



EUROPEAN COMMISSION

Directorate-General
for Fisheries

Summary of structural measures
to assist the fishing industry in Denmark:
FIFG financing
and the Community initiative PESCA

European Union aid for the development of the fishing industry in Denmark (1994–99)

The fisheries sector in Denmark is going through a period of fundamental structural change. This is required mainly because of scarcity of resources in Community waters and increased competition for markets.

In order to support actions undertaken at the national level, the European Union has made available ECU 156 million (about DKR 1 400 million) to the industry, the organizations and public authorities for the period 1994–99¹.

These finances have been allocated primarily through the FIFG (Financial Instrument for Fisheries Guidance) and cover the entire fisheries sector in Denmark: from fleet modernization to fishing port equipment, from aquaculture to the fish processing and marketing industries.

FIFG priorities and fields of action have been decided in partnership by both the European Commission and the Danish authorities by the means of a single programming document concerning the whole of the country.

Another kind of intervention is represented by the Community initiative PESCA, launched by the Commission with the aim of supporting European coastal regions.

This publication summarizes:

- (a) the contents and financial plans of the FIFG programme for Denmark (pages 3–6);
- (b) the Danish programme under the Community initiative PESCA (page 7);
- (c) the origin and purpose of all the Structural Funds, particularly of the FIFG (page 8).

¹ How to apply for financial aid:
see pages 3 (FIFG) and 7 (PESCA)

The common fisheries policy of the European Union

The common fisheries policy (CFP) is at the core of the European Community's fishing industry.

The CFP covers all activities involved in the fishing and farming of living aquatic resources, as well as the processing and marketing sectors.

The policy has gone through a number of transformations since the first CFP decisions were adopted in 1970, and today it is centred on four major areas:

- (i) conservation of stocks
- (ii) organization of markets
- (iii) international agreements
- (iv) structural measures (subject of this publication).

Further information about CFP can be found in:

The new common fisheries policy, Luxembourg, EUR-OP, 1994 (in all EC languages; Danish version: ISBN 92-826-7567-X).

'The common fisheries policy', Information file, Brussels, EC Commission, DG XIV, 1994 (in English or French).

These publications may be ordered from:

European Commission
DG XIV – Fisheries
Rue de la Loi 200
B-1049 Brussels
Fax (32-2) 299 48 17

The fisheries sector in Denmark: strengths and weaknesses

The fishing sector accounts for around 1% of the Danish economy. In 1992 exports of fisheries products amounted to ECU 1.87 million, representing 5% of total Danish exports. Seventy-five per cent of the fishery products exported went to EU Member States.

Danish structural measures have primarily focused on decommissioning of fishing vessels. During the period 1987-93 a total of 815 vessels, representing 40 000 grt or 30% of the fleet size in 1987, has been decommissioned with national and Community aid.

The number of fishermen decreased from more than 8 000 in the beginning of the 1980s to 5 500 in 1993. The number of vessels greater than 5 grt decreased from 3 250 vessels in 1987 to 2339 at the end of 1993. The capacity diminished from 137 000 gt/grt in 1987 to 93 300 gt/grt in 1993. This reduction represents a bigger decrease than planned in the Danish multiannual guidance programme (MAGP) where the objective for 1996 has been fixed at 108 400 grt.

The principal ports are situated on the west coast of Jutland (Esbjerg, Hantsholm and Hirtshals), where there is very active industrial fishing. The island of Bornholm, an area which is heavily dependent on fishing, relies on cod fishing in the Baltic.

Employment in the processing and marketing sector has remained stable at around 9 000 persons. Employment reached a maximum of 10 200 persons in 1985. Around 500 persons are employed in aquaculture.

In the last decade the situation for the most important fish stocks for the Danish fishing fleet has deteriorated, notably for cod.

The Danish authorities have therefore been extremely restrictive in granting permission for entry of new vessels the fishing fleet.

The banking sector has also been very reluctant to finance renewal of vessels. The result is that the Danish fishing fleet is comparatively old (the average age of vessels is >30 years).

With some important stocks showing signs of recovery, there seems to be scope for a limited entry of new vessels during the programming period up to 1999.

Denmark has traditionally been one of the most important fish exporting countries in the world. The fish processing industry has increasingly obtained its raw material from third countries since supplies from the Community fishing fleet have been reduced in past years. The processing industry, which has an interest in obtaining the raw material at competitive prices, considers that the Community import regime is too restrictive.

As regards the aquaculture sector, the problems in Denmark are linked to stringent environmental requirements.

Structural interventions 1994-99: nine fields of action

The overall objective of a coordinated and long-term application of structural measures is to make the fishing sector economically viable during the 1994-99 period.

The implementation of structural policy shall contribute to a sustainable and environmentally friendly exploitation of available resources.

Another important objective is to secure sound economic and social conditions for the enterprises and the persons employed in the sector and to create a reasonable and stable income level.

Structural policy shall contribute to improved conditions as regards safety, hygiene and product quality.

The need for modernization and technological improvements in order to enhance the competitiveness on international markets is also underlined.

1. Adjustment of fishing effort

The objective continues to be to reduce the size of the fleet in accordance with national capacity regulation and in line with the multiannual guidance programmes. This contribution will have a negative effect on employment, but reducing the fleet is an essential condition for a positive evolution in the remainder of the fishing fleet.

During the first phase of the programme (1994-96) it is expected that some 8 000 grt (gross registered tonnage) will be withdrawn from the fishing fleet. It is estimated that a further 8 000 grt can be cut during the period 1997-99. It is assumed that the tonnage will be divided up between about 150 vessels with an engine power of about 30 000 kW.

Beneficiaries: owners of Danish fishing vessels.

2. Renewal and modernization of the fishing fleet

The modernization of the Danish fishing fleet is of crucial importance to employment in the many small and medium-sized shipyards in Denmark, not least because no new vessels will be built in the next few years.

At the same time, modernization of the fleet is a key factor in ensuring con-tinued improvement in the quality of fish landed, which in turn is a condition for increasing value-added in the future. Aid will be granted only on condition that the objectives in the multiannual guidance programme (MAGP) are adhered to and that the fishing effort will not be increased.

It is anticipated that about 400 vessels can be modernized with regard to better catch processing and quality. In addition, a further 400 or so vessels will be converted for fishing with better utilization of resources, including adaptation to the Community's conservation measures, improvement of operating results and controls.

Restrictions on the size of the fleet will continue to be applied. The necessary rules have existed for a number of years and in practice have ensured that the capacity adjustments undertaken are not cancelled out by additions to the fleet. The present system will also take account of the development of resources, the fishing effort and the development of the fleet.

No financial assistance for the construction of new vessels is foreseen during the first three years of the programming period. In the second part of the programming period 1997-99 it is estimated that 35 vessels with an average size of 50 grt will be constructed with financial assistance. The total tonnage concerned amounts 1 750 grt.

Beneficiaries: owners of Danish fishing vessels and workers on board vessels.

Access to financing and programming documents

In order to take part in the actions financed by FIG, potential beneficiaries, listed at the end of each field of action, should contact the Danish Ministry of Agriculture and Fisheries (see last page for the address).

Single projects proposed by beneficiaries are expected to be in line with the envisaged aims.

The detailed description of the fields of action, aims and contents, is included in the Danish single programming document 'Structural Funds. Denmark. Objective 5a - Fisheries'. Community programme 1994-99.

This document may be ordered from the addresses listed on the last page.

For more information: *The European Community and the fishing industry. Practical guide to structural aid*, Luxembourg, Office for Official Publications of the EC, 1994, ISBN 92-826-7759-1

3. Aquaculture

It is expected that investment in aquaculture will, first and foremost, aim at increasing productivity and protecting the environment. It is therefore expected that the direct employment effect will be neutral, but that investments will serve to reduce the level of costs and cut the general impact from pollution in the water environment.

Aid will be granted for the construction, equipment, expansion and modernization of aquaculture facilities.

Aid may also be granted for moving existing facilities.

Beneficiaries: Owners of aquaculture installations.

4. Enclosed seawater areas

Projects will be carried out for the protection and development of marine resources in coastal waters, including the construction of artificial reefs in Danish coastal zones.

The objective is to improve the conditions for the rearing of fish stocks in coastal waters, to re-establish, protect and develop marine resources in order to boost catches for commercial fisheries.

Beneficiaries: public bodies, organizations within the fisheries sector, other appropriate bodies or authorities.

5. Fishing port facilities

Depending on the type of project, investment in port facilities will have a marked employment effect.

In the longer term, the implementation of these projects will bring about, *inter alia*, an improvement in quality and a reduction in landing costs.

Emphasis will be on bringing about a general improvement in working conditions, efficiency and quality in fishing ports. Priority will also be given to projects which are linked to measures on board fishing vessels and the down-stream processing and marketing sector.

Beneficiaries: public harbour authorities, privately owned harbours, local authorities, organizations within the fisheries sector, etc.

6. Product processing and marketing

Investment in processing will result in a rationalization of production, an increase in the quality of finished products and an improvement in working conditions. It is expected that employment levels can be maintained while output increases, with higher value-added.

Aid will be required for investments as regards improved utilization of raw materials and alternative species, new products, higher-value processing, new and cleaner production technologies, environment and quality control.

It is expected that the level of assistance will be around the same as in the previous programming period with a possibility of an increase in the later part of the programming period. It is estimated that 60 projects will be financed in the period 1994-96 and 90 projects in the period 1997-99.

Beneficiaries: owners of processing establishments within the fisheries sector.

(see page 6)

Denmark

(million ECU) ¹

Field of action	FIFG (1)	National public funding (2)	Private sector (3)	Total (1 + 2 + 3)
1. Adjustment of fishing effort	37.74	37.74	–	75.48
2. Renewal/modernization of the fleet	35.06	7.01	98.17	140.24
3. Aquaculture	9.17	1.83	25.68	36.68
4. Enclosed sea-water areas	3.18	3.18	–	6.36
5. Fishing port facilities	9.82	5.75	14.45	30.02
6. Processing and marketing	30.10	6.02	84.28	120.40
7. Product promotion	7.19	7.19	–	14.38
8. Other measures	7.64	7.64	–	15.28
9. Socio-economic measures ²	–	–	–	–
Total	139.90	76.36	222.58	438.84

NB All these interventions are carried out in the context of Objective 5a – Fisheries of the Structural Funds. FIFG may cover up to 50% of the total cost of single projects.

¹ For information, based on monthly exchange rate in December 1995, ECU 1 = DKR 7.27.

² These measures may be introduced following the modification of Council Regulation (EC) 3699/93 in November 1995. The amount allocated to them is still to be decided, but remains within the total financing allowed.

Legal references

On the FIGF (Financial Instrument for Fisheries Guidance):

- Council Regulation (EC) No 3699/93 of 21.12.1993 laying down the criteria and arrangements regarding Community structural assistance in the fisheries and aquaculture sector and the processing and marketing of its products (OJ L 346, 31.12.1993);

Amendments:

Change of capacity:
Council Regulation (EC) No 1624/95 of 29.6.1995, (OJ L 155, 6.7.1995);

Socio-economic measures (early retirement schemes, compensatory payments):
Council Regulation (EC) No 2719/95 of 20.11.1995 (OJ L 283, 25.11.1995);

- Council Regulation (EC) No 2080/93 of 20.7.1993, laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the financial instrument for fisheries guidance (OJ L 193, 31.7.1993).

On the Structural Funds:

Framework Regulation:

- Council Regulation (EEC) No 2081/93 of 20.7.1993, amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the EIB and the other existing financial instruments (OJ L 193, 31.7.1993).

Coordination Regulation:

- Council Regulation (EEC) No 2082/93 of 20.7.1993 amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with operations of the EIB and the other existing financial instruments (OJ L 193, 31.7.1993).

(from page 4)

7. Product promotion

The effort on sales promotion will generally strengthen the market position of fishery products and so help to strengthen employment and earnings potential in the industry.

Any campaigns implemented will as far as possible be coordinated with corresponding campaigns in other Member States. It is also expected that other projects will be financed which are aimed at adjustment to changed market conditions, in particular improving product quality and at formulating market strategies for subsectors within the fishing industry.

Beneficiaries: public bodies, organizations within the fisheries sector, other appropriate bodies or authorities.

8. Other measures

In order to achieve a better basis for taking decisions it will be necessary to carry out detailed studies and projects on a trial basis.

The activities initiated under 'other measures' will help to reduce the industry's costs and at the same time increase the quality of landed fish.

A further objective is to solve problems related to unforeseen events in the fisheries sector by means of temporary measures.

The following projects may be undertaken: fleet analysis, vessel audits with a view to renovation, analysis and studies on aquaculture, integrated quality assurance, quality guarantee for lightly processed fish, etc.

Beneficiaries: public and semi-public bodies, private companies, organizations within the fisheries sector.

9. Socio-economic accompanying measures

In order to minimize the negative effects of the reduction of the fleet, the Danish authorities may decide to adopt two additional optional measures:

- (a) part-financing of national early retirement schemes for fishermen, under certain conditions;
- (b) granting individual compensatory payments to fishermen leaving the profession.

Beneficiaries: fishermen.

1989-93: Success story

Following the conclusions of the Commission report on industrial fisheries in the North Sea and in the Skagerrak and Kattegat, where the urgent need for a study on the Danish fish meal industry was stressed, the Commission agreed to co-finance a study on this politically controversial fisheries activity.

The study constitutes a very useful contribution to the debate. The Member States have had the opportunity to comment on the study. Furthermore, it contains a socio-economic analysis which is particularly promising and innovative, in the sense that it attempts to calculate the impact of different biological scenarios on employment and income in the human consumption and industrial fishing sectors.

Another instrument: the Community initiative PESCA

The Community initiative PESCA is complementary to the structural aid described above. Its objectives are: to put the fishing industry into a condition where it can succeed in its own transformation; to help it cope with the social and economic consequences by providing aid for the redeployment of the workforce and diversification of the enterprises; and to contribute to maintenance and creation of employment in the coastal areas.

The importance of PESCA lies less in the actual content of the possible schemes than in the way integrated, innovative projects can be devised and set in train by the participants in the local economy. PESCA may call on the combined possibilities of the FIG, the European Regional Development Fund and the European Social Fund.

The eligible measures under PESCA in Denmark are the following:

- (1) measures within the fisheries sector: training of fishermen, support to smaller fishing ports, improvement of products quality, market evaluations for new products, etc;

- (2) measures aimed at the reconversion within the sector: education and training, investments in infrastructures and assistance to small and medium-sized enterprises in order to develop alternative activities (i.e. tourism);
- (3) measures aimed at job creation in other sectors: assistance to investments, improvement of the infra-structure (transport, communication, services, research and development), education, etc;
- (4) projects of a general or transnational nature: mapping of obstacles to fisheries on the seabed, transnational projects on cooperation, education and know-how, measures related to working conditions and safety on board fishing vessels.
- (5) technical assistance for the preparation, evaluation and monitoring of PESCA projects and for pilot and demonstration projects.

The final beneficiaries of these measures may be both:

- collective, public or private bodies (regional or local authorities, chambers of commerce, fishermen's cooperatives, profit or non-profit-making organizations);
- individual economic operators (craft enterprises, small and medium-sized businesses, fishermen and other workers in the fishing industry).

PESCA: practical guide

Both potential beneficiaries and other interested people may enquire at competent authorities (counties or Ministry of Agriculture and Fisheries, see last page) for additional information on this Community initiative.

The complete text of the PESCA programme for Denmark may be ordered from the competent authorities (see above) or from the European Commission, DG XIV (see address on the last page).

The Commission communication on the Community initiative PESCA (94/C 180/01) was published in OJ C 180, 31.7.1994.

PESCA – Denmark

(million ECU)

Measures	EU Structural Funds	National public funding	Private sector	Total
Measure (1)	6.56	6.46	0.10	13.12
Measure (2)	2.46	2.93	3.81	9.20
Measure (3)	4.92	6.95	10.11	21.98
Measure (4)	1.64	0.59	0.47	2.70
Measure (5)	0.82	0.82	—	1.64
Total ¹	16.40	17.75	14.49	48.64

¹ ECU 3.12 million of EU contribution have since been added to the total, under the heading of the Community initiatives reserve.

The FIGG

Tasks of the FIGG

To help the fisheries sector solve the problem of overcapacity of the Community fleet.

To improve the structures of the European fishing and aquaculture industry, and enhance its international competitiveness.

Areas for action

adjustment of fishing effort

modernization of the fleet

development of aquaculture

protection of marine coastal areas

provision of fishing port facilities

processing and marketing

product promotion

grants for fishermen leaving the sector

other measures (technical assistance, etc.).

Community financing

Depending on the category of investment, the Community contribution may be up to 75% or 50% of eligible expenditure in the Structural Funds Objective 1 regions, and up to 50% or 30% in other regions.

How to apply

It is up to project sponsors to apply to their national or regional authorities to integrate their projects into Community programmes, so that FIGG financing will be available.

Useful addresses:

Ministry of Agriculture and Fisheries

Holbergsgade 2

DK-1057 Copenhagen K

Tel. (45-33) 92 33 01

Fax (45-33) 14 50 42

Ministry of Agriculture and Fisheries

Structures

Directorate for Agriculture and Fisheries

Tolbodsgade 29

DK-1253 Copenhagen K

Tel. (45-33) 63 73 00

Fax (45-33) 63 73 33

The European Commission

Directorate-General XIV – Fisheries

Rue de la Loi 200

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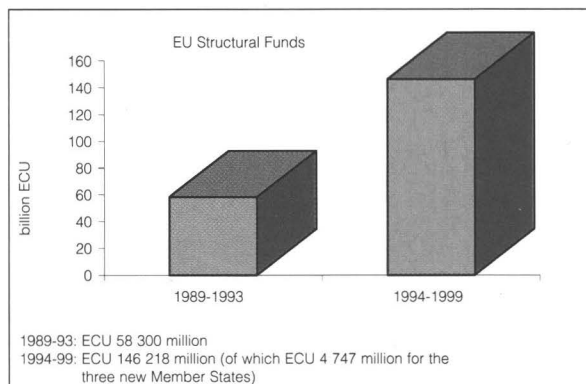
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This publication does not necessarily express the official views of the Commission.

For further information, please send a fax to (32-2) 296 73 60.

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

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The EU Structural Funds

To promote harmonious development throughout the European Union, the Single Act of 1987 and the Treaty of Maastricht of 1993 introduced the goal of economic and social cohesion, to be achieved by a concentration of financial aid on six priority objectives:

- Objective 1: structural adjustment of regions whose development is lagging behind;
- Objective 2: converting regions seriously affected by industrial decline;
- Objective 3: combating long-term unemployment, contributing to the occupational integration of young people and of those threatened with exclusion from the labour market;
- Objective 4: facilitating workers' adaptation to industrial changes;
- Objective 5a: speeding up the adjustment of agricultural and fisheries structures;
- Objective 5b: development of rural areas;
- Objective 6: development of areas with low population density.

To achieve these objectives, assistance is available from the EU Structural Funds:

the European Regional Development Fund (ERDF)

the European Social Fund (ESF)

the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF)

the Financial Instrument for Fisheries Guidance (FIGG).

Other possible Community sources of financing include Cohesion Fund grants, and European Investment Bank loans.