

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 247 final

Brussels, 8 June 1978

Amendment to the proposal for a Directive

on certain immediate measures for adjustment in the fisheries sector (Doc. COM(77) 543 final of 21 October 1977)

Amended proposal for a Council Regulation (EEC)

on a common interim measure for restructuring the inshore fishing industry (COM/75/574 final of 14 November 1975)

(submitted to the Council by the Commission pursuant to the second paragraph of Article 149 of the EEC Treaty)

EXPLANATORY MEMORANDUM

Subject : Amended Commission proposals on immediate measures for adjustment in the fisheries sector (COM(77)543 final of 21 October 1977) and on a programme for restructuring the non-industrial inshore fishing industry (COM/75/574 final of 14 November 1975)

In January 1978 the Commission sent the Council a draft Resolution on the common structural policy in the fisheries sector. The object of this Resolution was to obtain an undertaking from the Council on the subject at the time when the Council was also requested to adopt a package of proposals on the future internal fishing arrangements. Particular attention was requested for, "the restructuring and possible development of fishing and of inshore fishing in particular, and for the possible development of aquaculture," whilst the Council was also invited to undertake, "the examination of the proposal for a Directive on certain immediate measures for adjustment in the fisheries sector most affected by the difficulties arising from the international situation." The draft Resolution also requested the Council to adopt "a common interim measure" to provide aid from the Guidance Section of the EAGGF during 1978 for investment projects "relating to the purchase or construction of fishing vessels and to aquaculture in regions where the development of fisheries may be envisaged."

Since then the Commission has placed before the Council "the proposal for common interim action" just mentioned. Moreover the delay in obtaining a decision from the Council on the future internal arrangements for fisheries has modified the situation substantially. The Commission accordingly thinks it right to put the two proposals in question forward now for approval by the Council so that they may be examined as part of the package of fisheries problems with which the Council is required to deal.

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The Commission has therefore made certain adjustments to the above mentioned proposals, substantially on account of the changes in the situation in the fisheries sector which have come about since 28 November 1975, when the proposal on inshore fisheries was put before the Council, and of the need, resulting from that situation, to propose measures to reduce investment.

For these reasons it seemed appropriate to harmonize the provisions of the two proposals and in particular to bring up to date the proposal covering inshore fisheries, in accordance with the Council's wish (1), as well as to avoid the overlaps and gaps which may occur between two such proposals which cover, in part, the same ground, while taking account as far as possible of the observations made during the Council discussions.

This is the background to the package of adjustments proposed. These are aimed at making a clear distinction between on the one hand the provisions designed to facilitate the adjustment of certain production and processing resources to the new situation of relative shortage, by encouraging temporary or permanent disinvestment and by proposing related social measures as well as, on the other hand provisions intended to promote productive investments in the inshore fishing sector and in aquaculture.

(1) Cf. Doc R/2830/77 (AGRI 751) (Fin 735) - 22 November 1977

This distinction has resulted in an increase in the economic and social coverage of the Directive on immediate measures for adjustment and, accordingly, the withdrawal of some provisions from the proposal on inshore fishing, whilst limiting the general scope of that proposal.

With respect to the financial aspects, the increase in scope of the Directive involves an increase in prospective expenditure of some 20 million EUA. This is offset by a reduction in the estimated expenditure on inshore fisheries of 18 million EUA.

I. Amendment to the proposal for a Directive on certain immediate measures for adjustment in the fisheries sector (Doc. COM(77) 543 final of 21 October 1977)

During the discussion in the Council (R/2952/77 (AGRI 783) (Fin 759), the scope of this proposal for a Directive was, at the request of several delegations, extended very substantially to cover all vessels between 12 and 24 m in length provided, however, that any financial aid granted was subject to conditions to be determined by the Standing Committee for the Fishing Industry.

The object of broadening the scope of the Directive in this way was to make it possible for producers operating vessels of less than 24 m and equal to or longer than 12 m and for the crews of these vessels to benefit as appropriate from the provisions on disinvestment and on social matters provided for in the Commission's initial proposal which was originally limited to vessels longer than 24 m.

However, it is felt, firstly, that the economic and social consequences of this provision, and its budgetary implications, could be substantial in view of the number of vessels involved (1) and, secondly, that it is desirable to differentiate between the various measures, some of which are scarcely applicable to certain types of vessel. The object of the present amendments to the text proposed by the Commission is accordingly to comply with the wishes expressed in earlier discussions in respect of certain types of vessel excluded from the original proposal, and to set these amendments in a coherent economic and legal context.

(1) More than 9.000 vessels could now fall within the scope of the directive in place of slightly more than 2.000 as originally envisaged.

It is therefore proposed to amend Articles 2, 4, 5, 7 and 18 of the text as it stands after the discussions in the Council.

Amendments to articles 2, 4, 5, 7 and 18

The proposed amendments to these 5 articles extend the scope of the provisions on temporary or permanent withdrawal of vessels from operation, as desired by the Council, and differentiate this increase in scope in terms of considerations specific to each situation.

For purpose it is proposed to define the extent of each of the provisions specifically rather than to lay down a general principle for applying the Directive as a whole.

The reason for this approach is that it seems very difficult in practice to extend measures for adaptation of production potential or for temporary withdrawal from service to vessels of low tonnage and small size.

With regard to the redeployment measures provided for in Article 4, it is difficult to see how they could be applied to vessels of less than 24 m or less than 130 grt, of which there are very many (1), since (the text of article 4 is quite clear on this point) redeployment is really aimed at vessels of a substantial size, adequate to carry out experimental work on underfished species or to prospect for new fishing grounds which are usually far from the home port.

(1) Whereas the Community has some 2.000 vessels over 100 grt, there are more than 7.000 between 25 and 100 grt.

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The question of supervision of such a large number of vessels of small size is also a delicate one to say the least.

For these reasons, the Commission feels that the scope of Article 4 should be restricted to vessels of over 24 m in length or of a tonnage greater than 130 grt.

With regard to the temporary reduction in production capacity referred to in Article 5, on the other hand, although it might still be difficult to extend the scope of such a measure to all vessels of 12m length or 25 grt or over for reasons similar to those just given (doubt as to whether the measure is appropriate for smaller vessels, checking difficulties owing to the substantial number of these vessels), it would nevertheless be logical to make this provision available to the majority of fishing vessels operating at a distance from the coast since they are likely to be more seriously affected by Community measures for restricting catches.

The Commission feels that this objective should be attained by extending the scope of Article 5 to cover vessels of over 18 m or 50 grt.

Finally, in order to comply with the wish expressed in the Council, the measure laid down in Article 7 on permanent reduction in production capacities should be extended to all vessels of not less than 12 m or 25 grt. This measure should make it easier to restructure the inshore fishing fleet, long overdue for lack of capital on the part of the owners.

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Amendment to the proposal for a Directive
on certain immediate measures to adjust capacities in
the fisheries sector (COM(77) 543 final of 21.10.77)

Article 2 - Paragraph 1

Replace point a) by :

- "a) producers, whether natural or legal persons, or their recognized organizations, operating one or more vessels flying the flag of one of the Member States, registered in the territory of the Community and whose characteristics shall be specifically defined in the appropriate provisions of this Directive.

Article 4

Replace the first sentence of paragraph 1 by :

"The redeployment of fishing activity referred to in the first indent of Article 3 (a) for vessels of a length between perpendiculars of 24 metres or more, or whose tonnage is 130 gross registered tons or more may be brought about in the following ways:"

Article 5

Replace the first paragraph by the following sentence :

"The temporary reduction in production capacity referred to in the second indent of Article 3(a) shall be brought about, under the conditions laid down in Article 6, by the temporary withdrawal from operation of vessels whose length between perpendiculars is 18 metres or more or whose tonnage is 50 gross registered tons or more."

Article 7

Replace the first sentence of paragraph 1 by:

"Production capacity shall be reduced permanently, as provided in the second indent of Article 3(a), for vessels whose length between perpendiculars is 12 metres or more and whose tonnage is 25 gross registered tons or more, by means of the following operations:"

Article 18

Replace paragraph 2 by:

"Where Member States grant compensation for cessation of work to fishermen from fishing vessels which are the subject of the operations provided for in Article 5 and the permanent reduction provided for in Article 7 and who are thereby forced temporarily into total unemployment and this compensation is added, where appropriate, to the other allowances provided under national legislation, the Community shall contribute towards the cost of such measures within the limits of the appropriations entered for that purpose in the Budget."(1)

(1) Modification requested by the European Parliament and accepted by the Commission (see Doc. Council 1524/77 - Ass. 942 of 21.12.77) p. 6.

Amendment to the proposal for a Directive
on certain immediate measures to adjust
capacities in the fisheries sector

Financial assessment

The object of this financial assessment is to assess the cost of the proposed amendment to the proposal for a Directive. It therefore only concerns four measures since the others have not been amended.

I. Temporary withdrawal of vessel from operation (Article 5)

The proposed amendment extends the scope of this measure to all vessels of not less than 18 m or not less than 50 grt. Since the corresponding measure in the initial proposal applied to all vessels of over 24 m (between perpendiculars) the cost to be assessed is that for application of the measure to the newly-included class of vessels between 18 and 24 m (or between 50 and 130 grt), commissioned since 1 January 1977.

A recent estimate shows that some 850 vessels fall in this category, of an overall tonnage of some 75.000 grt.

If one assumes that temporary withdrawal from operation will apply to some 15 % of this overall tonnage for a period of twelve months and that the construction cost or present value of the vessels can be assessed on average at 2.000 EUA per gross registered ton (construction cost in 1970), the following estimate may be made :

15 % of the overall tonnage per year : 11.250 grt, or over five years

$(11.250 \times 2.000 \times 8 \%) \times 5 \text{ years} = 9.000.000 \text{ EUA.}$

Total cost of the proposed amendment : 9.000.000 EUA

Total cost to the Community : 4.500.000 EUA

II. Permanent withdrawal of vessels from operation (Article 7)

Whereas in the initial proposal this measure applied only to vessels of more than 24 m, the amendment extends the provision to cover the group of vessels between 12 and 24 m (or from 25 to 130 grt) representing a total of some 360.000 grt.

Assuming that permanent withdrawal from fishing will affect some 20 % of this tonnage for a period of five years and that the average premium to be paid will be 200 EUA/grt (60 % premium for breaking up or for sale to non-member countries; 40 % for putting vessels to uses other than fishing (1)), the following estimate of cost can be made :

Calculation

Total cost of the proposed amendment

$$200 \text{ EUA} \times 70.000 = 14 \text{ million EUA}$$

Cost to the Community : 7 million EUA

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$$(1) \text{ Or } (300 \times 60 \%) + (50 \times 40 \%) = 200 \text{ EUA/grt}$$

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III. Early retirement (Article 18 § 1)

The proposed amendment to Article 7 automatically extends the arrangements for encouraging retirement from fishing, provided for in Article 18 § 1, to fishermen aged more than fifty years sailing on vessels of not less than 12 but less than 24 m length, while those sailing on larger vessels already fall within the scope of the original provision.

The number of fishermen thereby covered may be estimated at 2.300. If one assumes that half of them could take advantage of this provision, the following estimate may be made on the basis of an average grant of 1.125 EUA :

Total cost of the proposed amendment (ten years pre-pension)

$$1.150 \times 1.125 \times 10 = 13 \text{ million EUA (rounded off)}$$

Cost to the Community : 6.5 million EUA.

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IV. Income maintenance for fishermen (Article 18 § 2)

Since the provisions of Article 5 on temporary withdrawal of vessels from operation has been extended to the group of vessels between 18 and 24 m (Chapter I), crews sailing on vessels of this category who satisfy the conditions of Article 5 therefore qualify for the compensation provided for in Article 18 § 2, under the conditions there laid down. The number concerned may be estimated at 5.000.

If one assumes, as previously, that this measure could come into play for about 15 % of those numbers and that the difference between previous incomes and national unemployment benefit is 1.000 EUA per year per fisherman, the total cost of the proposed amendment would, over five years, be :

$$1.000 \times 750 \times 5 = 3.750.000 \text{ EUA}$$

Cost to the Community : 1.875.000 EUA (rounded off to 2 million EUA).

Summary : Cost to the Community of the proposed amendments

	Million EUA
I.	4.5
II.	7.0
III.	6.5
IV.	2.0
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Total	20.0

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FINANCIAL STATEMENT

DATE : 3 May 1978

1. BUDGET LINE CONCERNED : Article 870

2. ACTION : Immediate measures to adjust capacities

3. LEGAL BASIS : Articles 43 and 209

4. OBJECTIVES : Extension of the scope of the proposal for a Directive.
COM(77) 543 of 21.10.1977

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR ()	FOLLOWING FINANCIAL YEAR (79)
5.0 EXPENDITURE			
-CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)			3 MEUA
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS			
-OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

	YEAR1980.....	YEAR1981.....	YEAR1982.....
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE MEUA	7.4	4.4	3.4
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS		Year 1983 : 1.8	
	Total : 20 MEUA		

5.2 METHOD OF CALCULATION See the financial assessment attached to the proposal.
The proposed pluriannual pattern is based on the following assumptions :

	1979	1980	1981	1982	1983
Temporary withdrawal	10 %	25 %	20 %	15 %	5 % of overall tonnage
Permanent withdrawal	4 %	6 %	4 %	4 %	2 % = 20% " "
Early retirement	10 %	50 %	20 %	10 %	10 % (100%)
Maintaining incomes	15 %	30 %	25 %	20 %	10 % (100%)

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ?

/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ?

/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ?

/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ?

YES/

COMMENTS :

II. Amended proposal for a Council Regulation (EEC)
a common interim measure for restructuring the inshore fishing
industry (COM/75/574 final of 14 November 1975)

The amendments to this proposal fulfil the twofold objective of harmonization and simplification : harmonization in respect of the provisions and the enlarged scope of the proposed Directive; simplification of the operating mechanism and the procedure for the common measure proposed for inshore fishing.

The inclusion in the proposal for a Directive of provisions to adjust production potential to the present situation of relative scarcity (by means of redeployment, temporary or permanent disinvestment and appropriate social measures) means that the common inshore fishing measure is limited to a single objective : promoting production investments for fleets with certain types of vessel, for aquaculture and for further professional training. The provisions dealing at economic level with the sale of vessels and in a social context with early retirement (Articles 10 and 11 of the original proposal) have therefore been withdrawn.

Furthermore, since the publication in February 1977 of Regulation n° 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed, which applies to the fisheries sector, the measures concerning processing in the original text were no longer necessary in this proposal and have therefore been removed.

Apart from these amendments, the operating mechanism of the common action has also been simplified by removing the "development measures" in the procedure for assessing eligibility of projects for EAGGF financing. Only the "specific programmes", whose content has been reduced compared with the multiannual regional programmes originally provided for,

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while retaining the same objectives as those programmes, have been retained, as well as the "projects" in order to ensure economic correlation of all the proposed investments.

It should also be pointed out that this proposal remains essentially, in respect of the provisions on investments in the fleet and in aquaculture, similar to the original proposal approved by the European Parliament and the Economic and Social Committee and takes into account the opinion delivered by these two Institutions and of the remarks made within the Council (1).

(1) Council Docuemnt S/347/76 (CSA 77) and S/688/76 (CSA 121)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,(1)

Having regard to the Opinion of the Economic and Social Committee (2)

Whereas Council Regulation (EEC) N° 101/76 of 19 January 1976 laying down a common structural policy for the fishing industry (3), provides that common measures may be decided upon for the attainment of the objectives mentioned in Article 9(1) thereof in so far as they relate to the objectives set out in Article 39(1)(a) of the Treaty; whereas these common measures may be financed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund by virtue of Article 1(3) of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy (4), as last amended by Regulation (EEC) No 2788/72 (5);

Whereas action to restructure the inshore fishing sector is necessary within the common fisheries policy in order to resolve the sector's growing difficulties which are mainly of a structural nature;

(1) OJ n° C

(2) OJ n° C

(3) OJ n° L 20, 28.1.1976, p.19

(4) OJ n° L 94, 28.4.1970, p.13

(5) OJ n° L 295, 30.12.1972, p.1

.../...

Whereas these difficulties cause a fall in income for undertakings, which are often family businesses, and prevent appropriate technical and economical renewal of the means of production and ancillary equipment;

Whereas the development of aquaculture may help improve supplies of fishery products for Member States of the Community; whereas this common measure should therefore also include the encouragement of this activity;

Whereas, it may be appropriate that the Fund also participate in projects for the further training of fishermen, so that the investments to which the Fund contributes may be used efficiently;

Whereas, so as to ensure that the production activities of the undertakings in the sector are restructured or developed on a technically and economically sound basis, participation by the Fund should be subject to the prior approval by the Commission of one or more specific programmes submitted to it by the Member State concerned; whereas these programmes should enable the Commission to assess the structural situation in the areas which they cover and the planned scope of the structural policy of each Member State including the production objectives and the means to be employed to achieve them;

Whereas, during the first years of the common measure it should be possible, in order to allow time for programmes to be drawn up, to finance projects which do not fall within them;

Whereas, in order to qualify for aid from the Fund, equipment must conform to certain technical characteristics and safety standards so that in particular, the structural rationalization may be a lasting one and the living and working conditions of those employed in the sector may be improved;

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Whereas the provision by the Fund of a capital subsidy not exceeding 25 % of the value of the investment would, in general, be an appropriate contribution thereto; whereas, however, where projects cover a technically and economically coordinated complex of investments which may enable the programme to be carried out more quickly, the contribution from the Fund may amount to 30%;

Whereas Greenland, Ireland, Northern Ireland and the Mezzogiorno are in a special situation because of their retarded economic and social development, their financing difficulties and their location on the periphery of the Community; whereas useful economic initiatives cannot be encouraged in those regions without a specially intensive effort and whereas Fund participation in these regions should consequently be allowed to amount to 50%;

Whereas, in order to ensure a balance between the financial participation of the Community and that of the Member State, a minimum participation by the latter should be laid down;

Whereas, in order to ensure that beneficiaries observe the conditions imposed when aid from the Fund is granted, an effective control procedure should be provided for with the possibility of suspending, reducing or discontinuing the aid from the Fund;

Whereas a procedure for approval of the programmes and projects should be provided for to ensure close cooperation between the Member States and the Commission within the Standing Committee for the Fishing Industry and, on the financial aspects, within the Fund Committee referred to in Article 11 of Regulation (EEC) No 729/70,

HAS ADOPTED THIS REGULATION :

ARTICLE 1

1. In order to promote the necessary structural changes within the guidelines of the common fisheries policy and to enable the objectives set out in Article 9 of Regulation (EEC) No 101/76 to be achieved, a common measure shall be undertaken to restructure and develop the inshore fishing industry and to develop aquaculture.
2. All the measures provided for in this Regulation shall constitute a common measure within the meaning of Article 6 (1) of Regulation (EEC) No 729/70.
3. The Commission may, in accordance with the provisions of Titles III and IV, grant aid for the common measure, by financing projects which are included in specific programmes and which satisfy the conditions of Article 5, through the Guidance Section of the European Agricultural Guidance and Guarantee Fund, hereinafter referred to as "the Fund".

ARTICLE 2

For the purposes of this Regulation :

- "specific programmes", hereinafter referred to as "programmes", shall mean a set of objectives together with a statement of the means for achieving them, designed to develop and restructure inshore fishing and to develop aquaculture, in one or more Member States.

- "project" shall mean any project concerning
 - the purchase, construction or modernization of inshore fishing vessels
 - the construction, equipment or modernization of aquaculture installations for rearing fish, crustaceans and molluscs
 - the provision of further training for the operators concerned insofar provided that the need for such training results from the structural changes effected by the programme.

Title I : SPECIFIC PROGRAMMESARTICLE 3

1. Member States or the agencies appointed by them for the purpose shall draw up programmes based on the factors listed in the Annex. These points shall be sent to the Commission through the Member State concerned.
2. The Commission shall examine whether, having regard to the production potential, the measures for the conservation and management of fish stocks, the demand for the product concerned and the guidelines of the common fisheries policy, the programmes constitute a suitable framework for projects which may qualify for financial support from the Community.
3. Within six months of notification of each programme a decision shall be taken on its approval, after consultation of the Fund Committee on the financial aspects, in accordance with the procedure provided for in Article 16.

Title II - PROJECTSARTICLE 4

1. Projects shall :

- (a) be included in the programme;
- (b) offer a satisfactory assurance that they will be profitable;
- (c) contribute to the lasting economic effect of structural improvement aimed at by the programmes.

2. Until 31 December 1980, projects may qualify for aid from the Fund, even though no programmes may have been approved.

ARTICLE 5

Equipment covered by a project shall satisfy the following conditions:

1. Fishing vessels :

(a) trawlers, purse-seiners and multi-purpose vessels shall:

- have a length measured between perpendiculars of between 12 and 24 metres inclusive or a tonnage of between 25 and 130 gross registered tons inclusive
- be fitted with the necessary equipment for fishing and for crew safety
- comply with the safety standards for fishing vessels.

(b) fishing vessels using gear other than trawl or purse-seins shall:

- have a length between perpendiculars of between 6 and 12 metres inclusive,
- comply with the safety standards for fishing vessels.

2. Aquaculture installations

- shall have an adequate capacity to ensure sustained commercial operation
- in the case of mussel culture, shall be provided with adequate purification plant for treating the products before marketing, except where mussel culture is carried out in waters which comply with national or Community quality standards.

ARTICLE 6

Projects shall be carried out by natural or legal persons who satisfy the following conditions :

1. In respect of the fishing sector

- In the case of natural persons, they shall have been engaged in fishing activities for at least five years, shall have drawn and be drawing at least half their income from these activities and shall have devoted and be devoting at least half their total working time to them.
- In the case of legal persons, at least 85% of their total turnover shall have related to fishing activities during the five years preceding that which the project is submitted.

2. In respect of aquaculture

They shall show a significant experience in the fields of fish, crustacean, or mollusc rearing.

3. In respect of vocational retraining

They shall be a recognized producer organization, a producer cooperative or an agency appointed for that purpose by the competent authority of the Member State concerned.

Title III - PROCEDURE FOR THE EXAMINATION OF PROJECTSARTICLE 7

1. Applications for aid from the Fund shall be submitted through the Member State concerned before 1 May.
2. The Commission shall take decisions twice yearly on the applications for aid which have been submitted. Its decisions shall be taken not later than 30 June and 31 December.

Decisions taken during the first half of a year shall be limited to applications for aid submitted by 31 December of the previous year. Applications for aid submitted between 1 January and 30 April may only be considered during the second half of the same year.

3. To qualify for aid from the Fund, a project shall have been approved by the Member State concerned.
4. The particulars to be given in the applications and the form in which they are to be submitted shall be determined in accordance with the procedure laid down in Article 16, after consultation of the Fund Committee on the financial aspects.

ARTICLE 8

1. The Commission shall, when assessing the projects, take account of the following criteria :
 - (a) production policy, in relation to the requirements of the system for the conservation and management of fishery resources within the Community;
 - (b) the search of new outlets through the catching or rearing of certain species of fish;
 - (c) the employment situation;
 - (d) the working conditions and, in particular, the safety of the workers concerned;
 - (e) the participation by producer organizations in the execution of the project;
 - (f) the alleviation of the intervention mechanisms provided for in the common organization of the market, through a better adaptation of catch capacity to market requirements;
 - (g) the requirement for environmental protection;
 - (h) the interests of consumers.

2. The grant of aid from the Fund shall not alter the conditions of competition in a manner incompatible with the principles set out in the relevant provisions of the Treaty.

ARTICLE 9

1. A decision on aid from the Fund shall be taken in accordance with the procedure laid down in Article 16, after consultation of the Fund Committee on the financial aspects.
2. The Member State concerned and the beneficiary shall be notified of the aid decision.

ARTICLE 10

1. In taking its decision on a project the Commission shall take particular account of the allocation to that project of any direct or indirect investment aid other than that provided for in this Regulation. The Member State concerned shall, for this purpose inform the Commission of any such aid.

2. Projects which fall within the scope of this Regulation may not qualify for Community aid under other common measures within the meaning of Article 6 (1) of Regulation (EEC) No 729/70.

Title IV - FINANCIAL AND GENERAL PROVISIONSARTICLE 11

1. The proposed duration of the common measure shall be four years from 1 January 1979.
2. Before 31 December 1982 the detailed rules of this Regulation shall be re-examined by the Council on a proposal from the Commission.
3. The estimated total cost of the common measure to the Fund shall be 100 million European Units of Account.

ARTICLE 12

1. Aid from the Fund shall take the form of capital subsidies, granted in one or more instalments.
2. For any given project :
 - the aid from the Fund shall not exceed 25 % of the total investment,
 - the beneficiary shall contribute at least 50% of the total investment.

However, aid granted by the Fund may amount to 30% for a project covering an economically and technically coordinated complex of material investments for all or part of the geographical area covered by the programme, for restructuring or developing the inshore fishing industry or for carrying out pilot schemes in aquaculture.

3. By way of derogation from paragraph 2, in Greenland, Ireland, Northern Ireland and in the Mezzogiorno:
 - aid from the Fund may amount to 50%
 - the beneficiary shall contribute at least 25%.
4. The financial participation by the Member State shall be at least 5%.

Article 13

1. Aid from the Fund shall be granted to natural or legal persons or groups thereof bearing the ultimate financial responsibility for carrying out the project.

Payments in respect of aid from the Fund shall be made by agencies appointed for this purpose by the Member State concerned.

2. Throughout the period in which aid is being provided by the Fund, the department or agency appointed for this purpose by the Member State shall send to the Commission on request all supporting documents and all documents showing that the financial or other conditions imposed for each project are satisfied. The Commission may, if necessary, make an inspection visit.

After consulting the Fund Committee on the financial aspects, the Commission may decide to suspend, reduce or discontinue aid from the Fund, in accordance with the procedure laid down in Article 16,

- if the project is not carried out as laid down or
- if certain conditions imposed are not satisfied or
- if the beneficiary, contrary to the particulars given in his application and repeated in the decision granting aid, has not, within two years from the date of notification of that decision, begun the work and if he has not, before the end of this period, supplied satisfactory assurances that the project will be carried out.

The decision shall be notified to the Member State concerned and to the beneficiary.

The Commission shall take steps to recover any sums unduly paid.

3. Without prejudice to Article 6(5) of the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities¹, as last amended by the Financial Regulation of 21 December 1976², any appropriations made available by a decision taken under the second subparagraph of paragraph 2 or because the beneficiary has abandoned the project or reduced the investment provided for in the decision granting aid, may be used to finance other projects.

1) OJ n° L 116 of 1.5.1973, p. 1

2) OJ n° L 362 of 31.12.1976, p. 52

Article 14

1. An application for aid from the Fund submitted to the Commission but not accepted for lack of funds may, with the consent of the applicant, be carried forward to the following financial year by the Member State concerned. Applications to carry forward shall be submitted to the Commission within thirty days of the date on which the Member State received notification of the result of the procedure provided for in Article 16. An application for aid may only be carried forward once.

2. An application for aid from the Fund put before the Commission pursuant to Council Regulation (EEC) No on a common interim measure for restructuring the inshore fishing industry⁽¹⁾, which was not accepted for lack of funds, may be taken into consideration within the framework of and subject to the conditions of this Regulation.

⁽¹⁾OJ No L , 197 , p.

Article 15

1. For each project aided from the Fund, the beneficiary shall send to the Commission, through the Member State, a report showing the financial results of the project. This report shall be submitted within the time limit fixed by the Commission in its decision to grant aid.
2. If the beneficiary does not comply with the requirement laid down in paragraph 1, the Commission may, after giving notice, decide to reconsider, in whole or in part, its decision to grant aid in accordance with the procedure laid down in Article 16 and after consultation of the Fund Committee on the financial aspects. The decision shall be notified to the Member State concerned and to the beneficiary. The Commission shall take steps to recover all or part of the sums paid.
3. Detailed rules for the application of this Article, in particular in respect of the details which the report referred to in paragraph 1 are to contain, shall be adopted in accordance with the procedure laid down in Article 16, after consultation of the Fund Committee on the financial aspects.

Article 16

1. Where the procedure laid down in this Article is to be followed, the Chairman shall refer the matter to the Standing Committee for the Fishing Industry either at his own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within a time limit to be set by the Chairman according to the urgency of the matter. Opinions shall be adopted by a majority of forty-one votes, the votes of the Member States being weighted as laid down in Article 148(2) of the Treaty. The Chairman shall not vote.
3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the Opinion of the Standing Committee for the Fishing Industry, they shall forthwith be communicated by the Commission to the Council; in that event the Commission may defer their application for not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within one month.

Article 17

1. The first decisions to grant aid under this Regulation shall relate to the 1979 financial year. They shall be taken respect of applications submitted before 30 April 1979.

Article 18

This Regulation shall enter into force on 1 January 1979.

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

Done at Brussels, on

For the Council,

The President,

ANNEXInformation to be included in programmes

- a) Description of the area and the sectors covered by the programme
- b) Social and economic significance of the fishing industry and of the aquaculture in the area covered by the programme
- c) State of existing structures; analysis thereof
 1. Fleet
 - where the fishing ports concerned are located
 - description of the inshore fishing fleet in each such port, its structure and degree of renewal
 - description of the types of fishing done
 - identification of the areas traditionally fished
 - employment situation
 2. Aquaculture
 - identification of the areas and type of installation employed for rearing fish, crustaceans and molluscs commercially
 - brief details of the degree of bacterial or chemical coastal pollution of urban, industrial or agricultural origin, if any
- d) The needs which are to be served by the programme and the production objectives at which it aims, in particular target capacities bearing in mind catch or breeding potentials.
- e) Means to be deployed to achieve the production objectives
 1. Fleet
 - Estimate of the number of vessels which will come into service during the period within which the programme is to be carried out, indication of their probable tonnage and their fishing capacity.

- Estimation of the number of vessels to be withdrawn from fishing and their fishing capacity.

2. Aquaculture

- estimation of the areas to be used for breeding and their expected yield
- brief description of the breeding methods, in particular intensive breeding methods to be employed.

f) Expected effect of the programme on :

- the economic viability of small-scale inshore fishing undertakings in the region or regions concerned
- the economic situation of fishermen and shore workers
- the general economic situation of the region and the employment situation in particular
- the social situation of sea fishermen
- the environment situation

g) Situation of the programme in relation to other eventual measures aimed at encouraging balanced development of the overall economy of the geographical area concerned, and more precisely an indication of the links with regional development programmes.

h) Scheduled period for carrying out the programme, which should not, in principle, exceed five years.

INSHORE FISHING MEASUREFinancial assessment1. Vessels

The class of vessels between 12 and 24 metres (or between 25 and 130 GRT) includes some 7 200 vessels representing a tonnage of 360 000 GRT (estimated data, see table attached).

A renewal programme of normal proportions should cover about 18/20 000 GRT per year.

In the present situation, bearing in mind the budget limits on Community support, it seems reasonable to provide for aid for about half this tonnage, which corresponds to renewal of some 3% per year of the tonnage in question. Account should also be taken of the need to convert some high-seas vessels, which can be estimated for the whole period in question at 3% of the overall tonnage of vessels of over 24 metres (750 000 GRT).

The following estimate can therefore be made:

renewal	:	12% of the overall tonnage below 24 metres=	360 000 x 12% =	
				43 200
internal conversion	:	3 % of the overall tonnage over 24 metres=	750 000 x 3% =	
				22 500
				<hr/>
		rounded off to		66 000 GRT

25 % : average Community support

4 500 EUA : cost per GRT

66 000 x 4 500 = 297 million EUA x 25% = 75 million EUA (rounded off).

2. Aquaculture

The average cost of a semi-intensive aquaculture installation, where the investment is mainly concerned with provisions of infrastructures, may be estimated at about 1 million EUA. If one takes an average of 6 installations per year, the estimated expenditure for the EAGFF could be 24 million EUA for the whole period.

3. Projects for the further training of fishermen

The original estimate of 1.5 million EUA envisaged applied research as well as projects for the further training of fishermen. The present proposal is limited to further training projects and the cost to the EAGGF can be estimated at 1 million EUA.

4. Multiannual breakdown

The total cost to the EAGGF may be broken down as follows :

Budgetary Commitment

<u>Million EUA</u>	<u>TOTAL</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
	100%	20%	30%	30%	20%
1. Vessels	75	15	22.5	22.5	15
2. Aquaculture	24	6	6	6	6
3. Further training for fishermen	1	0.5	0.5	-	-
	<u>100</u>	<u>21.5</u>	<u>29.0</u>	<u>28.5</u>	<u>21</u>

Payment appropriation

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
1. Vessels	5	12.5	20	20	12.5	5
2. Aquaculture	3	3	6	6	6	-
3. Further training for fishermen	0.5	0.5	-	-	-	-
	<u>8.5</u>	<u>16</u>	<u>26</u>	<u>26</u>	<u>18.5</u>	<u>5</u>

FINANCIAL STATEMENT

DATE : 3 May 1978

1. BUDGET LINE CONCERNED : Article 860

2. ACTION : Measures for restructuring the inshore fishing industry

3. LEGAL BASIS : Article 43

4. OBJECTIVES : Promoting structural adjustments in inshore fishing and developing that industry and aquaculture

5. FINANCIAL CONSEQUENCE

5.0 EXPENDITURE

-CHARGED TO THE EC BUDGET
(REFUNDS/INTERVENTIONS)

-CHARGED TO NATIONAL ADMINISTR.

-CHARGED TO OTHER NATIONAL GROUPS

5.1 RECEIPTS

-OWN RESOURCES OF THE EC
(LEVIES/CUSTOMS DUTIES)

-NATIONAL

FOR THE MARKETING YEAR

CURRENT FINANCIAL YEAR

FOLLOWING FINANCIAL YEAR

()

(79)

8.5 million EUA

YEAR ..1980.....

YEAR1981.....

YEAR1982.....

5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE million 16

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS EUA

26

26

5.2 METHOD OF CALCULATION See financial assessment

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ?

/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ?

/NO

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ?

/NO

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ?

YES/

COMMENTS :

This proposal replaces the original Commission proposal (COM(75) 574 final) of 14 November 1975.

The estimated total expenditure for this four-year measure is 100 million EUA. This figure replaces the 1975 estimate which was 118 million EUA.

MOTOR INSHORE FISHING VESSELS AS AT 1.1.1977

	0 - 25 GRT		25 - 50 GRT		50 - 100 GRT		0 - 100 GRT		100-150 GRT(1)	
	Nº	GRT	Nº	GRT	Nº	GRT	Nº	GRT	Nº	GRT
B.	9	150	64	2.460	93	7.460	166	10.070	54	7.460
DK	6.009	38.079	839	32.214	233	16.806	7.081	87.099	184	25.195
D	1.052	5.200	244	7.560	136	10.164	1.432	22.924	30	3.384
F	11.057	55.560	1.088	41.216	164	12.396	12.309	109.172	119	14.875
IRL	873	5.000	176	6.329	154	10.712	1.203	22.041	32	3.538
I	19.078	79.935	1.509	53.264	505	37.401	21.092	170.600	185	23.045
NL	306	4.193	208	7.928	203	15.104	717	27.225	103	12.487
UK	5.153	36.167	881	33.566	321	21.183	6.355	90.916	56	6.601
Total	43.537	224.284	5.009	184.537	1.809	131.226	50.355	540.047	763	96.585

Sources : Eurostat and national Sources.

(1) : Estimate.