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The Earl of Kinnoull
Chairman
Select Committee on the European Union
House of Lords
London
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14 August 2020

Dear Lord Kinnoull,

EM 7153/20: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1379/2013 and Regulation (EU) No 508/2014 as regards specific measures to mitigate the impact of the COVID-19 outbreak in the fishery and aquaculture sector

Thank you for your letter of 16 July asking for further clarification on the funding being delivered under amendments to the European Maritime and Fisheries Fund (EMFF) regulations, and progress in reviewing projects to identify funds that could be re-allocated to Covid-19 relief measures.

EMFF Amendments

All Administrations are using the flexibility allowed by the amendments made to the EMFF regulations to direct funding to Covid-19 support measures. Scotland, Wales and Northern Ireland have chosen to deliver financial support to their aquaculture industries under the amendments to article 55 of the EMFF. Scotland is compensating aquaculture businesses for actual costs related to storage of aquaculture production, whilst Northern Ireland and Wales are providing financial support to aquaculture businesses to compensate them for income foregone due to the impacts of Covid-19. Further details of their schemes are below.

The Scottish Government will provide up to £1.25m to fund compensation for the storage aid of aquaculture production. This will be available to aquaculture businesses which temporarily suspend or reduce production and sales, or place more production into storage. The maximum tonnage and overall projects costs will be determined on a case by case basis, based on which markets are lost or closed to the beneficiary and where aquaculture production must be harvested or be lost. Aquaculture businesses will be able to reduce this tonnage or timescale for storage should markets recover.

Actual costs incurred by aquaculture businesses will be reimbursed for the following:

- the costs of transportation,
- the cost of processing products, and;

- cost associated to storage.

The Welsh scheme will be open to aquaculture businesses supplying markets for human consumption and which are ineligible for other support schemes. This short-term funding will cover up to 50% of a company's income foregone during March and April 2020. A maximum of £10,000 is available to eligible businesses to cover the 2 month period and the Welsh Government has made £100k available through this scheme.

In Northern Ireland up to £360k support is being provided to its aquaculture sector under EMFF Article 55, to part compensate for the income foregone by undertakings as a result of Covid-19. The level of compensation reflects the lost income from fish sales during the period March-May 2020 inclusive, with the maximum support being limited to €30k per undertaking. Compensation is calculated based on the average monthly income realised by each undertaking in the preceding 3 financial years and based on 50% of income foregone during the qualifying period.

The Northern Ireland Minister has also recently approved a £200k scheme of support, subject to economic appraisal, to assist Lough Neagh inland fishers. This will draw funding under Article 33 (temporary cessation) of the revised EMFF Programme. Similar to the aquaculture scheme, the compensation payments will be based on the income foregone as a result of the Covid-19 pandemic.

England does not intend to provide funding under article 55 to its aquaculture sector as financial assistance has already been available through the Fisheries Response Fund. However, England has re-purposed £773k of EMFF funding to articles 32 and 43 to support Covid-19 recovery through health and safety, and fishing port and harbours investment. This will support on-board and port side investments to help achieve Covid-19 safe workspaces.

To achieve the initiatives detailed above, an amendment to the UK's Operational Programme has been submitted to the EU commission which will re-allocate funds. This amendment was drafted and approved within the UK in consultation with industry representatives.

EMFF Repurposing

All Administrations will continue to assess the extent to which live projects may have been affected by the Covid-19 pandemic and, where projects are no longer viable, funding may be re-allocated to Covid-19 recovery purposes. In most cases applicants have advised that they expect projects to go ahead. However, there have been numerous requests across the UK to extend project time-scales due to delays caused by Covid-19.

I am copying this letter to Sir William Cash MP, Chairman of the European Scrutiny Committee. I am also copying this letter to the Clerks of the Commons and Lords Committees, Jessica Mulley and Chris Johnson respectively; Les Saunders, Cabinet Office; and Steve Wigham, Defra Scrutiny Co-ordinator.

Yours sincerely,

Victoria Prentis

V**ICTORIA PRENTIS MP**