

INTER-ADVISORY COUNCILS (INTER-ACs) MEETING FRIDAY 29TH APRIL 2022

BSAC Secretariat and Esben Sverdrup-Jensen (ExCom Chair) and Nils Höglund (EBM WG Chair)

Opening remarks by Director Ms Andersson Pench

Welcome to the 2nd Inter-ACs for this year. Very happy to organise these meetings, exchange info and get ideas. Since last meeting have seen the developments in Europe, in particular the aggression in UKR and its consequences – the agenda for today has been very much impacted by this. Thanks to the ACs for all their work in 2021. Received 109 recommendations from the ACs. Highlighted the following:

Currently preparing its **Communication on fishing opportunities** with the technical staff working document: it will include an analysis of the role played by the ACs in 2021.

Words on the impact from invasion of UKR– high fuel prices and of raw materials, vessels not going to sea >> market disruption etc. Many fleet segments are concerned. High prices have hit distribution chain. The aquaculture sector also affected. The COM has been following concerns of the stakeholders and have monitored the socio-economic impact on the sector. Concerns expressed by the ACs have been helpful to maintain full understanding. COM has considered all possible options to support European operators and to transition to a more long-term sustainable state. A block of measures is currently being discussed and developed.

On energy transition: An even more urgent need to develop efforts, necessary to address climate change and to ensure resilience of the sector when faced with unprecedented crises. Tools are there and support and research and innovation to be worked on. Have sent a short discussion paper on this.

Update on outcome of stakeholder consultation on the CFP and on the CMO. Have received a lot of input. Now calling on MS to include stakeholders in their reflections.

The sustainable blue economy is a point from an earlier meeting which there wasn't time, and the single use plastics directive will be dealt with.

New colleague Deputy Director General Kestutis (LITH): Maritime policy and the international side of fisheries policy. Comes from DG ENV (circular economy, plastics directive). He will be covering: Ocean mission will be a primary policy (research) and will have to deliver results by 2024. There's a lot to be launched and done. Blue economy (algae initiative) and to build new opportunities that the seas and oceans and waters offer. And key here is changing geopolitical circumstances - the upheavals of COVID (though fisheries continued to function), and now the war in UKR which adds a new light (e.g. disruption of supply of food and feedstuffs and of supply chains in general – the seas and oceans offer very valuable nutrition and alternatives to what otherwise causes great difficulties – and have to look into opportunities, including aquaculture.

Have to bring everything together to prepare to tackle disruptions and troubles. Also

difficulties with energy -security of supply is important and here renewable maritime energy comes into focus and celebrate the transition and the proposals of climate neutral by 2050 and energy is one of the big components here. And in the light of the conflict of UKR, have to develop the technologies, but there are challenges, competing for space, and have to have well designed policies that listen to every stakeholder and align competing interests. He will also cover international developments RFMO, WTO, bilateral negotiations, IUU. UKR, GEOR and MOLD have applied to EU and that will require engagement from many of us. He's willing and prepared to meet in groups, individual settings.

State aid, EMFF and EMFAF – measures adopted following the invasion of Ukraine

Presentations by DG COMP and MARE followed by a Q&A

The current serious situation for businesses. Fishing and aquaculture are hit. Three mechanisms have been activated – to provide emergency support to enable businesses to continue their business, and it's crisis support, to limit shock to supply chain and to markets.

State Aid: Why this framework - hope it's only temporary, adopted in March and valid to end of year. Trying to be flexible. Measures are to help as operating aid and to continue fishery and production. There are different possibilities for the MS: limited aid, loans, support in use of electricity, cumulative aid from covid, undertakings affected by the crisis, but no aid can be granted that can circumvent the EU sanctions. There are specific elements that can go to fisheries and aquaculture. This is crisis state aid rules, temporary and see them as part of package and possibilities that MS have to support the economy. They keep listening to the stakeholders and the MS and do what is necessary if it's not sufficient.

EMFAF mechanism and what can be done there – recognising the disruption of the markets and using Article 26.2 of EMFAF to grant two types of support. To compensate for income foregone, additional costs of doing business; financial compensation to POs if are implementing storage mechanism (storage aid). Are enacted retroactively to the end of 2022. Can be applied, even if the EMFAF programme is not in place. The sector has been saying that MS must implement the measures asap.

EMFF crisis measures: are similar, the EMFAF was developed after the COVID Crisis. So support was built into the EMFAF mechanism. To give similar support under the EMFF requires an amendment of the EMFF Regulation (requires co-decision) - to allow for financial compensation as the EMFAF does: temporary cessation for vessels due to security reasons, income foregone and additional costs due to disruption and storage aid. Support will be retroactive. Comments from:

NSAC want to know which MS are using the tools (info not given)

MEDAC concerns – COM takes note and also says things can go fast

MAC praise that COM acted quickly. Concerns about high fuel prices and if goes on, will be vessels tying up and consequential impacts.

AquaAC – recognises the efforts made by COM.

COM asked stakeholders to keep pressure on MS to get things moving. COM is in good contact with markets and sector to see how things are evolving.

Energy transition in the fisheries sector:

Presentations by the Commission (and DG MOVE and DG Research) of ongoing work on waterborne transport decarbonisation technologies, followed by a Q&A

COM is not looking for formal opinions on this,

Steven Davies new appointee at DG Mare gave a presentation scene-setting. There's the current crisis, but at same time the need for long-term transition analysing the advances in science and technology. Ultimate aim to develop modifications and adaptations to fishing vessels. Examples of hull adaptation, lighter fishing gear with polypropylene, wind power as complementary propulsion, use of solar panels and electric engines which can significantly reduce CO2 emissions. Asking for contributions, what are the possibilities and to benefit from the pro-activity from the fishers, what can and can not be done. DG MOVE and its Fit for 55 policy change and FUEL EUMaritime, and DG Research with the work going on under the Horizon programme. Referred to the questions to the stakeholders - three key questions on the sliced (and refer to the paper).

DG MOVE Ricardo Batista presented policy with the FUEL EUMaritime regulation proposal and its main elements. It covers sectors of economy including transport and designed as contributing to the EU climate law goals. The "Fit for 55" contains different legislative proposals – to align with Paris agreement objectives (energy efficiency and renewable and low carbon fuels). For waterborne transport there is a basket of measures. There are two options to reduce maritime transport emissions: energy efficiency and use cleaner fuels. There are challenges to overcome. Similar measures are being proposed by IMO. The proposed regulation will set a framework for an assessment of energy limits. It will allow for transition and regulatory security. Lots of details in the proposal were presented. Then details on how FUELEU will work, it includes obligations on the shipowners. Discussions going on now and voting to take place during this year.

Briefly the responses:

Concerns expressed: the fishing sector has already done a lot to adapt and economise.

What will the new alternative fuels look like? Can ammonia be used as alternative fuel?

Alternative fuels often take up a lot more space. What about the different sizes of the vessel? Concerns about application in practice, about small and ageing vessels.

Ready to discuss solutions, but again age of vessels, impacts that have already affected the sector, and the lack mature technologies and other challenges that face the sector.

Concern that undertakings have no/limited investment facilities. If want to take a greener approach, we need to take into account the limitations imposed by the current regulations.

BSAC Chair stated that seafood is the most climate friendly alternative. Care not to accelerate the green transition so far that the sector can't adapt to and end up pushing consumer to other foods that are not so climate friendly. Most vessels have reach the targets. But none of the transitions can happen under the current capacity management regime. Before discussing fuels, we have to deal with the capacity regulation under the CFP – how to fix the ceiling in a way that allows us to use the proposed measures. Take care not to take up more space onboard.

NSAC Chair also underlined how important this is. The work by DG MOVE is important and interesting. To what degree is MARE and fishing sector being taken into consideration and deliver input to it? In the fleet we're talking about much smaller engines and smaller production capacities. And call for joint projects into fuels for the fishing sector and engine changes that can bring in a much greener fishing industry. We need to do this together.

The COM representative said that the comments reflect similar discussions that have been going on in the Commission and can be of help to provide some answers:

On technology: every point raised was accurate, the technical challenges to bring the changes onboard vessels are acknowledged. Vessels are space, volume and weight sensitive. Of all the energy options, some may add volume to storage onboard, DG MOVE is looking at biofuels, biodiesel or synthetic fuels that can be mixed with existing fuels – and gradually. Ammonia could be a fuel used in the long term.

On regulatory development: the FUEL EU can only work because of the existing Regulation on measurement, reporting and verification.¹ Can already set targets for reductions of emissions. Can already see what CO2 emissions are, have a base reference line from 2020 on which to establish reductions. On fuel availability – addressed by the Fit for 55 with fuel operating with renewable energy directive.

On funding: economic impact of such requirements is acknowledged. A carbon pricing will be established, sanctions on those who do not adhere and using this for a fund to help adaptation. Need an economic feasibility analysis. With carbon pricing, fuel will become more expensive and it will be much more expensive to use fossil fuels, which will strengthen the business case to use carbon-free fuels.

This is a process, a challenge and an opportunity. To be discussed over the next months.

DG Research and Innovation on Horizon Europe and support to energy transition. Transport issues are under Pillar II, Cluster 5 “Climate, energy and mobility”. The target is to use R&I to investigate and find zero-emission solutions by 2030 and which will enable zero-emission water transport by 2050.

It covers various types of ships from inland, maritime, long distance fishing etc etc. There

¹ <https://www.ics-shipping.org/wp-content/uploads/2020/08/ics-guidance-on-eu-mrv.pdf>

are 6 R&I areas of work. The challenges mentioned by the stakeholders are those that they intend to address, and they are medium term and long term.

- Medium term mentioned: On electrification: capacity on the vessels, availability of infrastructure, cost and weight of batteries, standards and safety; Renewable energy assistance: solar and wind; blending of fuels – which can be blended, what are requirements for the tanks.
- Long term measures include zero carbon H₂, carbon ammonia, carbon methanol, biofuel, E diesel, 48 hour sailing.

The work programme for 2021 - 2022 has a series of topics.

There are quite a lot of topics providing synergies on hydrogen and batteries and missions on safe oceans in synergy with waterborne transport and the fisheries sector (including the Baltic and energy efficiency for the small-scale fleet).

There's an urgency to reduce emissions to zero by 2050. Need for game changers, need for synergies with other partnerships (hydrogen, batteries), demonstrators are very welcome, all the green topics build on Horizon Europe.

CINEA Agency European Climate Infrastructure and Environment Executive Agency

Check them out, interesting stuff

https://cinea.ec.europa.eu/index_en

What projects they have been funding. They include energy efficiency:

1. Alternative fuels and methanol engines - good for smaller vessels, including the fishing sector
2. Electric shipping (an electronic tram) - this could be possible for the fishing sector because technology providers are ready to sell their technology to other users
3. Aerodynamics improvement – energy saving - trapping in the coating material of the hull a layer of air to reduce friction between the water and the hull – this technology is available and could be suited to smaller vessels
4. Wind technology - an even more conventional energy and is scope to have complementary powering through renewable sources such as wind power and can apply to rather large fishing vessels

So, there are solutions in the pipeline that can serve the ambitions of the sector.

Encouraged to look into the work that's been done and to get in touch

See their report Waterborne Transport Projects

https://cinea.ec.europa.eu/publications/h2020-waterborne-transport-projects_en

Comments included:

There was a question about retro-fitting, which is an important aspect

The methanol project has details and contents on that, and this could be a short-term solution.

The lifespan of vessels is very high and this has to be taken into consideration, so retrofit is important for the sector in the short term. COM is encouraged to think about how to improve retrofitting of vessels and helping MS to make it easy to work on this. Even a 10% -15% improvement is already a contribution to the greening of the sector.

The diversity of fishing vessels is very big and can research be taken into account on initiatives to harmonise some how all that's been done on fishing vessels, and to consolidate it. Waterborne transport research focuses on the various transport modes, but not specifically fishing vessels. But it focuses on different sizes of vessels, uses of vessels, so is certain that the solutions can be used on various types of fishing vessels. There will be an analysis to identify waterborne sustainable deployment and development – looking into various types of fuels and technologies for various types of ships and this may be of use/interest to the sector.

Innovation has to work from an economic and environmental point of view. Carbon footprint is important. The more you save on CO₂, the more funding you can get. There may be incentives to go to the innovation fund which is available and to try to move to innovative technologies and solutions to work towards CO₂ saving.

COM concluded:

Today was a first brainstorming and exchange of opinions. All need to engage in this. DG Mare will do its best to ensure that fishing vessels (incl. the smaller ones) will be taken into account in the R&I projects. There is so much going on, not only in EMFAF, and on the technology that's being worked on.

The COM could aim to put everything together, all the studies done and not reinvent the wheel, and try to make a synthesis.

COM will share all the presentations made.

XXXXXXXXXX

These points were on the afternoon agenda

Powerpoints available on these points.

Report on the functioning of the CFP and CMO

First results of the stakeholder consultation and Q&A

Sustainable blue economy

Single use plastics directive

Ms Lena Andersson Pench suggested next Inter-AC meeting in Brussels next autumn. COM would like to know if:

- You think it is useful to have a physical meeting
- If yes, when the best time would be in autumn for you