PROTOCOL I

laying down the conditions relating to joint enterprises provided for in the Agreement on fisheries relations between the European Community and the Republic of Latvia

Article 1

For the purposes of this Protocol, a joint enterprise shall be defined as:

A company regulated by Latvian law comprising one or more Community shipowners and one or more partners in Latvia, with the aim of fishing for and possibly exploiting Latvian fishing quotas by vessels flying the flag of Latvia with a view to the priority supply of the Community market.

Article 2

1. The Parties shall create suitable conditions for the creation of joint enterprises in the fisheries sector between Latvian and Community shipowners with the aim of jointly exploiting Latvian fishery resources under the conditions laid down in this Protocol.

2. Latvia shall ensure a non-discriminatory, fair and equitable treatment to such joint enterprises to operate in Latvian waters and shall provide them with access to Latvian fisheries resources on the same basis as Latvian fishing vessels.

3. To encourage the establishment of joint enterprises in Latvia, and as part of its policy for the restructuring of its fleet, the Community shall facilitate the reflagging of Community vessels to Latvia.

These reflagged vessels that have been integrated into the Latvian fishing fleet with the financial assistance foreseen in Annex II shall not be re-integrated into the Community fleet.

4. The integration of reflagged vessels originating from the Community shall not result in an increase of the overall capacity of the Latvian fishing fleet. Therefore, as part of its policy for the technical renovation of its fishing industry, Latvia shall transfer the existing fishing licences withdrawn from the replaced vessels to the newly integrated vessels.

Article 3

The Parties shall select the projects for joint enterprises provided for in Article 2. For this purpose, a Joint Committee shall be set up the duty of which shall be to:

— evaluate the projects presented by the Parties for the establishment of joint enterprises provided for in Article 2 of the Protocol, in accordance with the criteria set out in Annex I,

— check that the projects are being properly administered and oversee the use of the financial assistance given to projects in accordance with Article 5 of this Protocol.

The Joint Committee shall meet once a year alternately in Riga and Brussels and exceptionally at the request of either Party; each Party shall decide on the composition of its Delegation.

Article 4

1. In order to encourage the establishment of joint enterprises referred to in Article 2, the projects selected by the Parties shall be eligible for financial assistance in accordance with the conditions laid down in Annex II.

2. The financial assistance referred to in paragraph 1 shall be paid to a Community shipowner to cover part of his financial contribution to the establishment of a joint enterprise in Latvia, after the removal of the vessel in question from the Community register.

3. The Community shall grant to joint enterprises newly established in Latvia a financial support of 15 % of the amount paid to the Community owner. This financial support in the form of operating capital shall be paid by the Community to the Latvian National Board of Fisheries of the Ministry of Agriculture which is empowered by the Latvian Government to lay down the terms governing its use and its administration. The Latvian National Board of Fisheries of the Ministry of Agriculture shall inform the Joint Committee of how these funds are used.

Article 5

For the purpose of financial assistance to the establishment of joint enterprises referred to in Article 5 of the Agreement and Article 4 of this Protocol, the European Commission shall contribute ECU 2 500 000 for the duration of this Protocol.

Article 6

1. The crew and captain of reflagged vessels operating under joint enterprises shall be citizens or permanent residents of Latvia.

2. The said crew members' work contracts shall be concluded in Latvia between the representatives of the shipowners and the crew members concerned and must include social security arrangements and life and accident insurance in accordance with Latvian legislation.

Article 7

1. This Protocol shall enter into force on the date on which the Parties notify each other of the completion of the procedure necessary for this purpose.

2. This Protocol is valid for a period of three years. Before the end of the period of validity of this Protocol, the Parties shall begin negotiations in order to decide upon any amendments to the Protocol and/or Annexes which may be necessary for the subsequent period.

Article 8

This Protocol shall be drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Latvian languages, each text being equally authentic.

For the European Community	*For the Republic of Latvia*

ANNEX I

Methods and criteria for project selection

1. The Parties shall exchange information on the projects presented for the formation of joint enterprises according to Article 2 of this Protocol which are liable to receive financial assistance from the Community.

2. The projects shall be presented to the Community via the competent authorities of the Member State or Member States concerned.

3. The Community shall submit to the Joint Committee the list of projects eligible for financial assistance as provided for in Article 5 of this Protocol. The Joint Committee shall evaluate the projects in accordance with the following criteria:

   (a) technology appropriate to the proposed fishing operations;

   (b) target species and fishing zones;

   (c) age of the vessel;

   (d) previous experience of the Community shipowner and the Latvian partner in the fisheries sector.

4. The Joint Committee shall recommend to the Parties the projects selected in accordance with the criteria set out in point 3.

5. Once the projects have been approved by the Parties, the Community shall forward to the Latvian Party the list of selected projects for implementation.

ANNEX II

Scales of assistance to joint enterprises

Class of vessel, by gross registered tonnage (GRT)	Maximum amount of premium for a 15-year-old vessel (in ECU)
0 < 25	6 215/GRT
25 < 50	5 085/GRT + 28 250
50 < 100	4 520/GRT + 56 500
100 < 400	2 260/GRT + 282 500
400 and over	1 130/GRT + 734 500

The premiums for setting up joint enterprises paid to beneficiaries may not exceed the following amounts:

— 15-year-old vessels: see table above,

— vessels less than 15 years old: scale from table above increased by 1,5 % per year less than 15; however, deduction *pro rata temporis* shall be made for any construction and/or modernisation aid received by the vessel in the 10 years preceding the establishment of the joint enterprise and no financial assistance shall be granted for vessels of five years old or less,

— vessels more than 15 years old: scale from table above decreased by 1,5 % per year over 15.

Member States of the European Community shall contribute 25 % of the abovementioned sums to projects involving vessels reflagging from the Member State concerned to the Republic of Latvia.