fleet.

- 2. Strategy for restructuring the sector**
 - a) Results of consultations and measures to involve the competent authorities and bodies and socio-economic partners at the appropriate levels;
 - b) Objectives:
 - i) general objectives under the common fisheries policy;
 - ii) priorities;
 - iii) objectives specific to each area of assistance, quantified if possible.
 - c) Demonstration that the public aids are necessary to attain the objectives sought; steps taken to prevent counterproductive effects, particularly as regards the creation of surplus capacity;
 - d) With regard to the fleet:
 - i) indicators concerning the development of the fleet in relation to the objectives of the multiannual guidance programme;
 - ii) fishing techniques and gear to be encouraged in the event of redeployment of fishing activities;
 - e) anticipated impact (on employment, production, etc.).

3. Means to attain the objectives

- a) The measures (legal, financial or other) planned in each field to implement the plans, particularly aid schemes;
- b) Indicative financing schedule covering the entire programming period and listing the regional, national, Community or other resources provided for each area of assistance.
- c) The requirements in terms of studies, pilot projects, demonstration projects, training, technical assistance and publicity measures connected with the preparation, implementation, monitoring, evaluation or adjustment of the measures concerned.

4. Implementation

- a) Management authority designated by the Member State;
- b) Steps taken to ensure efficient and effective implementation, including monitoring and evaluation; definition of the quantified indicators;
- c) Provisions relating to checks, penalties and publicity measures;
- d) With regard to the fleet:
 - i) The methods for monitoring trends in fishery resources, particularly vulnerable resources;
 - ii) For static gear, the arrangements for monitoring fishing effort, including trends in the number and size of gear.

**MINIMUM CONTENT OF SUBSEQUENT MULTIANNUAL GUIDANCE
PROGRAMMES FOR THE FISHING FLEET**

1. Updating of the description of the situation provided for in Annex I

This consists in describing the change in the situation regarding fisheries, the fleet and related employment since the date of submission of the programming documents referred to in Article 3.

2. Results from the previous programme

- a) Member States shall by 1 May 2001 identify and comment on the progress achieved and means used in attaining the objectives set for the 1997-2001 programme.
- b) Analyse the general administrative and socio-economic context in which it was implemented and in particular, where appropriate, in which measures to reduce fishing activity were implemented.
- c) Specify and comment on the Community, national and regional financial resources committed in attaining the results achieved, for each fleet segment.

3. New guidelines

On the basis of the replies given to points 1 and 2 indicate the guidelines which should be given to the various fleet segments for the subsequent MAGPs, in particular in relation to the following two operations:

- a) Fleet renewal: criteria for joining and leaving the fleet, for each segment and associated funding. Legal or administrative provisions enabling the Member State to monitor vessels joining and leaving its fleet. Measures taken by the Member State per fleet segment to ensure that public aid granted for fleet renewal and adjustment of fishing effort does not have contradictory effects where the pursuit of the objectives of the programmes is concerned;
 - b) Adjustment of fishing effort: desirable evolution of fishing effort per segment until the end of the subsequent MAGP, expressed in relation to the objectives set for each segment for 31 December 2001. Associated laws, regulations or administrative provisions. Systems for managing fishing activity. Extent of administrative and financial resources to be used to attain the new objectives thus set.
-

SPECIAL CONDITIONS AND CRITERIA FOR ASSISTANCE

1. Implementation of multiannual guidance programmes (Title II)**1.0 Age of vessels**

For the purposes of this Regulation, the age of a vessel is a whole number defined as the difference between the year of the management authority's decision to grant a premium or aid and the year in which the vessel was built (or, if this is not known, the year of commissioning).⁴⁷

1.1 Permanent withdrawal (Article 7 (3))

- a) Permanent withdrawal may concern only vessels which have carried out a fishing activity for at least 75 days at sea in each of the two periods of 12 months preceding the date of the application for permanent withdrawal or, as the case may be, a fishing activity for at least 80% of the number of days at sea permitted by current national regulations for the vessel concerned.

In the Baltic Sea the number of 75 days shall be reduced to

- 60 for vessels registered in ports situated north of parallel 59°30' N;
- 40 for vessels registered in ports situated north of parallel 59°30'N and fishing for salmon;

- b) The following conditions must be met:
- i) prior to its permanent withdrawal, the vessel must be registered in the fishing vessel register of the Community;
 - ii) the vessel must be operational at the time the decision is taken to grant the premium;

⁴⁷ *I*: Should be difference between date of application for aid and year in which vessel was built.

- iii) after permanent withdrawal, the fishing licence must be cancelled and the vessel declared permanently deleted from the fishing vessel register of the Community ;
 - iv) in the event of permanent transfer to a third country, the vessel must be registered in the register of the third country without delay and may never return to Community waters.
- c) If a vessel is lost between the date of the decision to grant the premium and the actual date of permanent withdrawal, the management authority shall make a financial correction for the amount of the compensation paid by the insurance.
- d) No public aid within the meaning of Article 7 may be paid for a vessel transferred to a third country to replace a lost vessel belonging to a joint enterprise within the meaning of Article 8.

1.2 *Joint enterprises* (Article 8)⁴⁸

- a) In addition to the conditions for the permanent transfer of a vessel to a third country within the meaning of Article 7 (3)(b) and point 1.1 of this Annex, vessels, transferred in the framework of joint enterprises, must meet the following conditions:
 - i) they must have been operating for at least the last five years, under the flag of a Member State of the Community :
 - in Community waters
 - and/or in the waters of a third-country either within a fisheries agreement with the Community or within another agreement
 - and/or in international waters where fisheries is ruled by an international Convention ;

⁴⁸ *ES: Reservation of substance on Section 1.2*

- ii) they must, within six months of the date of the decision to grant the ~~additional~~ premium, be fitted out with the technical equipment needed to operate in the waters of the third country under the terms of the fishing authorisation issued by the authorities of the third country; they must comply with the Community safety regulations and be adequately insured as decided by the management authority; costs associated with such a fitting, if any, are not eligible for a Community aid ;
- b) When the application for the ~~additional~~ premium for joint enterprises is lodged, beneficiaries must provide the management authority with the following information:
 - i) a description of the vessel, including, in particular, the internal number, registration number, tonnage, power and year of entry into service ;
 - ii) during the last five years: service and activity of the vessel (and conditions under which the activity was carried on); indication of fishing zones (Community waters/other); any previous Community, national or regional aid received;
 - iii) proof of the project's financial viability, including, in particular:
 - a financing plan showing the contributions of the different shareholders in cash and in kind; level of contribution of Community/third country partners; proportion of the ~~additional~~ premium provided for in article 7.5 (b), which is to be invested in cash in the capital of the joint enterprise ;
 - an activity plan covering at least five years, showing, in particular, fishing zones, places of landing and final destination of catches;
 - iv) a copy of the insurance contract.

- c) The following conditions must be met by the beneficiary during a period of five years from the transfer of ownership of the vessel to the joint enterprise:
- i) any change in the conditions under which the vessel is operated (particularly change of partner, change in the share capital of the joint enterprise, change of flag, change of fishing zone), within the limits of the conditions referred to in Article 8(2), shall be subject to prior authorisation by the management authority;
 - ii) A vessel lost through shipwreck must be replaced by an equivalent vessel within one year **of the shipwreck**.
- d) If the conditions at (a) and (b) are not fulfilled when the application for the ~~additional~~ premium for joint enterprises is lodged, the public aid shall be restricted to the premium for permanent transfer referred to in Article 7 (5)(c).
- e) Without prejudice to Articles 29(4) and 38 of Regulation (EC) No/. [general Funds regulation], the management authority shall carry out a financial correction **on the difference between the premium for joint enterprise and the premium for permanent transfer of the same vessel (hereinafter called “difference”)**, in the following cases:
- i) if the beneficiary notifies to the management authority a change in operating conditions that lead to the non respect of the conditions referred to in Article 8 (2) of this Regulation, including the sale of the vessel, the transfer of holding by the Community partner or the retirement of the Community shipowner in the joint enterprise the financial correction shall be equal to part of the amount of the ~~additional premium~~ **difference** ; this part shall be calculated *pro rata temporis* over the period of five years;
 - ii) if during a control it is found that the conditions provided for in Article 8 (2) of this Regulation and point (c) of this paragraph are not complied with, the financial correction shall be equal to the ~~additional premium~~ **difference**;

- iii) if the beneficiary fails to provide the activity reports provided for in Article 8 (5) of this Regulation after having been served notice by the management authority, the financial correction shall be equal to part of the amount of the ~~additional premium~~ **difference**; this part shall be calculated *pro rata temporis* over the period of five years;
- iv) if the vessel is lost and not replaced, the financial correction shall be equal to part of the amount of the ~~additional premium~~ **difference**; this part shall be calculated *pro rata temporis* over the period of five years;.

1.3 *Fleet renewal* (Articles 6 and 9)

- a) Vessels must be built to comply with the regulations and directives governing hygiene safety, health, product quality and working conditions and the Community provisions concerning the measurement of vessels and the monitoring of fishing activities. They shall be entered in the appropriate segment of the Community register.
- b) Without prejudice to Articles 7 and 8, the transfer of ownership of a fishing vessel shall not give rise to Community aid.

1.4 *Vessel modernisation* (Articles 6 and 9)

- a) Vessels must be registered in the of fishing vessels register of the Community. Changes in vessel characteristics must be communicated to this register and the vessels must be measured in accordance with Community provisions, when they are modernised.
- b) Investments should relate to:
 - i) the rationalisation of fishing operations, in particular by the use of more selective fishing technologies and methods on board in order to avoid undesirable by-catches,

and/or

- ii) improvement of the quality of products caught and preserved on board, the use of better fishing and preserving techniques and the implementation of legal and regulatory provisions regarding health,

and/or

- iii) improvement of working and safety conditions.

Without prejudice to Article 16 (2), the replacement of fishing gear shall not be considered eligible expenditure.

- c) **Operations may cover only vessels less than 30 years old. This age limit shall not apply to the investments referred to in paragraph (b) (iii).**

2. Investment in the areas referred to in Title III

2.0. General provisions

- a) Projects in undertakings may involve capital investment in production and management (construction, enlargement, equipping and modernisation of facilities). ⁴⁹
- b) Capital investment to improve conditions of hygiene or human or animal health, to improve product quality or reduce pollution of the environment and, where relevant, to increase production itself, shall be eligible for assistance.
- c) The transfer of ownership of property linked to productive activities may not give rise to the grant of Community aid.

⁴⁹ *ES and P: After brackets insert following text : “As well as purchasing and installation of equipment.”*
Cion: These activities are implicitly covered in the terms “production and management”.

2.1 *Protection and development of aquatic resources*

Expenditure eligible for assistance from the FIFG may concern only the installation of fixed or movable facilities to protect and develop aquatic resources and the scientific monitoring of projects. Such projects must:⁵⁰

- a) be of collective interest,
- b) be implemented by public or semi-public bodies, recognised professional organisations or other bodies designated to that end by the management authority,
- c) not have a negative impact on the aquatic environment.

Each project must include scientific monitoring for at least five years, comprising in particular the evaluation and monitoring of the development of marine resources in the waters concerned. The management authority shall forward the scientific monitoring reports to the Commission every year for information.⁵¹

2.2 *Aquaculture*

- a) For the purposes of this Regulation, 'aquaculture' means the rearing or culture of aquatic organisms using techniques designed to increase the production of the organisms in question beyond the natural capacity of the environment; the organisms remain the property of a natural or legal person throughout the rearing or culture stage, up to and including harvesting.

⁵⁰ *ES, P* : Should say “in particular”. *ES* : Scrutiny reservation.
Cion : Will consider in relation to Article 13.

⁵¹ *ES, P* : Reservations. Reporting twice over a whole programming period should be sufficient.
Cion : Maintain position. Annual reporting is an necessity.

- b) The promoters of intensive fish-farming projects shall forward the information provided for in Annex IV to Directive 85/337/EEC⁵² to the management authority together with their application for public aid. The management authority shall decide whether the project must be submitted for assessment under Articles 5 to 10 of that Directive. Where the public aid is granted the cost of collecting information on environmental impact and any assessment costs shall be eligible for assistance from the FIGF.
- c) Investments in works concerning the installation or improvement of water circulation in aquaculture enterprises and on service vessels shall be eligible.
- d) Notwithstanding group 3 in Table 3 in paragraph 2 of Annex IV, where investments concern the use of techniques that substantially reduce environmental impact, the contribution of private beneficiaries (C) may be restricted to 30% of eligible expenditure in Objective 1 regions and 50% in other areas, instead of 40% and 60% respectively.

2.3 *Fishing port facilities*

Priority shall be given to investments of collective interest to fishermen using a port and contributing to the general development of the port and to the improvement of services offered to fishermen. Investments shall relate in particular to installations and equipment intended:

- a) to improve the conditions under which fishery products are landed, treated and stored in ports,
- b) to support fishing vessel activities (provision of fuel, ice and water, maintenance and repair of vessels),
- c) to improve jetties with a view to improving safety during the landing or loading of products.

⁵² Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40). Directive :last amended by Directive 97/11/EC (OJ L 73, 14.3.1997, p. 5).

2.4 *Processing and marketing*

- a) For the purposes of this Regulation, 'processing and marketing of fishery and aquaculture products' means all operations, including handling, treatment, production and distribution, between the time of landing or harvesting and the end-product stage.
- b) Investments shall not be eligible for assistance where they concern:
 - i) fishery and aquaculture products intended to be used and processed for purposes other than human consumption, with the exception of investments exclusively for the treatment, processing and marketing of fishery and aquaculture product wastes,
 - ii) the retail trade.

Notwithstanding group 3 in Table 3 in paragraph 2 of Annex IV, where investments concern the use of collective facilities or techniques that substantially reduce environmental impact, the contribution of private beneficiaries (C) may be restricted to 30% of eligible expenditure in Objective 1 regions and 50% in other areas, instead of 40% and 60% respectively.

3. **Measures to find and promote new market outlets (Article 14)**

- a) Eligible expenditure shall cover in particular:
 - i) the costs of advertising agencies and other service providers involved in the preparation and implementation of promotion campaigns,
 - ii) the purchase or hire of advertising space and the creation of slogans and labels for the duration of promotion campaigns,
 - iii) expenditure on publishing, external staff, premises and vehicles required for the campaigns.
- b) The beneficiary's operating costs (staff, equipment, vehicles, etc.) shall not be eligible.

ANNEX IV

SCALES AND RATES OF ASSISTANCE

1. Scales of assistance relating to fishing fleets (Title II)

TABLE 1

Category of vessel by tonnage (GT)	Euros
0 < 10	11 000/GT + 2 000
10 < 25	5 000/GT + 62 000
25 < 100	4 200/GT + 82 000
100 < 300	2 700/GT + 232 000
300 < 500	2 200/GT + 382 000
500 and above	1 200/GT + 882 000

TABLE 2

Category of vessel by gross registered tonnes (GRT)	Euros
0 < 25	8 200/grt
25 < 50	6 000/grt + 55 000
50 < 100	5 400/grt + 85 000
100 < 250	2 600/grt + 365 000

From 1 January 2000, for vessels longer than 24 metres between perpendiculars, and from 1 January 2004, for all vessels, only Table 1 shall apply.

2. Rates of financial participation

For all the operations referred to in Titles II, III and IV, the limits on Community financial participation (A), total State financial participation (national, regional and other) by the Member State concerned (B) and, where applicable, financial participation by private beneficiaries (C) shall be as follows, expressed as a percentage of eligible costs:

Group 1: Permanent withdrawal premiums (Article 7), ~~additional~~ premiums for the creation of joint enterprises (Article 8), small-scale coastal fishing (Article 11), socio-economic measures (Article 12), protection and development of aquatic resources (Article 13 paragraph 1a), fishing port facilities with no financial participation by private beneficiaries (Article 13 paragraph 1c), measures to find and promote new market outlets with no financial participation by private beneficiaries (Article 14), operations by members of the trade with no financial participation by private beneficiaries (Article 15), temporary cessation premiums and other financial compensation (Article 16), innovative measures and technical assistance including pilot projects carried out by public bodies (Article 17)

Group 2: Fleet renewal and modernisation of fishing vessels (Article 9)

Group 3: Aquaculture (Article 13 paragraph 1b), fishing port facilities with financial participation by private beneficiaries (Article 13 paragraph 1c), processing and marketing (Article 13 paragraph 1d), measures to find and promote new market outlets with financial participation by private beneficiaries (Article 14), operations by members of the trade with financial participation by private beneficiaries (Article 15 paragraph 2)

Group 4: pilot projects other than carried out by public bodies (Article 17)

TABLE 3⁵³

	Group 1	Group 2	Group 3	Group 4
Objective No 1 Regions ^(*)	50% ≤ A ≤ 75% B ≥ 25%	A ≤ 35% B ≥ 5% C ≥ 60%	A ≤ 35% B ≥ 5% C ≥ 40%	A ≤ 75% B ≥ 5% C ≥ 20%
Other areas	25% ≤ A ≤ 50% B ≥ 50%	A ≤ 15% B ≥ 5% C ≥ 60%	A ≤ 15% B ≥ 5% C ≥ 60%	A ≤ 50% B ≥ 5% C ≥ 30%

^(*) including those referred to in Article 6(1) of Regulation (EC) No. ... / ... [general Funds Regulation]. .

⁵³ *NL and UK: Anomalous to give higher rate to fleet based in one part of the country than to fleet based in another part; both fleets could operate on the same stocks, same area and same production conditions which could then go to another part of the country to fish: fleet measures should be the same across the board to avoid distorting competition. F and DK: Endorse NL in that the difference between Objective 1 and other areas is too great which creates a problem for fleet and land-based industries. E: Community participation for non-Objective 1 areas should be increased from 15% to 25%. ES: Should obtain a better balance between investments to be made in various Groups in Table 3. Suggest rebalancing Groups 2 and 3. Agree to keep Group 4 separate. I: Propose a shift in Tables. May need swaps between the Groups set up. Aquatic resources and everything in column 3 should be moved to column 4. GR and P: In groups 2 and 3 the C amount should not be different. Group 2 should be deleted and the C figure in Group 3 be 40%. P: General Funds Regulation should allow for reduction for private participation while remaining within its overall parameters. A and B in groups 2 and 3 could make up 50%. D: Up to Member States whether to give Objective 1 projects Objective 1 rate or not. In non-Objective 1 areas it may not be possible to increase rates but rates in Objective 1 areas can be reduced. Cion: Cannot deviate from General Funds Regulation, particularly as regards aquaculture aid and investment aid to enterprises. A separate sub-group 2 was created for the fleet to allow Member States to make up for the fact that the FIGF funding would be less.*

In Group 1, where appropriate, the management authority may require a financial contribution from the private sector, particularly in the case of the protection of aquatic resources. Eligible expenditure shall be reduced accordingly.

In the case of investments in small and medium-sized businesses within the meaning of Commission Recommendation 96/280/EC⁵⁴ the (A) rates for groups 2 and 3 may be increased by an amount for forms of finance other than direct assistance, provided that this increase does not exceed 10 % of the total eligible cost. The contribution of the private beneficiary shall be reduced accordingly.

⁵⁴ Commission Recommendation of 3 April 1996 concerning the definition of small and medium-sized enterprises (96/280/EC)(OJ L 107, 30.4.1996, p. 4).

List of Member States' Submissions

SN 1867/99 – 16.2.99

Italian delegation's suggestions re Article 11

SN 1868/99 – 16.2.99

German delegation's suggestions on Annex IV

SN 1932/99 – 26.2.99

Spanish suggestions on Articles 14 and 16 and Annex III

SN 2068/99 – 29.3.99

Austrian delegation's comments on the inclusion of inland fisheries

SN 2556/99 – 13.4.99

French observations on the Proposal as a whole

SN 2973/99 – 19 May 1999

Portuguese comments on Annex IV

SN 2819/99 – 27.4.99

Portuguese comments on Articles 7, 9, 10, 11, 13, 17, Annex IV

SN 2772/99 – 6.5.99

Italian comments on Articles 8, 10, 11, 12, 13, 17, Annex III, Annex IV

SN 3106/99 – 26.5.99

French proposal on Articles 5, 7, 10 and 11

SN 3107/99 – 26.5.99

UK comments on Annex III

SN 3108/99 – 26.5.99

Spanish position on Joint Enterprises

SN 3109/99 – 26.5.99

Note from Irish delegation on Presidency Working Paper SN 2467/99 on Articles 7, 10, 11 and 17

SN 3110/99 – 26.5.99

Danish comments on Presidency Working Paper SN 2467/99 on Articles 7, 10, 11 and Annex IV

SN 3111/99 – 26.5.99

Proposed Spanish amendments on Joint Enterprises

SN 3112/99 – 26.5.99

Proposed Spanish amendments to Annex III
