

**Europêche position on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the fishery and aquaculture sector*****Background***

The *de minimis* rules for the fisheries sector (EC Reg. 717/2014) will expire on 31 December 2020. This regulation provides that a limited amount of State aid can be given to fisheries and aquaculture companies; i.e. EUR 30.000 per company over a period of three fiscal years. *De minimis* aid is national aid that is not considered to distort competition within the EU.

***Impact***

The *de minimis* package has got so far little impact within the EU internal market. Additionally, fishing factors such as landings, trade flows, fishing effort and price levels remained unaltered despite the implementation of the *de minimis* rules. Nevertheless, this little financial aid has provided the industry (both SMEs and large companies) with a valuable tool which allows the fishing sector to face and adapt to the economic challenges. In line with Art.7.3(c) of the TFEU, the state aid has facilitated the development of our economic activities which faces challenges such as volatile fuel and fish prices, declining fish yields in certain areas and fisheries as well as policy and legislative developments which may have a detrimental financial impact on the fishing industry (e.g. changes in fishing operations).

In general terms, the present *de minimis* regime has had thus far a positive impact on the economic performance of the fishing companies which have received assistance, providing them with financial stability and saving jobs. However, about 7.000 multi-vessel firms which operate 20 000 vessels (20% of the total EU fleet) are obtaining proportionately lower support than single-vessel firms. Those multi-vessel firms should equitably benefit from this regime, since they are the most affected by financial and trade difficulties and EUR 30.000 over a period of three fiscal years represents an inadequate assistance to efficiently tackle major challenges within the ever-changing dynamic in which the fishing industry operates.

Moreover, it is true that both EU fishery and aquaculture sectors contribute to provide healthy seafood to EU citizens; however a fish farm does not share the same organisational structure as a fishing company. Hence, the Regulation provides an inaccurate common definition in Art.2, which does not reflect the distinctive characteristics of fishing undertakings.

**➤ *Recommendation***

Against this background, Europêche strongly encourages the European Commission to propose a new regulation supporting the *de minimis* rules for the fisheries sector accounting for the size of the firms in terms of the number of vessels they operate. In so doing, the new system will take into consideration the specific needs of fishing undertakings.

The fishing industry therefore proposes an adaptation of the *de minimis* regulation, which **should grant the concession of the *de minimis* aid per vessel instead of per firm**. This could be achieved by the insertion of a “multi-vessel undertaking definition” in Art.2 of the new proposal, considering in that case that each vessel, belonging to the company referred to, counts as a single undertaking.

In addition, it should be born in mind that the ceiling of EUR 30 000 over a period of three fiscal years was decided back in 2007 through the Regulation (EC) No 875/2007. Given that the total amount of the *de minimis* aid is deemed outdated and insufficient by the sector to solve major urgent matters, Européche recommends **raising the ceiling up to EUR 100.000** over a period of three fiscal years. It should be noted that these aids are granted by the Member States at their discretion. Therefore, they should be provided with an efficient framework as well as sufficient margin of maneuver, flexible enough to secure an appropriate response to correct *ad hoc* economic imbalances.

Furthermore, investments on health, safety, training, welfare and/or accommodation facilities aimed at improving the working conditions of fishermen onboard should be eligible for funding under the future *de minimis* Regulation. In this sense, in line with the new approach proposed by the European Commission for the European Maritime and Fisheries Fund (EMFF) 2021-2027, the state aid provisions must shift away from the current prescriptive eligible measures. The EMFF Regulation will, in principle, lay down principles of exclusion and leave the possibility of defining the measures to be implemented to Member States. Therefore, **state aid rules should be based essentially on the main EMFF principles to ensure the flexibility created by the national definition of these measures**. In any case, the sector considers that the Block Exemption and *de minimis* regulations should account for these changes in order not to be more restrictive than the future EMFF Regulation.

This architecture will ensure consistency and make it easier for beneficiaries to access state aid, allowing them to focus on achieving results, without losing time and energy in burdensome administrative procedures.

Européche also encourages the European Commission to ensure that the eligibility criteria for State aid **takes due account of the Brexit impacts**, particularly in case of a no-deal, allowing the granting of quick and adequate funding for companies in difficulty under this regime.