

Enterprise Ireland Submission to the EU Commission Public consultation on Revised State Aid Rules for the Fishery and Aquaculture Sector

March 2022

1. Introduction and Overview

Enterprise Ireland (EI) is the Irish government organisation responsible for the development and growth of Irish enterprises in world markets. EI supports Irish enterprise firms at all stages of the developmental lifecycle. The objective is to ensure the continued growth of the companies in terms of capacity and capability. In this way, EI supports sustainable economic growth, regional development, and secure employment.

In recent years Enterprise Ireland has provided a range of supports, which help companies in the fish processing sector in particular to invest in product innovation, business processes and capabilities in order to increase their viability and to create jobs, typically in locations with greater economic development needs.

Enterprise Ireland's experience has been that relatively small amounts of State support in the fish processing sector can have significant positive sustainable impacts on relatively remote communities, drawing on traditional industries and local natural resources.

Enterprise Ireland welcomes the opportunity to contribute to this consultation. This document has been developed in consultation with a number of stakeholders and sets out a number requests for further clarification/simplification while also setting out proposals for consideration, which seek to ensure that EU rules are best developed to sustainably develop fish processing in a way that is beneficial for all Europeans.

EI as a development agency is focused on companies in the fish processing sector, particularly those involved in processing, where the primary product is substantially altered so that there is significant value added to the product as part of the in-factory processing.

2. Observations on the Draft State Aid Rules and Requests for Further Clarifications

a. It would appear that an equitable approach would be to allow all SMEs in the substantial processing of fish products, requiring small amounts of State aid, including those involved in the processing of fish to avail of the general *de minimis* ceiling of €200,000 over three years. It is the experience of Enterprise Ireland in analysing the financial performance of SMEs across the food sector (including fish and other sub sectors) in the most recent 2-3 years that many are dealing with unprecedented cost challenges, all have seen their profits eroded significantly. Many of the companies in the fish processing sector experienced severe business disruption, particularly those supplying into food service markets. Allowing fish processing companies to avail of equal treatment, for the period 2023-2027, would help them re-build in the aftermath of Covid and particularly to engage with important efficiency and sustainability supports.

b. The existing €30,000 *de minimis* limit for fishery and aquaculture was set in 2014. Fish processing enterprises in 2022 are dealing with unprecedented cost inflation following a pandemic and the effects of Brexit, and further exacerbated by the latest hikes in energy, transport and other costs now being experienced by all businesses, but being felt most sharply by SMEs, who don't have the scale or resources to withstand the numerous unprecedented crises in recent years that will continue to have repercussions for many years.

c. Promoting the processing of fish is necessary to increase fish consumption. Promoting the consumption of fish is aligned with the New Green Deal. The EU has an opportunity to boost the Green Agenda by aligning changes to the State aid rules with the Green Transition by boosting the existing trends of consumers to move from meat to more sustainable foods. Higher *de minimis* supports for fish processing could support these objectives in a straightforward way that would allow local creative solutions at national level. As recognised elsewhere, modest *de minimis* supports of up to €200,000 are not likely to have a sizeable impact on competitiveness across the EU.

3. Conclusion

Enterprise Ireland welcomes the detail provided by the EU Commission as part of this public consultation and endorses the ambition and objectives of the consultation. We believe that an updated *de minimis* amount under this provision which aligns with environmental goals should help ensure better, more sustainable regional development across the EU.