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NORTH WESTERN WATERS ADVISORY COUNCIL
CONSEJO CONSULTIVO PARA LAS AGUAS NOROCCIDENTALES

NWWAC ADVICE

On the Communication from the Commission "On the Energy Transition of the EU Fisheries and Aquaculture sector" COM(2023) 100 final

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1. Background

On 21 February 2023, the European Commission released its Communication on the Energy Transition of the EU Fisheries and Aquaculture sector as part of a fisheries policies package – the CFP package – outlining measures to improve the sustainability and resilience of the EU's fisheries and aquaculture sector. This package also included an Action Plan to protect and restore marine ecosystems for sustainable and resilient fisheries; a Communication on the common fisheries policy today and tomorrow and a Report on the Common Market Organisation for fishery and aquaculture products.

The Commission was legally due to report on the functioning of the Common Fisheries Policy and the Common Market Organisation by the end of 2022 whereas the Action Plan was foreseen in the EU Biodiversity Strategy 2030 for 2021. As the energy crisis and the invasion of Ukraine by Russia led the EU to rethink its energy consumption and its energy dependency, the Commission also proposed an Initiative on the Energy transition of the fisheries and aquaculture sector. Given the concurrence of these elements, the European Commission decided to release these in a package.

Following the publication of this package, the North Western Waters Advisory Council's (NWWAC) Focus Group Climate Change & Environment reviewed the elements included in the Communication on the energy transition of the EU Fisheries and Aquaculture Sector (hereafter "the Communication").

The NWWAC would like to recall previous contributions made which are relevant to the content of this Communication, specifically:

- NWWAC Workshop on the Impact of Climate Change on Fisheries in the North Western Water: examining policy, research and potential mitigation and adaptation strategies, 26 November 2020 (link) including separate report (link)
- NWWAC advice on the impact of Climate Change on fisheries in the North Western Waters, 12 May 2021 (link)
- NWWAC feedback on the initiative "CO2 emissions of engines – methodology for their reduction", 06 August 2021 (link)
- NWWAC response to the public consultation on the Energy Transition Partnership for EU fisheries and aquaculture, 15 September 2023 (link)

2. General remarks

Before addressing the paragraphs and corresponding actions of the Communication on Energy Transition, the NWWAC wishes to make a few general remarks.

- The NWWAC welcomes the Commission's communication on the Energy Transition of the Fisheries and Aquaculture sector and the establishment of the Energy Transition Partnership as a way to work with the relevant stakeholders towards decarbonisation.

- In that regard, the NWWAC would appreciate further clarifications on the work of the Energy Transition Partnership and especially regarding NWWAC membership and the way the AC can contribute to its work.

- The NWWAC reiterates that, as a primary sector, the fishing sector provides sustainable food to EU citizens with the lowest carbon footprint of all healthy and nutritious protein sources as recognised in the EU's Farm to Fork Strategy (link). The seafood supply chain also plays a vital part in the EU's food security, and the NWWAC calls on the Commission to highlight the importance of promoting seafood as part of sustainable, climate-neutral food consumption.

- The NWWAC understands the importance of the energy transition of the fisheries sector but would like to remind the Commission that technological constraints remain especially as far as the alternative fuels concern. Even when technologies exist, it is most of the time too costly and not adapted to fishing vessels. Nonetheless, NWWAC would also like to point out that efforts have already been made by the fisheries sector on improving the energy efficiency of fishing vessels thus contributing to the energy transition of the sector.

- The NWWAC recalls that regulatory and technological constraints to the energy transition of EU fishing vessels also remains. The Common Fisheries Policy imposes limitations on the tonnage and power of EU vessels (capacity limit). It is a shared opinion among fishing professionals that vessel tonnage is poorly suited to the energy transition challenge especially concerning the installation of technologies that minimise the sector's environmental footprint.

- The NWWAC also points out the necessity to offer regulatory visibility to the fisheries sector. Indeed, as decarbonisation necessitates investments, it is important to ensure as far as possible a stable economic climate for potential investors therefore regulatory clarity and visibility is essential.

- The NWWAC also calls for any measures to respect and implement the principle of regionalisation. Fleet specific strategies should be prioritised and developed with the participation of local stakeholders to ensure that the proposed measures are useful and efficient.

- The NWWAC would like to remind DG MARE and the Member States that several issues in this Communication have already been addressed by the AC in previous pieces of advice as outlined. This is likely the same situation for other ACs. The NWWAC would appreciate knowing if and how these have been reflected in the Communication and remains available to share its previous recommendations again with the Commission and the MS where needed for further discussions.

- To conclude, the NWWAC points out that putting funding and financial instruments in place is fundamental to support the implementation of the ambitious set of actions foreseen and to ensure the resilience of the fishing sector. However, the Plan is lacking clear funding possibilities

and provision of very large financial resources, which are especially required to ensure a just transition for the fisheries sector. Investments in terms of funding and research & development are fundamental as well as more flexibility in existing funding mechanisms, to allocate funding across Member States more efficiently.

3. Improve the governance framework and coordination and cooperation between stakeholders

The NWWAC is looking forward to participating in the conference on the energy transition in the EU fisheries and aquaculture sector, bringing together all stakeholders, as the official 'kick-off' of a renewed effort and cooperation on the energy transition in the sector scheduled for 28 November 2023. For future events, the AC would like to **call on the Commission** to make details regarding the agenda, location and number of participants per AC available as early as possible to allow for adequate preparation within the AC.

The AC has also expressed its interest in joining the Energy Transition Partnership and contribute to *"a declaration to join forces in implementing the energy transition and becoming climate-neutral by 2050*". At time of writing the AC is waiting for positive confirmation. Being a member in the Partnership will enable the AC to contribute to the action, stipulated in the Communication as follows: *"The Commission will in 2023 start consulting the stakeholders engaged in the ETP to: (i) further collect stakeholder views and best practices; and (ii) further identify barriers to the transition and ways forward, which can feed into the preparation of the ETP's declaration and roadmap*" as identified in the Communication. Part of this work will include *"making concrete, practical, and sustainable proposals on solutions to accelerate the energy transition in the EU fisheries and aquaculture sector"*.

4. Closing the gaps in technology and knowledge through R&I

Understanding the fuel efficiency and the food production efficiency of our fisheries is a key aspect to finding solutions. For wild capture fisheries, the actual food production efficiency, in terms of tonnes of landings per unit of fuel consumed to catch that food, compares very favourably to other forms of food production. For example, "Total carbon emissions for the Irish seafood sector are 396,207 tonnes CO2 eq. This total figure covers both catch fisheries and aquaculture segments. This represents 1.76% of emissions when compared to Irish agriculture emissions (2017-2019 average)."[1] However, this is not a uniform picture and depends on the type of fishery. Having **more detailed information about the efficiency across the different metiers in the fleet** would really help governments to target financial incentives and investments to improve particularly problematic sectors of the fleet to help them meet the zero-carbon agenda.

In this regard it is essential to **carry out a full analysis of the efforts and achievements across the various fleets** in relation to efforts having been carried out and achievements made in increasing fuel efficiency over the past years. For example, the European fishing fleet achieved a reduction of fuel consumption

[1] Bord Iascaigh Mhara 2023: Carbon Footprint of the Irish Seafood Industry (link)

by 50% since 1990[2]. A Community assessment of this kind is available on the UNFCCC website, which gives both the annual volumes of fuel delivered to fishing vessels (expressed in TJ) and the volumes of GHG emissions falling within the scope of the Climate Convention (CO2, CH4, N2O) for each reporting country. The Commission **should make a better assessment of these existing data** so that they can be taken into account when setting goals for a fair and just transition across all sectors.

The biggest challenge facing the industry is the development and global availability of alternative and innovative green technologies and carbon-neutral fuels and energy sources. Proposals to intensify efforts on the production and deployment of such fuels and the necessary infrastructure is very much welcomed by the industry. However, the transition to new propulsion technologies requires larger space on board and current capacity limitations of fishing vessels set in the CFP hinder such progress.

The fisheries sector has worked on improving vessel design and gear design in relation to reducing direct effects on the seafloor. Alleviating the physical contact between the gear and the seabed is certainly going to reduce fuel consumption. **Further initiatives to improve should be supported**. This is another area where the 2021-2027 funding programme can play a crucial role in the continual development of an EU fishing industry that is truly empowered to keep contributing to climate mitigation efforts.

The **NWWAC suggests** that work carried out in Member States on the above issues is included in the proposed online platform to be set up by the Commission "*for knowledge sharing, which will start with the delivery in 2023 of an online compendium of regularly updated best practices and case-studies on the energy transition and synergies by design across sectors*."

It is important that the **fisheries sector receives enough attention in the 2021-2027 funding programme** to ensure that its needs are examined in the development of new technologies. The European Commission has been investing in research in hydrogen technology and has funded 108 projects related to this under the Horizon 2020 programme. However, only a few were related to the maritime sector and even fewer to the fishing sector. In this regard the NWWAC believes the Commission's call "*on regions and Member States to explore the creation of regional 'lighthouse' projects under the Mission Oceans and Water and promote projects on energy transition starting in 2024*" is crucial in order to identify specific and suitable solutions for the fishing sector.

In the case of a shift towards alternative fuels, several **logistic issues need to be considered** in relation to marketing, ports equipment (bunkering and charging stations, alternative fuel storage, etc.), maintenance and crew training. EU fishing companies are continually devising and implementing creative solutions to save energy. However, the current technologies are still not a direct alternative to fossil fuels, and while the industry is trying to reduce its environmental impact by improving engine and gear efficiency, **more knowledge is needed regarding technological possibilities**.

The framework for the capacities of fishing vessels as provided for by Regulation 1380/2013 is no longer adapted to today's technical and economic challenges since it freezes the structure of vessels to technical criteria which are not in conformity with the requirements of structural adaptations to today's issues. It is therefore **necessary to review and possibly amend the regulatory framework** which allows

[2] Common Reporting Format tables (Convention) 2022 (table 1.A(a)s4), Party-authored reports: European Union, UNFCCC 2022 (link)

the improvement of new energy technologies: Hybridisation, Methanol, Ammonia, H2, ship safety and stability, renewal of fleets, the attractiveness of the sector and generational succession, and finally food security/sovereignty and environmental impacts. The solutions being assessed to achieve decarbonisation of the fisheries sector all take up more space on board fishing vessels. As mentioned during the consultation on the evaluation of the CFP, **more consideration should be given to social and economic aspects such as space for crew, safety and storage capacity**.

5. Develop skills and a workforce trained and ready for the energy transition

The NWWAC agrees with the Commission that the energy transition of the fisheries sector will require new skills and qualifications given the new type of gears and technologies at stake. This has to be connected with the necessity to **develop a strategy to ensure the generational renewal of the fisheries sector**.

To that end, the NWWAC refers to the recommendations made in its joint NWWAC/NSAC advice on social aspects in fisheries from 20 December 2022 (link), and specifically the support expressed for the European Parliament's resolution of 16 September 2021 on "Fishers for the future: Attracting a new generation of workers to the fishing industry and generating employment in coastal communities" (2019/2161(INI)). The **AC asks the Commission to provide an update** on if and how this resolution is being addressed, especially regarding "Better training and ensuring that training is recognised at EU level".

The NWWAC welcomes the Commission's commitment to "*better promote grants under the EMFAF and the 'blue careers' call for the development of the next generation of blue skills. It will also provide opportunities for attractive, sustainable maritime careers in the blue economy that train workers for the jobs needed during the energy transition*." However, resources in individual Member States to support this transition may not be readily available especially from a human resources point of view. To assist the training of an expanding work force covering the wider aspects of the blue economy, skilled instructors are needed as well as an expansion of the maritime colleges.

6. Improve the business environment and raise awareness of financing opportunities

The NWWAC welcomes the specific actions identified in the Communication and the steps envisaged by the Commission regarding financing opportunities, in particular, its call "*on Member States to come forward with strategic and ambitious approaches to investments in energy efficiency in their national fisheries and aquaculture sectors, from both the EMFAF programmes and other available EU financial tools.*"

The Opinion of the European Economic and Social Committee on 'Social dimension of fisheries' (exploratory opinion) (2020/C 14/09) notes that "the average age in years of ships in the European fleet is 23, with extreme cases such as Spain which still has more than 2 500 vessels that are more than 40 years old". The composite nature of the European fishing fleet suggests in particular that the technological solutions that could be implemented for some fleets will not be able to meet the needs

and constraints of all. In addition, the activities (and production) of the various European fleets are not interchangeable when it comes to the issues of food sovereignty and employment. Limitations regarding adaptation to new fuel sources also apply to any plans for fleet renovation and modernisation in order to guarantee on-board safety, better living conditions and the best possible working conditions for crews.

Based on this, the Commission's call "*on Member States to use the flexibility within their fishing-capacity ceilings, in cooperation with the sector, to facilitate reallocation of capacity to where it is needed to enable the uptake of technologies for the energy transition on vessels*" may need to be revised and adapted to allow for new solutions to be implemented as the NWWAC believes that there is not enough flexibility under the CFP to address this issue in a practical and solution-oriented manner.

On a European scale, if this decarbonisation were or could be implemented in a linear fashion to achieve carbon neutrality by 2050, almost 1,500 fishing vessels a year would have to be renewed or adapted. However, there are currently not enough shipyards in Europe to adapt or build 1,500 fishing vessels a year.

It is vital that any aims for decarbonisation of the EU fleet fully take the current limitations into account and ensure that any business and finance opportunities are tailored to overcoming existing barriers. Financial instruments need to be put in place to allow for the adaptation and modernisation of the European fleet, possibly with the European Investment Bank (EIB) facilitating access to finance for fishing companies as well as assistance under the EMFAF.

To fully understand how investment can be directed towards decarbonising the European fishing fleet it is essential to put a figure on the overall investment effort that this will entail. However, this exercise seems never to have been undertaken, even though the European Commission usually indicates the costs and timetable for implementing the initiatives it proposes.

The current cost of building new vessels can be used as a first indication of the investment effort required to decarbonise these fleets; however, the costs as currently known do not correspond to the implementation of breakthrough propulsion technologies. Current investment costs for the construction of a new vessel vary greatly depending on the complexity of the vessel. Costs are often quoted at between €100,000 per metre in length and €160,000, in today's euros (bearing in mind that for large or complex vessels particularly those that process and/or freeze fish on board- these costs frequently rise to €500,000 per metre, or even more).

It can be estimated that the cost of renewing the entire European fishing fleet of vessels over 12 m would be at least between 22 and 36 billion euros. This investment effort to be made between now and 2050 to achieve carbon neutrality, i.e., over 30 years, should be compared (2019 figures) with annual sales of the ships concerned of nearly €5.4 billion and EBITDA rates of between €550 million and €1 billion. The AC would also point out that these projections do not take into account the cost of implementing new technologies, nor the risk taken as a result of this on what the medium-term market value of the first ships to be built might be.

The framework for State Aid that can be granted to fishing companies prohibits all public aid for the construction and modernisation of vessels and de minimis aid cannot be investment aid. It should also be noted that in the current context, many companies have already "used up" all or part of this aid.

The NWWAC believes that the EMFAF does not have the necessary scope to include this objective in that it remains limited to the repowering- subject to conditions- of vessels of less than 24 metres. Upgrading the engine on a fishing vessel can reduce greenhouse gas emissions by saving fuel, however, it is not deemed effective or efficient if the vessel itself is not efficient in terms of its other components.

Finally, the NWWAC would like to reiterate its **opposition to the inclusion of fisheries in the scope of the energy taxation directive**. Any new taxation on fossil fuels will not lead to any transition towards decarbonisation. All it will do is penalise the sector, especially in light of current prices of fossil fuels (but also those of synthetic fuels), without the possibility to pass on the costs to customers. European fishing companies currently have no capacity to share their costs with companies in the marketing chain for their products, nor do they benefit from the possibility of significant financial support to invest and innovate.

7. The energy transition in an international context

The NWWAC supports the sustainable development of the whole fisheries production chain, and its members are keenly interested in developments and improvements regarding a just and practical energy transition. However, it is vital to **ensure the fair competition between the EU seafood sector and third countries' producers**. While the Commission aims to "*advocate for raising the level of ambition on reducing GHG emissions in the IMO strategy, in combination with a global GHG fuel standard with a market-based measure for renewable, low and zero GHG-fuels*", as well as to "*promote work and exchanges of best practice on the energy transition for the fisheries and aquaculture sector in international organisations (e.g. OECD, IMO, FAO)",* it is feared that the level of ambition in other countries for achieving similar targets regarding energy transition in their respective seafood sectors will not match the EU ambition. If the global sector does not equally share the high environmental, social, skills and labour standards which the EU fishing sector is subject to, the latter's competitiveness will be undermined.

The EU's efforts in promoting an international energy transition must be part of the development and **implementation of a comprehensive strategy** for improved global oceans and fisheries governance based on the three pillars of sustainability and with full consideration of the Sustainable Development Goals. A **level playing field** regarding environmentally sustainable fisheries and socially responsible value chains can only be achieved through a holistic political approach within the existing international governance framework as well as the EU's commitment to policy coherence[3] and rules-based global order.[4]

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[3] https://international-partnerships.ec.europa.eu/policies/european-development-policy/policy-coherence-development_en
[4] https://www.eeas.europa.eu/sites/default/files/en_strategy_on_strengthening_the_eus_contribution_to_rules-based_multilateralism.pdf