

POSITION PAPER

On making GRANTS available in the EMFF 2021-2027 for PRODUCTIVE AQUACULTURE INVESTMENTS

23 October 2020

Background

The European Commission presented on June 2018 its Proposal for a Regulation on the European Maritime and Fisheries Fund (EMFF) and repealing Regulation (EU) 508/2014¹.

This proposal stated in its article 23.3 (on Aquaculture) that *Productive aquaculture investments may only be supported through the financial instruments provided for in Article 52 of Regulation (EU) No [Regulation laying down Common Provisions] and through InvestEU, in accordance Article 10 of that Regulation.*

The Commission's proposal has been passed over to the European Parliament and the Council of the European Union and it is currently undergoing the trilogue process. The adoption of the next Regulation on the European Maritime and Fisheries Fund is expected for the end of 2020 or beginning of 2021.

General comments

The Federation of European Aquaculture Producers is firmly convinced that the successive structural fund schemes dedicated to EU's maritime and fishery policies (like the current EMFF) have been successful in the modernisation and improvement of the production capacity of European aquaculture farms (regardless of the current stagnation of European Union aquaculture production). This has been possible in great length thanks to the availability of EMFF grants to co-finance productive investments in aquaculture.

Aquaculture in the European Union is built upon microenterprises and SMEs, the majority being small family businesses. Over the fishery fund periods of 2007-2013 and 2014-2020 the national and regional competent public authorities have developed a certain capacity to manage calls for aquaculture grants, and aquaculture SMEs have learnt to request and use those grants efficiently.

Financial instruments to promote investments in productive aquaculture already exist in the current EMFF (2014-2020) but there are hardly any experiences of their use in any Member State because these instruments are complex to implement. Current interest rates in the European Union, and those foreseen for the next years, with rates at zero or even negative levels, make financial instruments unattractive and providing little advantages over direct access of undertakings to the banking markets. Furthermore, aquaculture is considered by financial institutions as a high-risk activity making access to

¹ COM(2018) 390 final <https://bit.ly/2SXqELP>

credit in fish farming complicated. Besides, *zero* interests are not a realistic option for aquaculture investments.

The Green Deal, and its Farm to Fork strategy, are betting strongly on the development of sustainable aquaculture in the European Union to reduce the dependency on imported seafood, to provide employment and to improve food security. Both policies acknowledge that a level playing field with respect to seafood imported from developing Third countries does not exist and that primary producers must be assisted to overcome this situation while keeping up with the most stringent production and marketing condition regulations in the world. In this sense, aquaculture (and agriculture in general) cannot be compared to other industrial sectors due to their specific needs and dependency on external factors. For these reasons, aquaculture should receive more support and not less to keep offering its values, and not only financially but also through other means affecting governance improvement.

Position of FEAP

- 1) The main aim of FEAP for the coming years is to increase the production volumes of aquaculture in the European Union to make it a competitive and thriving activity.
- 2) FEAP stresses that the removal of grants for productive aquaculture investments in the EMFF 2021-2027 will be a severe drawback that will cut the incipient recovery of production in the European Union's aquaculture sector.
- 3) The magnitude of the negative effects of the Covid-19 crisis are unfathomable and will still last for several years making any cutting of support to the aquaculture industry a risk that will jeopardise the recent gains.
- 4) FEAP highlights that the unlevelled playing field with respect to imports and the inequalities in the seafood value chain represent a clear market failure that EMFF grants to productive aquaculture investments must continue to mitigate.
- 5) FEAP agrees with the European Commission that financial instruments should play a role in the financing model of the EMFF. However, FEAP stresses that **financial instruments should only be introduced gradually** and by Member State decision depending on the national aquaculture industry conditions.
- 6) A sudden change to financial instruments excluding grants and expecting to be managed by competent authorities with very limited operational experience on financial instruments will create an unsurmountable barrier to these SMEs in the forthcoming years as the complexity and administrative burden of financial instruments cannot be taken on by aquaculture micro and small enterprises.
- 7) Furthermore, financial instruments should only be implemented after Member states have proven their capacity to handle them over a certain time period (e.g. 2 years). FEAP is convinced that the financial instruments will provide very benefit to productive aquaculture investments in the forthcoming years because of the very low current interest rates.
- 8) Nevertheless, FEAP acknowledges that financial instruments offer potential advantages: they can be made available to more potential final recipients for the same amount of funds; they require projects to be economically viable; they are a long lasting aid tool with the potential to reinvest repayments back into the financial instrument system; and financial instruments can be less distortive on the markets than some grant may be when incorrectly delivered.



- 9) FEAP observes insufficient creativity in the Commission's proposal. For the 2021-2027 financing period a hybrid system of financial instruments with grants in which soft loans could become totally or partially non-refundable after the projects have proven the expected performance or execution could be a good option.
- 10) FEAP concludes that **in the 2021-2027 EMFF regulation (article 23) grants must be included as an option alongside financial instruments.**

FEAP is available for further clarification of this position paper.

This document will be made available to the European Commission, to the European Parliament and to the Member States.



The Federation of European Aquaculture Producers is an organisation that represents the European fish farming profession and is based in Brussels. FEAP is composed of 22 national fish farming associations from 21 countries, both EU and non-EU. The combined yearly production of FEAP members surpasses 2,5 million tonnes of nutritious, safe, delicious and environmentally sustainable fish.