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DIRECTORATE-GENERAL FOR MARITIME AFFAIRS AND FISHERIES

THE DIRECTOR-GENERAL

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Brussels, **21 MAI 2013**  
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Your Excellency,

**Subject: Preparation of the operational programme under the European Maritime and Fisheries Fund (EMFF)**

On 24 October 2012 the Commission services wrote to present their views on the preparations of the Partnership Agreement and operational programmes for the ESI funds for the period 2014-2020 (ARES(2012)1260385). You will find enclosed some complementary considerations regarding fisheries and maritime affairs. I would like to draw your attention to the necessity to address any on-going instances of lack of compliance with EU fisheries legislation prior to the adoption of the operational programme.

I hope that you will find the enclosed information useful for your internal preparations. My services are at your disposal, during the forthcoming months of our informal dialogue, to provide further guidance and information.

Yours faithfully,

Lowri EVANS

Encl.

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## **Preparation of the operational programme under the European Maritime and Fisheries Fund (EMFF) in Latvia**

The future European Maritime and Fisheries Fund is still under discussion in the Council and European Parliament, and we appreciate that the preparations for the EMFF should not prejudge their outcome. Nevertheless, at this stage, Latvia is encouraged to focus its attention to a number of areas.

The new fund will, for the first time, cover both the fisheries sector and the Integrated Maritime Policy, to which it is expected to devote a significant financial allocation..

The paramount objective of EMFF funding will be to support the **implementation of the CFP reform**. Although the reform package is still under negotiation, it has become clear that the transition to environmental sustainability is the main, immediate priority. This means moving to fishing that achieves maximum sustainable yield and enabling the progressive elimination of discards. Your authorities are invited to further analyse the potential impacts thereof on fisheries, fleet segments and fisheries areas. As part of this analysis, you should identify which fleet segments may have overcapacity, in spite of the significant efforts already devoted to the adaptation of the fleet. In this respect, attention should be paid to the recent overview of capacity at fleet segment level in the report from the Commission to the European Parliament and the Council on balance between capacity and resources (COM(2013)85 final of 18 February 2013). Following the identification of these impacts, your authorities are invited to start thinking about how to attain the above CFP goals and how to assist the transition leading to their achievement, including by means of the array of measures supported under the EMFF in the chapter on sustainable development of fisheries.

Innovations linked to the conservation of marine resources, in particular leading to increased selectivity, and that introduce methods and techniques that reduce the impacts on the marine environment, including mitigating climate change and improving energy efficiency, should be supported. Special attention should be paid to investments in support of meeting the discard ban requirements.

The protection and restoration of marine biodiversity and ecosystems should also be a priority, with a particular emphasis on marine protected areas. Initiatives targeted at the acquisition and dissemination of data and knowledge are very important and should hence also be supported.

Actions enabling the acquisition of new skills, actions facilitating diversification particularly in fisheries dependent areas, and actions related to health, safety and hygiene should be encouraged to improve the attractiveness of the sector.

In the field of **aquaculture**, in spite of significant use of EFF funds, the production has decreased in recent years. This will need to be examined and addressed in the national strategic plan for aquaculture to be prepared in line with the Guidelines adopted by the Commission on 29 April 2013 (COM(2013) 229). Therefore, it is necessary that your authorities engage with relevant stakeholders in designing the national strategic plan, since the operational programme should set out which of its objectives it intends to support. This should include an analysis of the current and future economic viability and the environmental sustainability of the sector and the extent to which the EMFF can be used to remove obstacles impeding the further development of aquaculture. Given the experience of the EFF in the current period, it is important that careful attention is paid to the added value of public support to the sector so that targets are realistic and achievable.

The **lessons learnt** from the EFF should be fully incorporated. The first is an assessment of

the performance of the current monitoring and control system for the EFF, the analysis of the causes for some of the structural weaknesses witnessed in the recent past and the identification of areas to be improved. A second is the need to align better EU and national funding with the objectives and challenges of the conservation policy.

The reasons for the low productivity in the fish processing sector should be analysed and eventually addressed.

The experience of the current Axis 4, establishing the FLAGs on the basis of Leader groups, has proved an efficient way to build capacity quickly at the local level and it should be continued in the next period, while ensuring a strategic fit between the scope of EMFF intervention and the fisheries challenges of the area. The new programme should enhance the autonomy of the FLAG and their ability to adapt objectives and measures in the strategy to the specific needs of their territory, including its fisheries sector, as well as ensure that the rules and conditions for funding are clear and stable throughout the implementation period. For the next programming period it is important to clarify the focus of projects, for example value added to fisheries products and diversification of economic activities, seizing at the same time the new opportunities offered by the Blue Growth agenda.

Finally, special attention needs to be paid to the potential use of new financial instruments (such as loans, guarantees and equity funds) in revenue-generating projects to maximise the leverage effect of public support to the sector and improve access to finance mainly by SMEs in particular in the current difficult economic context.

Whilst giving attention to the above issues, the integration of several financial instruments into one single fund brings its own new challenges. It requires national authorities to reflect on how to integrate into a single operational programme, the following new areas:

- With regard to the new market policy and the integration of funding for the **Common Market Organisation (CMO)** under shared management, a strategy should support the development of fishery and aquaculture Producer Organisations and their empowerment to better manage their activities and better market their production. The fishery and aquaculture sectors should be encouraged to promote responsible consumption and better knowledge of the products. In that regard, your attention is drawn to a new instrument, the Production and Marketing Plan that will be set up under the CMO Regulation, the implementation of which could and should be supported under the EMFF. This instrument can contribute to the essential objectives of the new CFP such as sustainability and competitiveness of fishing practices, enhancing the value of by-catches, and of components of the new CMO like quality, labelling, certification, etc. Finally, this instrument will further facilitate coordination between actors along the value chain to strengthen the added value of the EU fishery and aquaculture products.
- With regard to **data collection**, the Commission services are still consulting on the elaboration of a new Data Collection Multi-Annual Programme that will implement the CFP Regulation and we have proposed certain transition measures for 2014 (our letter of 18/03/2013 ARES(2013) 362001. However, it is important that your authorities, already at this stage, analyse the changes in the management and control system that the shift to shared management will imply for Latvia, including with regard to the financial execution rates of the recent years. An assessment of the administrative capacity will have to be made in the context of the ex-ante conditionalities (Annex III of the EMFF), to be provided within the Partnership Agreement and the operational programme. This analysis should provide reflection points on where EMFF support to data collection by Latvia would add the most value in the future.

- With regard to support to **control** activities, it is important at this stage that your authorities analyse the changes in terms of the management and control system that the shift to shared management will imply for Latvia, and to draw the lessons from the current management of the EU support, including with regard to financial execution rates of the recent years. Priorities for funding will need to reflect a balance between a) needs identified by your authorities, b) the systemic deficiencies identified by the Commission in the course of audits and inspections over the recent years, and c) priorities to be established at EU level by the Commission in support of the EU control policy. In particular efforts are needed to address shortcomings of the fisheries control system identified by the Commission, particularly those included in the Action Plan as agreed with the Commission. An assessment of the administrative capacity will have to be made in the context of the ex-ante conditionality (Annex III of the EMFF draft regulation).

With regards to the **Integrated Maritime Policy (IMP)**, it will be very important to ensure that the opportunities provided in the new generation of EU funding will be geared at supporting the Maritime Policy agenda as set out in the October 2012 Limassol declaration. The Commission's proposal foresees funding through direct management to further the development of the IMP. Under shared management as well, there is an opportunity not to be missed to step up national and EU support to the blue economy in Latvia. More specifically, this should involve the following:

- identify the prospects offered by the different sectors of the blue economy highlighted in the Commission communication on Blue Growth (COM/2012/494 final) - in particular, coastal and cruise tourism, blue biotechnology, offshore energy - as well as other marine and maritime sectors, including maritime cluster development, that are of relevance to Latvia and based on your national and regional strengths and elaborate blue growth objectives to be supported through EU funds in your country;
- consider cross-border and cross-sectoral challenges and opportunities and identify how the relevant maritime priorities and actions of the EU Strategy for the Baltic Sea Region could be taken up and implemented through different ESI funds;
- ensure synergies and coordination at all levels (local, regional, national) and with relevant stakeholders;
- from this analysis, set out which of the ESI funds (EMFF, ERDF including European Territorial Cooperation, ESF) would be best suited to support these objectives considering also what role other EU instruments (Horizon 2020, LIFE, Connecting Europe Facility in particular) or financial instruments through the European Investment Bank (EIB) or other financial institutions can play; and
- consider what complementary tools at national level could be used to maximise the effects of the intended investments, including maritime spatial planning and integrated coastal management as well as integrated surveillance.