

Environment and Sustainability Committee

Session with Rhodri Glyn Thomas AM on his work for the Committee of the Regions, in particular focusing on his new 'rapporteurship' on State Aids to Fisheries and Aquaculture

Introduction

1. This paper has been prepared for the Environment and Sustainability Committee ("the Committee") meeting of 11 July 2013. It provides background information to the work of Rhodri Glyn Thomas AM on his report for the Committee of the Regions on State Aids to Fisheries and Aquaculture.

Committee of the Regions (CoR)

2. The Committee of the Regions (CoR) is the EU's assembly of 'regional' and local representatives, and one of two consultative bodies (the other is the European Economic and Social Committee) consulted by the EU Institutions during the EU policy and law-making process. Its membership (344 full members and the same number of alternates) is drawn from regional and local authorities across the EU, organised into 27 'national' (i.e. Member State) delegations.
3. The UK has 24 full members and 24 alternates on the Committee of the Regions. Within this Wales has 2 full members and 2 alternates, with the Welsh nominees presented by the Welsh Government, although formal nomination of all UK representatives is made by the UK Government.
4. Traditionally the Welsh Government has nominated two representatives from the National Assembly for Wales (one full and one alternate) and from the Welsh Local Government Association. The current Welsh members are:

- Mick Antoniw AM (full member – since end of April 2013 – replacing Christine Chapman AM, who stepped down in November 2012)
- Rhodri Glyn Thomas AM (alternate member)
- Councillor Bob Bright, leader of Newport (full member)
- Councillor Chris Holley, former leader of Swansea (alternate member)

New mandate for 2010–2015

5. Rhodri Glyn Thomas AM was formally appointed to the Committee of the Regions (“CoR”) on 26 January 2010, with a five-year mandate.
6. Rhodri sits on the Natural Resources (‘NAT’) Commission, which is the ‘committee’ responsible for agriculture, fisheries, environment etc. He also sits on the Temporary ad Hoc Budget Commission, which was established in 2011 to provide a focal point for the contribution by the CoR to the discussions at EU level on the Multi-annual Financial Framework for 2014–2020.

Rapporteurships

7. The CoR adopts political positions on EU policy and legislative proposals through agreeing reports. Where these are in response to formal Communications or requests from one of the EU Institutions (usually the European Commission) for they are called ‘opinions’. Where these are not in response to a formal Communication/request such reports are described as ‘own-initiative’ opinions.
8. Over the past 12 months Rhodri Glyn Thomas has been nominated to write three reports for the CoR.
9. Two of these relate to his role on the Budget Commission, and both reports have now been completed:
 - Creating greater synergies between EU, national and sub-national budgets, an own-initiative opinion. Adopted in January 2013.

- Synergies between private investment and public funding to support economic growth at local and regional level (including use of European Investment Bank funding), at the request of the Irish Presidency of the EU. Adopted in April 2013.
10. The third report is the subject of this paper and session with the Environment and Sustainability Committee. It concerns the planned revisions of the current State Aids regulations for Fisheries and Aquaculture. Rhodri Glyn Thomas was nominated by his political group, the European Alliance to be rapporteur for the CoR's own initiative opinion on the revision of these regulations. This nomination was approved by members of the NAT Commission in May and formally confirmed by the political bureau of the CoR at the end of May.
 11. For all of these opinions Rhodri appointed Gregg Jones, Head of the Assembly's EU Office. Gregg previously filled this role for the two reports by Christine Chapman during her period as CoR member. The role is primarily to organise, co-ordinate, and assist with the drafting of the report, and facilitate the work with the CoR services and political groups.

Review of State Aid regulatory framework for Fisheries and Aquaculture

12. The European Commission is carrying out a review of the existing regulations concerning State Aid to Fisheries and Aquaculture, with a view to publishing revised regulations in 2014. This review is led by DG Maritime Affairs and Fisheries, in conjunction with DG Competition (the lead directorate-general in the European Commission responsible for the State Aid regulatory framework in the EU). As part of this review the European Commission recently undertook a public consultation, which closed on 17 June.¹
13. Fisheries and Aquaculture are subject to EU State Aid law, which governs the use of financial and other forms of assistance from public authorities in Member States to support businesses. The EU State Aid framework is set out in the EU treaties, with secondary legislation (and

¹ http://ec.europa.eu/dgs/maritimeaffairs_fisheries/consultations/state-aid/index_en.htm

guidelines) adopted to clarify how the basic principles in the treaties work in practice, including the circumstances when State Aid is not considered to exist, where it does exist the circumstances in which it can be permitted or where it is prohibited.²

14. The review being undertaken by the European Commission is focusing on two main regulations covering the application of State Aid to the Fisheries and Aquaculture sector, as well as a set of 'guidelines' covering aid in this sector:
 - Regulation (EC) No 875/2007 of 24 July 2007 relating to the application of Articles 87 and 88 of the EC Treaty to de minimis aid in the fisheries sector
 - Regulation (EC) No 736/2008 of 22 July 2008 on the application of Articles 87 and 88 of the Treaty to State Aid to small and medium-sized enterprises active in the production, processing and marketing of fisheries products (hereafter "the Block exemption Regulation" or "BER")
 - Guidelines for the examination of State Aid to Fisheries and Aquaculture (2008/C84/06) published 3 April 2008

15. The Guidelines set out the obligations on public authorities to notify use of State Aid within the Fisheries and Aquaculture sector, as well as the principles that the European Commission will use to assess whether aid is compatible with the EU Treaties. The Guidelines also set out the types of aid that the European Commission considers compatible.

16. The European Commission has an established principle that certain levels of aid are considered too low or insignificant to have a distortive effect on the market, meaning they fall outside of the State Aid regime. Such aid is called 'de minimis aid'. The Fisheries and Aquaculture sector the 'de minimis' regulation clarifies this maximum level of aid (set at €30,000 over a period of three fiscal years), as well as defining the types of aid that falls within the scope of the regulation, and the requirements on authorities to provide information to monitor and

² Further explanation see [DG Maritime and Fisheries state aid web-pages](#)

record 'de minimis' aid granted to such businesses within their territory.

17. The 'block exemption regulation' is primarily aimed at giving public authorities a simple framework whereby they can set up aid schemes for SMEs active in production, processing and marketing of fisheries products, without having to individually notify (and get approval) for such schemes from the European Commission. The regulation sets out the types of aid covered by the regulation, requirements in terms of transparency, conditions for exemption, aid intensities, incentive effects and cumulation of aid. It also sets out requirements on monitoring and reporting by Member States to the European Commission. The underlying rationale is that experience shows the types of aid that do not have a distortive effect on the market, which are non-contentious, and which can go through a more 'streamlined' process (equivalent of 'self-declaration') without individual scrutiny and approval by the European Commission
18. For the above guidelines and regulations one of the core principles underlying the provision of State Aid is that this is consistent with EU competition policy and the Common Fisheries Policy. The review of the 2008 legislation will, therefore, look at how the legal framework needs to be adjusted in the context of the recent reforms agreed for the Common Fisheries Policy, and in light of the experiences over the past five years of using the current legislation in the Fisheries and Aquaculture sector.

Rhodri Glyn Thomas opinion on State Aid to Fisheries and Aquaculture

19. The CoR own-initiative opinion being undertaken by Rhodri Glyn Thomas has been timed to enable a contribution from local and regional authorities to the review by the European Commission.
20. As is the standard practice for adoption of CoR reports, the opinion will go through a two-stage adoption process:

- first discussion and adoption at the NAT commission on 1st October 2013
 - adoption in Plenary Session on 28–29 November 2013.
21. There is a translation deadline of 2 September for the draft report to be prepared in order for it to be considered at the NAT Commission on 1 October. However, given summer holidays this means a real deadline of the end of July for the report to be submitted.
22. In order to prepare the report Rhodri is undertaking evidence gathering in Brussels and in Wales.
23. On 3–4 July Rhodri will have meetings with the lead officials from DG Competition and DG Maritime and Fisheries responsible for the revisions. He will also chair a ‘stakeholder consultation’ event CoR on 4 July to hear the views of EU networks and Brussels-based national, regional and local representations.
24. Evidence gathering in Wales includes the following:
- Meeting with the Minister for Natural Resources Alun Davies AM and senior Welsh Government officials responsible for fisheries (9 July)
 - Meeting with senior officials from Natural Resources Wales leading on fisheries policy (10 July)
 - Meeting of the Environment and Sustainability Committee (11 July)
 - Correspondence/consultation with the Fisheries and Aquaculture sector in Wales
25. In addition to this the evidence gathering includes desk-based research (reports/studies undertaken), and we are discussing with the European Commission the possibility of having an analysis of the most relevant responses from the local/regional level to their consultation.
26. For the stakeholder consultation that takes place on 4 July we have asked stakeholders to consider the following issues in order to help facilitate the discussions:

- Information on the importance of the fisheries sector to their region/area (or if a network to the member organisations they represent)
- Their experiences with using the existing State Aid regulations for fisheries (de minimis and the block exemption): level of take use of these; what has worked well; what has proven difficult in using the regulations
- What changes they would like to see made to the existing rules to improve them, make them easier to use, and what changes they consider particularly important to ensure the rules support the aims and objectives of the reform of the Common Fisheries Policy agreed during the Irish EU Presidency. In particular they may wish to highlight how the State Aid rules enable EFF and (in future EMFF) to be used to support restructuring of the fisheries sector, including diversification into other forms of employment; how it supports the development of a competitive, innovative and sustainable fisheries sector; how it helps to support the development of the aquaculture sector and other innovative products/processes, and supply chains.
- Whether they have any specific concerns or issues with the requirements of the regulation e.g. regarding monitoring and reporting, and the burdens this may place on beneficiaries of aid and public administrations charged with monitoring and reporting on compliance.
- Any other comments they may wish to make

27. Rhodri Glyn Thomas would very much welcome contributions and views from members of the Environment and Sustainability Committee on these important issues, to ensure that the draft report takes full account of the needs of the fisheries and aquaculture sector in Wales.

Rhodri Glyn Thomas AM

Committee of the Regions alternate member

2 July 2013