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Fish processing and the EFF

International Eastern Europe Conference on EFF and opportunities for fishery and aquaculture product processing

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Definition of processing under the EFF

- Article 34 (1) of the EFF Regulation
- « processing » :
 - > **preparation**: (gutting, heading, filleting, etc.)
 - > **Washing**, cleaning, grading and purification of bivalves,
 - > **Preservation**, freezing and packaging;
 - > **Processing** (heating, smoking, salting, dehydrating, marinating, etc.)
- **BUT NO ELIGIBILITY** for retail trade



What exactly can be co-financed?

Investments in processing of fisheries and aquaculture products



- SMEs
(up to 250 employees and either less than €50 million total turnover and/or annual balance sheet total not exceeding €43 million)
- Firms bigger than SME definition
(BUT less than 750 employees or turnover less than €200 million).
- Also firms in the **outermost regions** and the **outlying Greek islands**.
- **Priority**  micro and small firms.



What type of investments?

- Products for **human consumption**;
- Treatment, processing and marketing of fisheries and aquaculture **product waste**;
- Guaranteeing compliance with the **standards** under Community law on the environment, human or animal health, hygiene or animal welfare (until standards become mandatory);
- **Removal of dioxin** or another harmful substance from the processed products by manufacturers of fish meal and oil;
- **Innovation**;
- **Lifelong learning**.



What is not supported?

-  Transfer of ownership of a business
-  Investments for products/purposes other than human consumption (see exception in previous slide)



For what purposes and objectives?

- **Enterprises infrastructure:** construction, extension, equipment and modernisation of enterprises;
- **Sustainable employment** in the sector;
- **Human capital:** training, working conditions, adaptation of equipment and infrastructure;
- **Products:** Production of high quality products/new products/new technologies, improving the use of little-used species/by products/waste;
- **Marketing:** products mainly originating from local landings and aquaculture;
- **Environment:** Reduction of negative impacts on the environment.



Aid intensity

Maximum aid intensity in support of investments in processing and marketing by **SMEs**

Regions not covered by the convergence objective	40%
Regions covered by the convergence objective	60%
Outlying Greek islands	60%
Outermost regions	75%

Maximum aid intensity in support of investments in processing and marketing by **firms bigger than SME definition**

Regions not covered by the convergence objective	20%
Regions covered by the convergence objective	30%
Outlying Greek islands	60%
Outermost regions	75%



Why SMEs?

- The Small Business Act for Europe (2008) recognises the central role of SMEs in the EU economy.

- 99% of all EU business = SMEs  main source of JOBS

- Level playing field in order to unleash full potential of SMEs
COM  translates favourable treatment under structural policy and competition rules.



Can the Commission go any further?

- Investments to bigger firms = exception to the rule
- If changes  **NO conflicts** with other **CFP objectives / actors** (fishermen and consumers).
- Any change = **coordination with the other structural funds** focusing on SMEs.
- Processing firms subject to competition rules
 test of **NO distortion** of competition.
- Politically departure from the current focus on SMEs **NOT** feasible in the current framework.
- Administrative and legal modifications of the EFF and of national OPs will be required.



Are there other possibilities?

- **Structural funds** (EAFRD, ERDF and ESF) could also support investments in processing, with caveats and limitations (e.g.: no overlaps);
- Some **OPs** go in that direction (ex. Spanish OP);
- Investments **have to** contribute to employment creation;
- Granting of **national new aid** subject to prior notification to and approval by the Commission if different from covered under EFF or larger aid intensity.
- **ATTENTION**: any increases in one area could require **reducing funds** available for **other sectors, particularly in downturns**.



Future?

- **CFP reform**: process launched;
- **Public consultation** open until 31 December 2009;
- **Question ???** Is the increase of aid intensity, for firms other than SMEs, in particular in the field of consolidation of the sector, necessarily in the interest of the catching sector or of consumers ???

To be discussed!