

HIE

Fisheries and Aquaculture

Block Exemption Scheme

2015-2020



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

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About this guidance

This guidance covers the State aid scheme operated by Highlands and Islands Enterprise (HIE) to fund projects which involve State aid in the fisheries and aquaculture sector. HIE's powers are registered under a European Commission Block Exemption Regulation for the sector. Producing this guidance has involved cross referencing with several other Regulations:

- Regulation (EU) No 1388/2014 (the fisheries and aquaculture Block Exemption for 2014-2020)
- Regulation (EU) No 508/2014 European Marine Fisheries Fund Regulation (EMFF)
- Regulations (EU) No 1380/2013, (EC) No 1954/2003 & (EC) No 1224/2009, on the Common Fisheries Policy (CFP)
- Regulations (EU) No 1379/2013, (EC) No 1184/2006 and (EC) No 1224/2009, on the Common Organisation of Markets for Fisheries and Aquaculture

The HIE Fisheries and Aquaculture Block Exemption Scheme is separated into "articles". We have shown the corresponding numbers from the Fisheries Block Exemption Regulation against each article in the HIE scheme plus a cross reference to the EMFF article.

Introduction to State aid

State aid is a European Commission (EC) term which refers to forms of public assistance, given to undertakings on a discretionary basis, which has the potential to distort competition and affect trade between Member States of the European Union.

The State aid rules are set by the EC and comprise various articles of the Treaty on the Functioning of the European Union (TFEU), Regulations, Frameworks and Guidelines - which set out what aid *can* be given and under which circumstances. The EC governs Member States' compliance with these rules and many aid measures must be notified to the Commission for approval. Ignoring the rules can result in the EC viewing aid as unlawful and possibly subject to repayment - by the aid recipient/undertaking.

As a public body, HIE can grant State aid through an umbrella of State aid schemes known as the Block Exemptions (General, Agricultural & Forestry, Fisheries & Aquaculture), other approved schemes (BDUK State Aid Scheme) and also De Minimis aid. As such we have a large toolkit of support to offer State aid to businesses and other organisations.

It is important to remember that the State aid rules are not the motivating factor in determining whether to award financial assistance and at what level. The state aid rules may place constraints on what can be awarded but the essence of HIE's decision's to award financial assistance to businesses is individual appraisal of business proposals and selection on the basis of their contribution to HIE's development policies using the minimum level of public finance to achieve the desired results. The HIE scheme of financial assistance given in return for sustainable economic development that meets HIE's policies does not confer a right to receive State aid on any enterprise, but if state aid is awarded it should always involve the lowest level of public funding that permits the project to achieve HIE's objectives for the region and should thus have very limited effects on free trade and result in an efficient economy. This is very much in line with the EU Treaty, which, simply put, bans State aid unless the positive benefits to society outweigh the damage to the European economy caused by reduced or distorted competition.

As a practical matter of appraisal procedure, HIE will first assess each project for its potential to aid development against HIE's policies for the region, and if financial assistance is appropriate an

assessment will then be made as to whether the assistance would constitute State aid in terms of the EU Treaty. Having made this assessment, it is then possible to ensure that any proposed assistance will comply with State aid law, so that the most correct and efficient package of assistance can be devised with the minimum risk of State aid procedures affecting the applicant.

Fisheries Block Exemption Regulation (FBER)

The FBER was published in the European Commission's office journal (OJEU L369) on 24th December 2014. The full reference is [Commission Regulation \(EU\) No 1388/2014](#) of 16th December 2014.

This Regulation remains in force until 31/12/2020, by which time a successor Regulation should be on place. The HIE scheme under this Regulation will have legal force until that date, and the Regulation also provides for a transitional period of up to 6 months to allow for legal cover for transition to a new scheme under a new exemption Regulation, if the HIE scheme is to be continued beyond the transitional period.

This Regulation does not permit support for any actions that would breach the EU Common Fisheries Policy, which concerns the protection of fish stocks, and hence affects the fishing sector primarily. Should the rules of the CFP be breached with the assistance under this scheme (for example by over-fishing) then the State aid granted under this Regulation could become repayable by the beneficiary.

Other approved schemes

Other approved schemes available for State aid:

- HIE General Block Exemption Scheme 2014-2020
- HIE Agriculture Block Exemption Scheme 2015-2020 – also covers forestry

Some support for fishery and aquaculture undertakings is also available under the HIE GBE scheme:

- Research, development and innovation aid (HIE GBE articles 24-30)
- Training (HIE GBE article 31)
- SME access to finance (HIE GBE articles 21-24)
- Aid to recruit disadvantaged workers or to recruit workers with disabilities (HIE GBE articles 32-35)

Fisheries De Minimis may also be used; staff should be aware of the funding ceiling of €30,000.

HIE Fisheries Block Exemption Scheme 2015-2020 (SA Ref tba)

Introduction

HIE operates funding schemes for assistance to the fisheries and aquaculture sector which incorporate all necessary rules and regulations of the EU Fisheries and Aquaculture Block Exemption Regulation (FBER). General criteria are detailed below, followed by specific rules for each type of aid which must be complied with when approving State aid on HIE's Management System. HIE implement this scheme under power awarded to it under the **Enterprise and New Towns (Scotland) Act 1990**, as amended 1st April 2001 by Scottish Statutory Instrument 2001 No 126.

Duration of the scheme

The scheme operates from 1st April 2015 to 31st December 2020. A transitional period to 31/06/2021 may be brought into force near to the final date of 31/12/2020.

Who can apply?

This scheme **only applies to Small and Medium sized Enterprises (SMEs)** active in the production, processing or marketing of fishery and aquaculture products are eligible for support; we are unable to support large companies through this scheme.

Mandatory compliance with an EU Priority

All State aid under this scheme must pursue at least one of the following priorities of the EU in the relevant sub-sector:

Fishing: (Articles 14-29)

- (a) the reduction of the impact of fisheries on the marine environment, including the avoidance and reduction, as far as possible, of unwanted catches;
- (b) the protection and restoration of aquatic biodiversity and ecosystems;
- (c) the ensuring of a balance between fishing capacity and available fishing opportunities;
- (d) the enhancement of the competitiveness and viability of fisheries enterprises, including of small-scale coastal fleet, and the improvement of safety and working conditions;
- (e) the provision of support to strengthen technological development and innovation, including increasing energy efficiency, and knowledge transfer;
- (f) the development of professional training, new professional skills and lifelong learning.

Aquaculture: (Articles 30-40)

- (a) the provision of support to strengthen technological development, innovation and knowledge transfer;
- (b) the enhancement of the competitiveness and viability of aquaculture enterprises, including the improvement of safety and working conditions, in particular of SMEs;
- (c) the protection and restoration of aquatic biodiversity and the enhancement of ecosystems related to aquaculture and the promotion of resource-efficient aquaculture;
- (d) the promotion of aquaculture having a high level of environmental protection, and the promotion of animal health and welfare and of public health and safety;
- (e) the development of professional training, new professional skills and lifelong learning.

Marketing and processing: (Articles 41 & 42)

- (a) the improvement of market organisation for fishery and aquaculture products;
- (b) the encouragement of investment in the processing and marketing sectors.

General eligibility criteria

Successful applicants should be able to demonstrate the following:

- The project will deliver **commercial benefits to the enterprise and to the HIE area**
- The applicant is a **small or medium sized firm** according to the EU SME definition (Annex 3)
- **Eligible costs shall be less than the Sterling equivalent of €2,000,000.** Where project costs are greater than €2m, a formal notification procedure must be carried out, following which

some or all of the proposed aid may be approved. These cases will be subject to strict economic additionality tests and resulting aid levels permitted would typically be lower than the aid ceilings. These cases are likely to take 1 to 2 years to gain prior approval, and during this period no aid may be paid to the beneficiary.

- The aid shall have an incentive effect. The key requirement of which is that the beneficiary has **submitted a written application to HIE before work on the project activity has started**.
- The project **would not be able to proceed at all, or not at the same scale or speed** without public assistance
- The enterprise **has the capacity to implement the project** effectively to enhance its future competitiveness

The following are ineligible for support:

- a) aid the amount of which is **fixed on the basis of price or quantity** of products put on the market;
- b) aid to **export-related activities** towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- c) aid contingent upon the use of domestic over imported goods;
- d) aid granted to **undertakings in difficulty**, with the exception of aid to make good the damage caused by natural disasters. The definition of a firm in difficulty is number 5 in Annex 2 to these guidelines, and is the same as that under the GBER;
- e) aid schemes which do not explicitly exclude the payment of individual aid in favour of an undertaking which is **subject to an outstanding recovery order** following a previous Commission decision declaring an aid illegal and incompatible with the internal market, with the exception of aid schemes to make good the damage caused by natural disasters;
- f) ad hoc aid in favour of an undertaking as referred to in point (e);
- g) aid granted to operations which would have been ineligible for support under the EMFF i.e.
 - a. operations **increasing the fishing capacity** of a vessel or equipment increasing the ability of a vessel to find fish;
 - b. the **construction of new fishing vessels** or the importation of fishing vessels;
 - c. the **temporary or permanent cessation of fishing activities**, unless otherwise provided for in the EMFF
 - d. **exploratory fishing**;
 - e. **the transfer of ownership of a business**;
 - f. **direct restocking**; unless explicitly provided for as a conservation measure by an EU legal act or in the case of experimental restocking
- h) aid granted to undertakings that cannot apply for support from the EMFF because:
 - a. the beneficiary has committed a **serious infringement under relevant EU legislation**¹;
 - b. the beneficiary has been involved in the operation, management or ownership of **fishing vessels included in the Union IUU vessel list** as set out in Article 40(3) of Regulation (EC) No 1005/2008, or of vessels flagged to countries identified as non-cooperating third countries as set out in Article 33 of that Regulation;

¹ Article 42 of Council Regulation (EC) No 1005/2008 (1) or Article 90(1) of Regulation (EC) No 1224/2009 – Common Fisheries Policy

- c. the beneficiary has committed a **serious infringement of the CFP rules** identified as such in other legislation adopted by the European Parliament and by the Council; or
 - d. the beneficiary has **committed any of the offences in the relevant EU legislation**²
 - e. The beneficiary, after submitting the application, **shall continue to comply** with the conditions referred to in points (a) to (d) above throughout the period of implementation of the operation and **for a period of five years after the final payment to that beneficiary**
- i) Financial assistance with conditions attaching that would cause a breach under the EU Treaty by discriminating on the grounds of origin or constraining the right to establish operations in another Member State, as follows:
- a. When the assistance is subject to a condition requiring that the beneficiary has its headquarters in Scotland or the UK, or to be predominantly established within the UK. It is, however, permitted to require that at least part of the beneficiary's operation is based within the UK.
 - b. Where the beneficiary would be obliged by the conditions of assistance to use goods or services from any specific origin within the EU.

Definition of the “beneficiary” and of the “undertaking”

State aid regulations and guidelines refer to the “beneficiary” often, especially in connection with State aid ceilings and obligations that attach to the aid. The beneficiary is the undertaking which is the target of the aid, but the meaning of “the undertaking” is very particular and is not simply the legal entity that may be the applicant or the recipient of the particular aid concerned.

An “undertaking” for State aid purposes is an entity, or group of entities that carry out a commercial operation. Thus it is the nature and logic of the commercial operations that determine which legal entities are part of the undertaking, and which are therefore to be considered the beneficiaries of the aid.

Where several different activities are necessary in order to complete a commercial transaction, and where they have been set up in order to deliver the commercial activity, and thus one depends on the other, then there may be several entities engaged in an undertaking. For example, in a group company situation, one subsidiary may be responsible for manufacturing and another may be responsible for marketing and transport, but both share the risks and rewards through the group structure and the involvement of the partners is not merely incidental but has been planned and implemented in a way that ensures the delivery of the undertaking as a whole.

Sometimes these relationships are contractual, such as a partnership, rather than formal ownership links, but the key element is that they are each engaged in part of a commercial operation and they share in some way in the risks and rewards of the commercial operation. The risk and profit sharing distinguishes this type of co-operation from the relationship between a producer and an independent sub-contractor.

Eligible costs and State aid ceilings

These vary according to the type of activity to be funded and are recorded below under each state aid type (Articles of the FBER). The ceilings refer to the maximum grant equivalence of State aid that

² Articles 3 and 4 of Directive 2008/99/EC of the European Parliament and of the Council (2), where the application is made for support under Chapter II of Title V of this Regulation

may be awarded, which is generally 50% although some activities with more general benefit and less effect on competition have higher ceilings. The supplements are shown below:

Articles	Aid level	Supplement A	Supplement B	Supplement C
Articles 14 - 16	50%	+ 30%	+ 10%	Up to 100%
Article 17	50% up to the Sterling equivalent of €75k	Not applicable	Not applicable	Not applicable
Articles 19 - 25	50%	+ 30%	+ 10%	Up to 100%
Articles 26	30% up to the Sterling equivalent of €1.5m	Not applicable	Not applicable	Not applicable
Articles 27 - 29	50%	+ 30%	+ 10%	Up to 100%
Articles 31 – 42	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Calculation of maximum assistance levels (aid intensity) and documentation of eligible costs

The aid intensities referred to in the detailed rules below are calculated as the grant (or grant equivalence of a loan) as a proportion of the specific eligible costs for each type of activity. No deduction for tax or any other charge is made. Aid payable in several instalments shall be discounted to its value at the moment of granting. The discount rate used in grant equivalence and for present value calculations is the [EU Discount Rate](#)³.

The eligible costs shall be supported by documentary evidence which shall be clear and itemised.

In the unusual case where assistance is to be offered in the form of **repayable grant**, this element of the assistance must be assumed to have a grant value of the full amount without any deduction for possible repayments.

Cumulation with other assistance

The maximum aid intensity applies to the combined State aid value of all forms of public support, including EU funding.

³ The link in full is http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html - here you can select the latest update

Aid under this scheme may be cumulated with:

- a) any other State aid, as long as those measures concern different identifiable eligible costs;
- b) any other State aid including De Minimis, in relation to the same eligible costs, partly or fully overlapping, only if such cumulation does not result in exceeding the highest aid intensity or aid amount applicable under this scheme

Notification threshold (Maximum project size)

This Regulation shall not apply to aid for any project with eligible costs in excess of EUR 2 million, or where the amount of aid exceeds EUR 1 million per beneficiary per year. Thresholds should not be circumvented by artificially splitting up the aid schemes or aid projects.

Article 14 Aid for advisory services for the fishing sector

The corresponding article in the EMFF is Article 27.

Eligible activities

Activities which improve the overall performance and competitiveness of operators and promote sustainable fisheries:

- (a) feasibility studies and advisory services that assess the viability of projects
- (b) the provision of professional advice on environmental sustainability, with a focus on limiting and, where possible, eliminating the negative impact of fishing activities on marine, terrestrial and freshwater ecosystems;
- (c) the provision of professional advice on business and marketing strategies

The feasibility studies, advisory services and advice in (a) shall be provided by scientific, academic, professional or technical bodies, or entities providing economic advice that have the required competences.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Support open to operators, organisations of fishermen, including producer organisations, or public law bodies.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Articles 14	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries

Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level
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Types of assistance

Grants and loans.

Condition attaching to the State aid

State aid for advice pertaining to the acquisition of a fishing vessel shall be repayable if it is transferred outside of the EU within 5 years of the date of payment of the State aid. The amount to be repaid shall be proportionate to the amount of time during the 5 years that the vessel has been transferred out of the EU area.

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for advisory services	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 15 Aid for partnership between scientists and fishermen

The corresponding article in the EMFF is Article 28.

Eligible activities

Activities which foster the transfer of knowledge between scientists and fishermen:

- (a) the creation of networks, partnership agreements or associations between one or more independent scientific bodies and fishermen, or one or more organisations of fishermen, in which technical bodies may participate;
- (b) the activities carried out in the framework of the networks, partnership agreements, or associations referred to in point (a);
- (c) the activities referred to in point (b) may cover data collection and management activities, studies, pilot projects, dissemination of knowledge and research results, seminars and best practices.

Geographic eligibility

The entire HIE area.

Beneficiaries

Support open to public law bodies, fishermen, organisations of fishermen and non-governmental organisations.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Articles 15	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grants, loans

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for partnership between scientists and fishermen	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 16 Aid to promote human capital, job creation and social dialogue in the fishing sector

The corresponding article in the EMFF is Article 29.

Eligible activities

Activities which promote human capital, job creation and social dialogue:

- professional training, lifelong learning, joint projects, the dissemination of knowledge of an economic, technical, regulatory or scientific nature and of innovative practices, and the acquisition of new professional skills, in particular linked to the sustainable management of marine ecosystems, hygiene, health, safety, activities in the maritime sector, innovation and entrepreneurship;
- networking and exchange of experiences and best practices between stakeholders, including among organisations promoting equal opportunities between men and women, promoting

- the role of women in fishing communities and promoting under-represented groups involved in small-scale coastal fishing or in on-foot fishing;
- (c) social dialogue at Union, national, regional or local level involving fishermen, social partners and other relevant stakeholders

Geographic eligibility

The entire HIE area.

Sectoral eligibility

1. The support above may also be granted to spouses of self-employed fishermen or, where and in so far as recognised by national law, the life partners of self-employed fishermen, under the conditions laid down in point (b) of Article 2 of Directive 2010/41/EU of the European Parliament and of the Council ⁽⁴⁾.
2. The support referred to in point (a) above (training) may be granted, for a maximum period of two years, for the training of people under 30 years of age, who are recognised as unemployed by the Member State concerned ('trainees'). Such support shall be limited to training on board a small-scale coastal fishing vessel owned by a professional fisherman of at least 50 years of age, formalised by a contract between the trainee and the owner of the vessel that is recognised by the Member State concerned, including courses on sustainable fishing practices and the conservation of marine biological resources as defined in Regulation (EU) No 1380/2013. The trainee shall be accompanied on board by a professional fisherman of at least 50 years of age.
3. Support in paragraph 2 above (training) shall be granted to professional fishermen to cover the trainee's salary and related charges, and shall be calculated in accordance with Article 67(5) of Regulation (EU) No 1303/2013, taking into account the economic situation and living standards of the Member State concerned. Article 67(5) is as follows:
"The amounts.....shall be established in one of the following ways:
(a) a fair, equitable and verifiable calculation method based on:
(i) statistical data or other objective information;
(ii) the verified historical data of individual beneficiaries; or
(iii) the application of the usual cost accounting practices of individual beneficiaries;
(b) in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation and beneficiary;
(c) in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary;
(d) rates established by this Regulation or the Fund-specific rules;

⁴ Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC (OJ L 180, 15.7.2010, p. 1).

(e) *specific methods for determining amounts established in accordance with the Fund-specific rules.”*

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Articles 16	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Support for activities in paragraph (2) above shall not exceed a maximum amount of €40,000 for each beneficiary during the programming period.

Note **that training may also be assisted using HIE’s General Block Exemption Scheme** if it is necessary and desirable to increase aid levels up to 60% for Medium sized forms or up to 70% for Small firms.

Types of assistance

Grant and loan.

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to promote human capital, job creation and social dialogue in the fishing sector	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 17 Aid to facilitate diversification and new forms of income in the fishing sector

The corresponding articles in the EMFF are Article 25(1) and (2) and Article 30.

Eligible activities

Aid to facilitate diversification and new forms of income through the development of complementary activities, including investments on board, angling tourism, restaurants, environmental services related to fishing and educational activities concerning fishing.

Operating aid is expressly prohibited.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

The support shall be granted to fishermen who:

- (a) submit a business plan for the development of their new activities; and
- (b) possess adequate professional skills which may be acquired through operations financed under point (a) of Article 16 above

The support shall only be granted if the complementary activities relate to the fisherman's core fishing business.

Aid limits

The amount of support shall not exceed 50% of the budget foreseen in the business plan for each operation, and shall not exceed a maximum amount of €75,000 for each beneficiary.

Types of assistance

Grant and loan.

Condition attaching to the State aid

State aid for diversification that involved the acquisition of a fishing vessel shall be repayable if it is transferred outside of the EU within 5 years of the date of payment of the State aid. The amount to be repaid shall be proportionate to the amount of time during the 5 years that the vessel has been transferred out of the EU area.

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to facilitate diversification and new forms of income in the fishing sector	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 19 Aid to improve health and safety in the fishing sector

The corresponding article in the EMFF is Article 32.

Eligible activities

In order to improve hygiene, health, safety and working conditions for fisherman support may be given for investments on board or in individual equipment provided that those investments go beyond the requirements under Union or national law.

Where the operation consists of an investment on board, the support shall not be granted more than once during the programming period 2014-2020 for the same type of investment and for the same fishing vessel. Where the operation consists of an investment in individual equipment, the support shall not be granted more than once during the programming period for the same type of equipment and for the same beneficiary.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

The support under this Article shall be granted to fishermen or owners of fishing vessels.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 19	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to improve health and safety in the fishing sector	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 23 Aid to limit the impact of fishing on the marine environment and adapt fishing to the protection of species

The corresponding articles in the EMFF are Article 25(1) and (2) and Article 38.

Eligible activities

In order to reduce the impact of fishing on the marine environment, to foster the gradual elimination of discards and to facilitate the transition to a sustainable exploitation of living marine biological resources, the following investments may be supported:

- (a) in equipment improving size selectivity or species selectivity of fishing gear;
- (b) on board or in equipment that eliminates discards by avoiding and reducing unwanted catches of commercial stocks, or that deals with unwanted catches to be landed in accordance with the Common Fisheries Policy⁵. Aid for normal operating costs are expressly prohibited.
- (c) in equipment that limits and, where possible, eliminates the physical and biological impacts of fishing on the ecosystem or the sea bed;
- (d) in equipment that protects gear and catches from mammals and birds protected by the EC Habitats Directive and Directive on Conservation of Birds⁶, provided that it does not undermine the selectivity of the fishing gear and that all appropriate measures are introduced to avoid physical damage to the predators

Support shall only be granted where the gear or other equipment above has a demonstrably better size-selection or a demonstrably lower impact on the ecosystem and on non-target species than the standard gear or other equipment permitted under the Common Fisheries Policy, or relevant national legislation.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Support shall be granted to:

- (a) owners of Union fishing vessels which are registered as active vessels and which have carried out fishing activities at sea of at least 60 days during the two calendar years preceding the date of submission of the application for support;
- (b) fishermen who own the gear to be replaced and who have worked on board of a Union fishing vessel for at least 60 days during the two calendar years preceding the date of submission of the application for support;
- (c) organisations of fishermen recognised by the Member State

⁵ (EU) No 1380/2013

⁶ Council Directive 92/43/EEC or Directive 2009/147/EC of the European Parliament and of the Council

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Articles 23	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Support shall not be granted more than once during the EMFF programming period (2014-2020) for the same type of equipment on the same Union fishing vessel.

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to limit the impact of fishing on the marine environment and adapt fishing to the protection of species	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 25 Aid for the protection and restoration of marine biodiversity and ecosystems and compensation regimes in the framework of sustainable fishing activities

The corresponding article in the EMFF is Article 40.

Eligible activities

Protection and restoration of marine biodiversity and ecosystems and compensation regimes in the framework of sustainable fishing activities

1. In order to protect and restore marine biodiversity and ecosystems in the framework of sustainable fishing activities, with the participation, where relevant, of fishermen, the EMFF or other State aid may support the following operations:
 - (a) the collection of waste by fishermen from the sea such as the removal of lost fishing gear and marine litter;
 - (b) the construction, installation or modernisation of static or movable facilities intended to protect and enhance marine fauna and flora, including their scientific preparation and evaluation;

- (c) contributions to a better management or conservation of marine biological resources;
- (d) the preparation, including studies, drawing-up, monitoring and updating of protection and management plans for fishery-related activities relating to NATURA 2000 sites and spatial protected areas referred to in the EU Marine Strategy Directive⁷ the management, restoration and monitoring of NATURA 2000 sites;
- (e) the management, restoration and monitoring of marine protected areas with a view to the implementation of the spatial protection measures referred to in Article 13(4) of the EU Marine Directive;
- (f) increasing environmental awareness, involving fishermen, with regard to the protection and restoration of marine biodiversity;
- (g) schemes for compensation for damage to catches caused by mammals and birds protected by the EU Habitats and Birds Directives;
- (h) the participation in other actions aimed at maintaining and enhancing biodiversity and ecosystem services, such as the restoration of specific marine and coastal habitats in support of sustainable fish stocks, including their scientific preparation and evaluation. Support shall be subject to the formal recognition of such schemes by the competent authorities of the Member States. Member States shall also ensure that no overcompensation for damage occurs as a result of the combination of Union, national and private compensation schemes
- (i) funding of normal operating costs is not permitted.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Support shall be granted to scientific or technical public law bodies, Advisory Councils, fishermen or organisations of fishermen which are recognised by the Member State, or by non-governmental organisations in partnership with organisations of fishermen.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 25	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

⁷ Directive 2008/56/EC and relating to other special habitats; EN L 149/28 Official Journal of the European Union 20.5.2014

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for the protection and restoration of marine biodiversity etc.	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 26 Aid to improve energy efficiency and to mitigate the effects of climate change in the fishing sector

The corresponding article in the EMFF is Article 41.

Eligible activities

Aid to improve energy efficiency and to mitigate the effects of climate change, with the exception of aid to replace or modernise engines:

- (a) investments in equipment or on board aimed at reducing the emission of pollutants or greenhouse gases and increasing the energy efficiency of fishing vessels. Investments in fishing gear are also eligible provided that they do not undermine the selectivity of that fishing gear;
- (b) energy efficiency audits and schemes;
- (c) studies to assess the contribution of alternative propulsion systems and hull designs to the energy efficiency of fishing vessels
- (d) normal operating costs are not eligible for this aid.

Support for the replacement or modernisation of main or ancillary engines may be granted only:

- (e) for vessels up to 12 metres in overall length, provided that the new or modernised engine does not have more power in kW than the current engine;
- (f) for vessels between 12 and 18 metres in overall length, provided that the power in kW of the new or modernised engine is at least 20 % lower than that of the current engine;
- (g) for vessels between 18 and 24 metres in overall length, provided that the power in kW of the new or modernised engine is at least 30 % lower than that of the current engine.

Support for the replacement or modernisation of main or ancillary engines may only be granted in respect of vessels belonging to a fleet segment for which the report on fishing capacity has shown a balance with the fishing opportunities available to that segment.

Support shall only be granted for the replacement or modernisation of main or ancillary engines which have been officially certified in accordance the EU Regulation for fishing quotas⁸. It shall only be paid after any required reduction of capacity in kW has been permanently removed from the Union fishing fleet register.

For fishing vessels not subject to a certification of engine power, support shall only be granted for the replacement or modernisation of main or ancillary engines in respect of which the consistency of engine power has been verified in accordance with the EU Regulation for fishing quotas and which have been physically inspected to ensure that the engine power does not exceed the engine power established in the fishing licenses.

The reduction of engine power referred to in points (d) and (e) may be achieved by a group of vessels for each category of vessel referred to in those points (only relevant where the aid is part of a scheme rather than a one-off aid decision).

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Support shall only be granted to owners of fishing vessels and shall not be granted more than once for the same type of investment during the EMFF programming period (2014-2020) for the same fishing vessel.

Aid limits

Support shall not exceed the Sterling equivalent of €1,500,000 using the official EU daily conversion rate for the day when an unconditional offer of aid is accepted.

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to improve energy efficiency and to mitigate the effects of climate change in fishing	€2m	Total eligible costs
	€1m	Per undertaking per year

⁸ Article 40(2) of Regulation (EC) No 1224/2009

Article 27 Aid to added value, product quality and use of unwanted catches

The corresponding article in the EMFF is Article 42.

Eligible activities

In order to improve the added value or quality of the fish caught, the EMFF may support:

- investments that add value to fishery products, in particular by allowing fishermen to carry out the processing, marketing and direct sale of their own catches;
- innovative investments on board that improve the quality of the fishery products - conditional on the use of selective gears to minimise unwanted catches and shall only be granted to owners of Union fishing vessels that have carried out a fishing activity at sea for at least 60 days during the two calendar years preceding the date of submission of the application for support
- normal operating costs are not eligible for this aid.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 27	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ol style="list-style-type: none"> it is of collective interest; it has a collective beneficiary; it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to added value, product quality and use of unwanted catches	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 28 Aid to fishing ports, landing sites, auction halls and shelters

The corresponding article in the EMFF is and Article 43.

Eligible activities

1. Investments improving the infrastructure of fishing ports, auctions halls, landing sites and shelters, including investments in facilities for waste and marine litter collection, for the purpose of increasing the quality, control and traceability of the products landed, increasing energy efficiency, contributing to environmental protection and improving safety and working conditions.
2. Investments in fishing ports, auction halls, landing sites and shelters in order to facilitate compliance with the obligation to land all catches in accordance with the Common Fisheries Policy⁹ and the Regulation on Common Organisation of Markets in Fisheries and Aquaculture products¹⁰, as well as to add value to under-used components of the catch.
3. Investment in the construction or modernisation of shelters in order to improve the safety of fishermen
4. Support shall not cover the construction of new ports, new landing sites or new auction halls.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Articles 28	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant or loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

⁹ (EU) No 1380/2013

¹⁰ (EU) No 1379/2013

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for fishing ports, landing sites, auction halls and shelters	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 29 Aid to inland fishing and inland aquatic fauna and flora

The corresponding article in the EMFF is Article 44.

Eligible activities

1. No aid may be granted for normal operating costs.
2. In order to reduce the impact of inland fishing on the environment, to increase energy efficiency, to increase the value or quality of fish landed, or to improve health, safety, working conditions, human capital and training, State aid may support investments in the following:
 - a) the promotion of human capital, job creation and social dialogue as referred to in Article 16 and under the conditions set out in that Article;
 - b) on board or in individual equipment as referred to in Article 19 and under the conditions set out in that Article;
 - c) in equipment and types of operations as referred to in Articles 23 and 24 and under the conditions set out in that Article ;
 - d) the improvement of energy efficiency and the mitigation of the effects of climate change as referred to in Article 26 and under the conditions set out in that Article ;
 - e) the improvement of the value or quality of the fish caught as referred to in Article 27 and under the conditions set out in that Article;
 - f) in fishing ports, shelters and landing sites as referred to in Article 28 and under the conditions set out in that Article
 - g) Normal operating costs shall not receive State aid.
3. Inland fishing may receive State aid for support for investments relating to business start-ups for young fishermen as referred to in Article 18 and under the same conditions as set out in that Article, except for the requirement under point (b) of paragraph 2 of that Article.
4. Inland fishing may receive State aid for, for the advisory services in accordance with Article 14 and for partnerships between scientists and fishermen in accordance with Article 15.
5. Inland fishing may receive State aid for support for the diversification of inland fishing activities to complementary activities under the conditions laid down in Article 17.
6. In order to protect and develop aquatic fauna and flora, Sate aid may be used to support:
 - a) the management, restoration and monitoring of NATURA 2000 sites which are affected by fishing activities, and the rehabilitation of inland waters in accordance with the EU Water Framework¹¹, including spawning grounds and migration routes for migratory species;
 - b) the construction, modernisation or installation of static or movable facilities intended to protect and enhance aquatic fauna and flora, including their scientific preparation, monitoring and evaluation.

¹¹ Directive 2000/60/EC

Condition attaching to the State aid

Vessels receiving support under this article must operate exclusively in inland waters.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 29	50%	+ 30%	+10%	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for inland fishing and inland aquatic fauna and flora	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 31 Aid to productive investments in aquaculture

The corresponding articles in the EMFF are Articles 46 and 48.

Eligible activities

State aid may support the following productive investments in aquaculture:

- productive investments in aquaculture
- the diversification of aquaculture production and species cultured;
- the modernisation of aquaculture units, including the improvement in working and safety conditions of aquaculture workers;
- improvements and modernisation related to animal health and welfare, including the purchase of equipment aiming at protecting the farms from wild predators;

- (e) investments reducing the negative impact or enhancing the positive effects on the environment and increasing resource efficiency;
- (f) investments in enhancing the quality of, or in adding value to, aquaculture products;
- (g) the restoration of existing aquaculture ponds or lagoons through the removal of silt, or investments aimed at the prevention of silt deposits;
- (h) the diversification of the income of aquaculture enterprises through the development of complementary activities - only if the complementary activities relate to the core aquaculture business of the enterprise, including angling tourism, environmental services related to aquaculture or educational activities concerning aquaculture.
- (i) investments resulting in a substantial reduction in the impact of aquaculture enterprises on water usage and quality, in particular through reducing the amount of water or chemicals, antibiotics and other medicines used, or through improving the output water quality, including through the deployment of multi-trophic aquaculture systems;
- (j) the promotion of closed aquaculture systems where aquaculture products are farmed in closed recirculation systems, thereby minimising water use;
- (k) investments increasing energy efficiency and promoting the conversion of aquaculture enterprises to renewable sources of energy

Where operations consist of investments in equipment or infrastructure **ensuring compliance with future requirements** relating to the environment, human or animal health, hygiene or animal welfare **under Union law**, support may be granted until the date on which such requirements become mandatory for the enterprises.

Support shall not be granted to the farming of **genetically modified organisms**.

Support shall not be granted to aquaculture operations in marine protected areas, if it has been determined by the competent authority of the Member State, on the basis of an environmental impact assessment, that the operation would generate significant negative environmental impact that cannot be adequately mitigated.

Eligible Costs

The Regulation does not provide a specific list of allowable eligible costs, but instead relies on the above list of eligible and ineligible activities. The eligible costs are therefore all of the actual costs involved in implementing the permitted activities. In terms relevant to HIE appraisal procedures the eligible costs are defined as follows:

- additional/first-time capital costs. This includes all items that will be capitalised on the balance sheet, including those revenue costs included such as installation work and professional fees. It does not include any element of replacement of assets.
- Additional working capital. This means the additional costs consequent on the new or additional eligible activity, based on the increase in the formula of “stocks plus debtors minus creditors”. The ‘before and after’ calculation of increased working capital is the steady state of trading following completion of the investment compared to the period in the year before the investment.

Conditions for Approval

Entrepreneurs entering the sector shall provide a business plan and, where the amount of investments is more than €50,000, a feasibility study including an environmental assessment of the operations.

Support shall be granted only where it has been clearly demonstrated in an independent marketing report that good and sustainable market prospects exist for the product.

Support for the increase in production and/or modernisation of existing aquaculture enterprises, or for the construction of new ones, must be consistent with the UK multiannual national strategic plan for the development of aquaculture.

Geographic eligibility

The entire HIE area.

Sectoral eligibility

Aquaculture enterprises only

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 31	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for productive investment in Aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 32 Aid to management, relief and advisory services for aquaculture farms

The corresponding articles in the EMFF are Articles 46 and 49.

Eligible activities

In order to improve the overall performance and competitiveness of aquaculture farms, and to reduce the negative environmental impact of their operations, the State aid may support:

- (a) the setting-up of management, relief and advisory services for aquaculture farms by public law bodies or other entities selected by the Member State to set up the farm advisory services to aquaculture SMEs or aquaculture organisations, including aquaculture producer organisations and associations of aquaculture producer organisations.
- (b) the purchase of farm advisory services of a technical, scientific, legal, environmental or economic nature by scientific or technical bodies, as well as by entities providing legal or economic advice with the required competences. Such services should cover
 - a. the management needs to enable aquaculture farms to comply with Union and national environmental legislation, as well as with maritime spatial planning requirements;
 - b. environmental impact assessment as referred to in Directive 2001/42/EC of the European Parliament and of the Council (1) and Directive 92/43/EEC;
 - c. the management needs to enable aquaculture farms to comply with Union and national aquatic animal health and welfare or public health legislation;
 - d. health and safety standards based on Union and national legislation;
 - e. marketing and business strategies.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 32	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ol style="list-style-type: none">(i) it is of collective interest;(ii) it has a collective beneficiary;(iii) it has innovative features, where appropriate, at local level

Beneficiaries shall not receive support more than once per year for each category of advisory services referred to in paragraph (b) above.

Types of assistance

Loan and grant.

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to management, relief and advisory services for aquaculture farms	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 33 Aid to promote human capital and networking in aquaculture

The corresponding articles in the EMFF are Articles 46 and 50.

Eligible activities

In order to promote human capital and networking in aquaculture, the State aid may support:

- professional training, lifelong learning, the dissemination of scientific and technical knowledge and innovative practices, the acquisition of new professional skills in aquaculture and with regard to the reduction of the environmental impact of aquaculture operations;
- the improvement of working conditions and the promotion of occupational safety;
- networking and exchange of experiences and best practices among aquaculture enterprises or professional organisations and other stakeholders, including scientific and technical bodies or those promoting equal opportunities between men and women.

Geographic eligibility

The entire HIE area.

Eligible beneficiaries

SMEs active in aquaculture. Support shall also be granted to public or semi-public organisations and also to spouses of self-employed aquaculture farmers or, where and in so far as they are recognised by national law, to the life partners of self-employed aquaculture farmers.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 33	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Note that training may also be assisted using HIE's General Block Exemption Scheme if it is necessary and desirable to increase aid levels up to 60% for medium sized firms or up to 70% for small firms.

Types of assistance

Grant, loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to promote human capital and networking in aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 35 Aid to encourage new aquaculture farmers practising sustainable aquaculture

The corresponding articles in the EMFF are Articles 46 and 52.

Eligible activities

In order to foster entrepreneurship in aquaculture, the State aid may support the setting-up of sustainable aquaculture enterprises by new aquaculture farmers.

Support shall not be granted to the farming of **genetically modified organisms**.

Support shall not be granted to aquaculture operations in marine protected areas, if it has been determined by the competent authority of the Member State, on the basis of an environmental impact assessment, that the operation would generate significant negative environmental impact that cannot be adequately mitigated.

Eligible costs

The Regulation does not provide a specific list of allowable eligible costs, but instead relies on the above list of eligible and ineligible activities. The eligible costs are therefore all of the actual costs involved in implementing the permitted activities. In terms relevant to HIE appraisal procedures the eligible costs are defined as follows:

- additional/first-time capital costs - this includes all items that will be capitalised on the balance sheet, including those revenue costs included such as installation work and professional fees. It does not include any element of replacement of assets.
- Additional working capital - this means the additional costs consequent on the new or additional eligible activity, based on the increase in the formula of "stocks plus debtors minus creditors". The 'before and after' calculation of increased working capital is the

steady state of trading following completion of the investment compared to the period in the year before the investment.

Eligible beneficiaries

Support shall be granted to aquaculture farmers entering the sector provided that they:

- (a) possess adequate professional skills and competence;
- (b) set up for the first time an aquaculture micro or small enterprise, as managers of that enterprise; and
- (c) submit a business plan for the development of their aquaculture activities.

Conditions for Approval

Entrepreneurs entering the sector shall provide a business plan and, where the amount of investments is more than €50,000, a feasibility study including an environmental assessment of the operations.

Support shall be granted only where it has been clearly demonstrated in an independent marketing report that good and sustainable market prospects exist for the product.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 35	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid to encourage new aquaculture farmers practising sustainable aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 36 Aid for the conversion to eco-management and audit schemes and organic aquaculture

The corresponding articles in the EMFF are Articles 46 and 53.

Eligible activities

In order to promote the development of organic or energy-efficient aquaculture, the State aid may support:

- a) the conversion of conventional aquaculture production methods into organic aquaculture¹²
- b) the participation in the Union eco-management and audit schemes (EMAS)¹³.

Geographic eligibility

The entire HIE area.

Conditions for Approval

Support shall only be granted to beneficiaries who commit themselves to participate in the EMAS for a minimum of three years or to comply with the requirements of organic production for a minimum of five years.

Types of assistance

Support shall take the form of compensation for a maximum of three years during the period of the conversion of the enterprise to organic production, or during the preparation for participation in the EMAS. Member States shall calculate that compensation on the basis of:

- a) the loss of revenue or additional costs incurred during the period of transition from conventional into organic production for operations eligible and in accordance with the regulations in footnote¹²
- b) the additional costs resulting from the application and preparation for participation in the EMAS.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 36	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ol style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

¹² Council regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and Commission regulation (EC) No 710/2009 of 5 August 2009 on the implementation of Council Regulation (EC) No 834/2007 on organic aquaculture animal and seaweed production

¹³ Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing participation in a Community eco-management and audit scheme (EMAS)

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for the conversion to eco-management and audit schemes and organic aquaculture	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 41 Aid for marketing measures for both the fisheries and aquaculture sectors

The corresponding article in the EMFF is Article 68.

Eligible activities

The State aid may support marketing measures for fishery and aquaculture products which are aimed at:

- (a) creating producer organisations, associations of producer organisations or inter-branch organisations to be recognised in accordance with Section II of Chapter II of the Common Organisation of Markets in Fishery and Aquaculture¹⁴;
- (b) finding new markets and improving the conditions for the placing on the market of fishery and aquaculture products, including:
 - (i) species with marketing potential;
 - (ii) unwanted catches landed from commercial stocks in accordance with technical measures, Article 15 of the Common Fisheries Policy and Article 8(2)(b) of the Common Organisation of Markets in Fishery and Aquaculture
 - (iii) fishery and aquaculture products obtained using methods with low impact on the environment, or organic aquaculture products within the meaning of the Council Regulation on Organic Products¹⁵;
- (c) promoting the quality and the value added by facilitating:
 - (i) the application for registration of a given product and the adaptation of concerned operators to the relevant compliance and certification requirements in accordance with the EU regulation on agricultural products and foodstuffs¹⁶;
 - (ii) the certification and the promotion of sustainable fishery and aquaculture products, including products from small-scale coastal fishing, and of environmentally-friendly processing methods;
 - (iii) the direct marketing of fishery products by small-scale coastal fishermen or by on-foot fishermen;
 - (iv) the presentation and packaging of products;
- (d) contributing to the transparency of production and the markets and conducting market surveys and studies on the Union's dependence on imports;

¹⁴ Regulation (EU) No 1379/2013

¹⁵ Regulation (EC) No 834/2007

¹⁶ Regulation (EU) No 1151/2012

- (e) contributing to the traceability of fishery or aquaculture products and, where relevant, the development of a Union-wide ecolabel for fishery and aquaculture products as referred to in Regulation (EU) No 1379/2013;
- (f) drawing up standard contracts for SMEs, which are compatible with Union law;
- (g) conducting regional, national or transnational communication and promotional campaigns, to raise public awareness of sustainable fishery and aquaculture products. Support should not be aimed at commercial brands.

Operations may include the production, processing and marketing activities along the supply chain.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 41	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

Types of assistance

Grant and loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for marketing measures for both the fisheries and aquaculture sectors	€2m	Total eligible costs
	€1m	Per undertaking per year

Article 42 Aid for the processing of fishery and aquaculture products

The corresponding article in the EMFF is Article 69.

Eligible activities

The State aid may support investments in the processing of fishery and aquaculture products that:

- (a) contribute to energy saving or reducing the impact on the environment, including waste treatment;
- (b) improve safety, hygiene, health and working conditions;
- (c) support the processing of catches of commercial fish that cannot be destined for human consumption;
- (d) relate to the processing of by-products resulting from main processing activities;
- (e) relate to the processing of organic aquaculture products pursuant to Articles 6 and 7 of the EU Regulation on organic production and labelling¹⁷;
- (f) lead to new or improved products, new or improved processes, or new or improved management and organisation systems.

Eligible Costs

The Regulation does not provide a specific list of allowable eligible costs, but instead relies on the above list of eligible activities. The eligible costs are therefore all of the actual costs involved in implementing the permitted activities. In terms relevant to HIE appraisal procedures the eligible costs are defined as follows:

- additional/first-time capital costs. This includes all items that will be capitalised on the balance sheet, including those revenue costs included such as installation work and professional fees. It does not include any element of replacement of assets.
- Additional working capital. This means the additional costs consequent on the new or additional eligible activity, based on the increase in the formula of “stocks plus debtors minus creditors”. The ‘before and after’ calculation of increased working capital is the steady state of trading following completion of the investment compared to the period in the year before the investment.

Geographic eligibility

The entire HIE area.

Aid limits

Article	Aid level	Supplement A	Supplement B	Supplement C
Article 42	50%	Not applicable	Not applicable	Up to 100%

Supplement A	if the activity is related to small scale coastal fisheries
Supplement B	if the activity is implemented by organisations of fishermen or other collective beneficiaries
Supplement C	if the activity fulfils <u>all</u> of the following criteria: <ul style="list-style-type: none"> (i) it is of collective interest; (ii) it has a collective beneficiary; (iii) it has innovative features, where appropriate, at local level

¹⁷ Regulation (EC) No 834/2007

Types of assistance

Grant and loan

Notification threshold

There are aid levels for each article, over which a project will need individual notification to the European Commission in advance of offering financial assistance, which means that assistance greater than that listed below cannot be awarded under this FBE scheme.

Type of FBER aid	Aid level above which notification for prior approval is required	Comment
Aid for the processing of fishery and aquaculture products	€2m	Total eligible costs
	€1m	Per undertaking per year

ANNEX 1 FISHERY AND AQUACULTURE PRODUCTS

Fishery and Aquaculture products covered by the Common Organisation of Markets in Fisheries and Aquaculture (CMO)¹⁸:

CN code		Description of the goods
(a)	0301	Live fish
	0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 0304
	0303	Fish, frozen, excluding fish fillets and other fish meat of heading 0304
	0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen
(b)	0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish, fit for human consumption
(c)	0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption
	0307	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; aquatic invertebrates other than crustaceans and molluscs, live, fresh, chilled, frozen, dried, salted or in brine; flours, meals and pellets of aquatic invertebrates other than crustaceans, fit for human consumption
(d)		Products of fish or crustaceans, molluscs or other aquatic invertebrates;
	0511 91 10	Fish waste
	0511 91 90	Other
(e)	1212 20 00	Seaweeds and other algae
(f)		Fats and oils and their fractions, of fish, whether or not refined, but not chemically modified:
	1504 10	Fish-liver oils and their fractions
	1504 20	Fats and oils and their fractions, of fish, other than liver oils
(g)	1603 00	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates
(h)	1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs
(i)	1605	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved
(j)		Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared
	1902 20	Stuffed pasta, whether or not cooked or otherwise prepared

¹⁸ EN L 354/16 Official Journal of the European Union 28.12.2013

	1902 20 10	Containing more than 20% by weight of fish, crustaceans, molluscs or other aquatic invertebrate
(k)	2301 20 00	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves: Flours, meal and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates
(l)	2309 90 ex 2309 90 10	Preparations of a kind used in animal feeding Other Fish solubles

ANNEX 2 DEFINITIONS

1. 'aid' means any measure fulfilling all the criteria laid down in Article 107(1) of the Treaty;
2. 'small and medium-sized undertakings' or 'SMEs' means undertakings fulfilling the criteria laid down in Annex 3;
3. 'fishery and aquaculture products' means the products defined in Annex I of the Common Organisation of Markets of Fishery and Aquaculture Products and in Annex 1 of this document;
4. 'natural disasters' means earthquakes, avalanches, landslides and floods, tornadoes, hurricanes, volcanic eruptions and wild fires of natural origin;
5. 'undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:
 - (a) in the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU of the European Parliament and of the Council¹⁹ and 'share capital' includes, where relevant, any share premium;
 - (b) in the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II to Directive 2013/34/EU;
 - (c) where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors;
 - (d) where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan;
6. 'ad hoc aid' means aid not granted on the basis of an aid scheme;

¹⁹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

7. 'aid scheme' means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount;
8. 'individual aid' means:
 - (a) ad hoc aid; and
 - (b) awards of aid to individual beneficiaries on the basis of an aid scheme;
9. 'gross grant equivalent' means the amount of the aid if it had been provided in the form of a grant to the beneficiary, before any deduction of tax or other charges;
10. 'repayable advance' means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project;
11. 'start of works' means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, 'start of works' means the moment of acquiring assets directly linked to the acquired establishment;
12. 'fiscal successor scheme' means a scheme in the form of tax advantages which constitutes an amended version of a previously existing scheme in the form of tax advantages and which replaces it;
13. 'aid intensity' means the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge;
14. 'date of granting the aid' means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.
15. 'small-scale coastal fishing' means fishing carried out by fishing vessels of an overall length of less than 12 metres and not using towed fishing gear as listed in Table 3 of Annexe 1 to the Commission's Regulation o(EC) No 26/2004 of 30 December 2003 on the Community fishing fleet register²⁰.
16. 'vessels operating exclusively in inland waters' means vessels engaged in commercial fishing in inland waters and not included in the Union fishing fleet register.

²⁰ OJ L 5, 9.1.2004 p25

ANNEX 3 SME DEFINITION

Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Staff headcount and financial thresholds determining enterprise categories

1. The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million.
3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2 million.

Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.
2. 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- a. public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than €1,250, 000;
 - b. universities or non-profit research centres;
 - c. institutional investors, including regional development funds;
 - d. autonomous local authorities with an annual budget of less than EUR 10 million and less than 5 000 inhabitants.
3. 'Linked enterprises' are enterprises which have any of the following relationships with each other:

- a. an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
 - b. an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
 - c. an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
 - d. an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise. There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders. Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked. Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets. An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.
4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 5 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies. 5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the thresholds set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Union rules.

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.
2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

3. In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU.

The staff consists of:

- a. employees;
- b. persons working for the enterprise being subordinated to it and deemed to be employees under national law;
- c. owner-managers;
- d. partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise. Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.
2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation. To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies. To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.
3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation. For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.