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Ireland's comments on revision of State Aid framework for Seafood Sector

Fisheries Deminimis Regulation

1. Ireland questions why the deminimis threshold of €30,000 has not at the very least been increased to reflect increased costs since the enactment of Regulation 717/2014. There has been significant cost escalation across the EU economy, driven in large part by the pandemic and related supply lien disruptions and also increasing fuel costs even before the impacts of the invasion of Ukraine.
2. Ireland considers that the €30,000 threshold raises significant issues of inequity with regard to other food sectors which are no more or less susceptible to trade and competition issues. Feedback from Ireland's enterprise development agencies tells us that deminimis aid for activities such as training and innovation that is made available by them to enterprises in the food sector is either not made available to seafood enterprises or the amount of such aid is lowered for seafood enterprises because of the very low deminimis threshold for fisheries.
3. Ireland considers that the deminimis threshold for fisheries and aquaculture should be the same as for other food sectors.
4. Ireland has not seen any evidence to suggest that aid to fisheries and aquaculture enterprises is more likely to distort the internal market than similar aid to other food sectors.

FIBER

1. Ireland considers that the restriction of the scope of the regulation in article 1 to SMEs raises a number of problems and would like to see public bodies added to the scope.
2. In the context of the seafood sector and the measures identified in the draft FIBER, public bodies are important actors. Often, they are the only or predominant actor to undertake certain measures. Articles 14, 15, 16, 17, 27, 30, 32, 33, and 41 of the draft FIBER are all measures where public bodies are likely actors to undertake such measures.
3. In Ireland, projects concerning innovation in fisheries and aquaculture are undertaken by universities or enterprise development agencies. Private enterprises do not generally have the technical, scientific and organisational capacity to undertake such projects. Universities will not qualify as SMEs because of head count and the asset value of their campuses. However, they are not commercial bodies and will not

undertake such projects without 100% funding. This means that articles 14, 16 and 30 of the new FIBER will not be used in Ireland

4. In Ireland, and very likely in most Member States, fishery harbours, landing sites and shelters are owned by public bodies such as local government or municipalities. Again, these public bodies are unlikely to qualify as SMEs because of their head count. It will not be possible to use article 27 of the new FIBER in Ireland. This is particularly unfortunate in the context of Ireland's BAR funded scheme for investment in such infrastructure. While we are actively examining article 56b of the GBER for this purpose, it is not appropriate to fishery harbours which are unlike trading ports.
5. Articles 15 and 32 concern aid for advisory services. In Ireland, and likely in other Member States, public bodies have an important role to play in providing technical and scientific advisory services to fisheries and aquaculture. Private enterprises are more likely to be concerned with economic and business advisory services. So, while these articles are useful for the latter, they are unlikely to be usable for the technical and scientific advisory services which are very important for the objectives of the CFP.
6. Articles 17 and 33 concern human capital and social dialogue. In Ireland, and likely in other Member States, such measures are undertaken by public bodies such as enterprise development agencies for the benefit of the sector as a whole. These articles are unlikely to be of interest or benefit to commercial SMEs.
7. Regulation 1388/2014 allowed Member States to increase the aid intensity rate by reference to Annex 1 of the EMFF, but also by reference to article 95 EMFF. Paragraph 2(a) of article 95 EMFF allowed aid of up to 100% for public bodies. The new FIBER seeks to replicate the EMFF annex but does not replicate the article 95(2)(a) provision concerning public bodies.

5. The new FIBER replicates the €1 million grant aid threshold of Regulation 1388/2014. Ireland questions why the €1 million threshold has not at the very least been increased to reflect increased costs since the enactment of Regulation 1388/2014. There has been significant cost escalation across the EU economy, driven in large part by the pandemic and related supply chain disruptions, and also increasing fuel costs even before the impacts of the invasion of Ukraine.

6. Ireland also considers that an increase of the €1 million threshold is warranted, regardless of inflation. This threshold is very considerably lower than the corresponding thresholds for other sectors in GBER. Ireland is also mindful that many of the measures in FIBER mirror those in the EMFF / EMFAF, where there is no cap on grant aid for the same measures.

8. Ireland is strongly in favour of the concept of the Mutual Fund under article 20 of the new FIBER. However, article 20 mirrors the provisions of article 35 EMFF and has

the same fundamental weaknesses that render it inoperable in practice. Article 20 provides that aid cannot be provided for the initial capitalisation of the Mutual fund or the administrative costs of establishing the Fund and can only be provided at 50% after aid has been dispersed by the Mutual Fund to its subscribers for an eligible event such as storm damage. Ireland has in recent years discussed the establishment of a Mutual fund with fishing industry representatives and while they are very much in favour of such an initiative, it is impractical for fishers to capitalise the Fund. SSCF vessels are most likely to be impacted by events such as storm damage, and are thus the most likely to benefit from subscription to a Mutual fund. But these enterprises are weak financially and do not have the capacity to make the scale of financial subscription to a Mutual fund that would be required in practice to capitalise it to the level needed.