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AIPCE-CEP position on **CFP and CMO reform proposals**

Introduction

Fish¹ is a delicious, diverse, versatile and easy to cook food. It is an important part of a healthy diet, providing many essential nutrients, such as protein and omega 3 fatty acids. Sustainably managed, capture fisheries are a renewable, low carbon resource and, with aquaculture, have enormous potential to contribute to future food security in a world where demand is likely to double by 2050 and where agriculture will face severe challenges from the effects of climate change and shortages of land, water and energy. We believe that CFP reform needs to look further ahead and at this wider context. This means putting a corresponding future value on fish stocks and ensuring that they are responsibly managed with the aim of maximising long term yields and as an integral part of the marine ecosystems on which they depend. This will also have to be done in ways which minimise wastage, save energy and generally promote efficient resource use, at sea and on land.

The EU fish processing and trading industry is an essential part of the supply chain and a major market for EU caught fish. It directly employs around 130,000 people in over 4,000 businesses across Europe, with a production value of about €20 billion. It also contributes indirectly to the economic wellbeing of a number of ancillary industries (transport, machinery, packaging etc). Without continuing access to sustainable raw materials, from the EU and the world market, this vital economic contribution will be at risk, to the detriment also of the EU catching sector.

¹ Fish, Crustacean and Molluscs

COMMON MARKETS ORGANISATION

Two-thirds of the fish eaten in the EU are now imported from elsewhere². This is not a question of market management, but a simple reflection of the state of EU stocks and their resulting inability to meet demand, even if they are returned to more sustainable and productive (MSY) levels. In such circumstances it is questionable whether the CMO Regulation still has a valid role to play in respect of supply. Its other objectives relating to the functioning of producer organisations and market information could be met through a much more limited proposal dealing exclusively with those issues. We are nevertheless ready to work with the Commission and other stakeholders to consider how best to improve the proposals now put forward.

Supply

The processing industry is reliant on stable supply of raw materials to meet the ever-growing needs of the EU community for a diverse range of sustainably sourced, nutritious, safe and appealing fish products.

Fish processors and retailers are already well ahead of policy makers applying market pressure in developing sustainable and traceable supply chains not just from within the EU but also from the wider world market. For example, this year AIPCE-CEP has adopted a new set of "Principles for Environmentally Responsible Fish Processing" to complement the "Principles for Environmentally Responsible Fish Sourcing" adopted last year. The Principles include a series of recommendations that underline the need for cooperation to utilise shared experience and promote best practice. AIPCE-CEP members are committed to driving change and improvement throughout the industry and finding new ways of working together and with others to offer consumers the widest range of safe, sustainable, healthy and affordable fish choices.

The seafood market is a global one and the EU is the world's largest market for seafood products. Even if we succeed in making the EU's own waters more productive again EU caught fish is simply not going to be available in enough volume or product diversity to satisfy consumer demand. Imports will necessarily continue to have an essential role to play in meeting consumer demand and offering a wider range of choice.

² *AIPCE-CEP Fin Fish Study 2011*

Companies will therefore continue to need supplies from a wide range of sources and a guaranteed supply needs to be enshrined in the reform. In this context, the absence of any provisions on autonomous tariff quotas and suspensions in the proposed regulation raises questions on how will this be covered: a timely solution adapted to the EU processing industry's needs for a sufficient and satisfactory supply is of utmost importance for the competitiveness of our industry and to meet consumer needs.

Consumer information

While supporting the Commission's plans to open a discussion about the provision of more information to consumers about the origin and sustainability of supplies from whatever source, changes to labelling must be proportionate and contribute to genuine consumer choice and must be coherent with the new rules being introduced in the horizontal Food Information Regulation and the fisheries Control Regulation. Consumer needs must be fully reflected, since without customers the whole industry ceases to be economically viable. But any new requirements must add real consumer value and not just increase cost and complexity, or worse still lead to confusion and mixed messages.

Therefore before considering further regulation, the Commission should produce a full assessment of how the revised CMO proposals fit with other recent changes to consumer information legislation and clearly identify the gaps that any new legislation is intended to fill. Consideration also needs to be given to the enforcement of current legislation, as it is possible that some apparent gaps may simply be the result of poor application of existing measures.

Information relating to production (such as day of catch or harvest) do not add to the safety or quality of the product in question. Furthermore the proposal seems to have disregarded the positive benefits of freezing fish and other technological factors. Nor is it supported by research into consumer attitudes and the information they want and can understand.

The new elements proposed may also prove to be burdensome in practice and even unfeasible in some cases such as for fishery products under Chapter 16 since they are processed from many and constantly changing sources, production methods and catch zones.

All this may result in increased food waste, or in an artificial contraction of supply chains that will increase cost for consumers and industry alike and lead to lower sales of fish across all the sectors of the market.

Producer Organisations and competition

POs can play a useful role through fisheries management and the measures proposed to simplify the current system are welcome. However POs should be more focused on encouraging fishermen to match supply with demand more effectively so satisfying market requirements in terms of supply quantity, quality and regularity. The present CMO already provides for POs to take action to match supply and demand. But in the majority of cases, they see this as secondary to their quota management activities. Nor do POs have either the powers or the capacity to control their members' activities. If POs are to have a real impact on better matching supply and demand, there needs to be a step change in individual members' attitudes and a much greater willingness for co-operative action among members of each PO. However there is a risk that the new measures proposed have the potential to distort the market to the detriment of existing operators, while not necessarily adding more efficiency to the chain. The implementation of an activity in the chain should be made by those players which can make it most efficiently – for example processors and retailers in respect of product development and marketing. Existing market structures can address these issues and there should be no duplication of structures or public funds for innovation or marketing activities by POs.

Interbranch Organisations

Better communication along supply chains can bring enormous benefits in efficiency and reduction in waste. However, any proposals to formalise this through the creation of interbranch organisations must be consistent with competition law.

Marketing Standards

Product specifications are generally commercial matters between customers and suppliers. However, in order to favour fair competition, regulated marketing standards may be needed to harmonize certain specific product categories throughout the EU market, in accordance with international obligations. Transparent stakeholder consultation and impact assessments are needed in the process of their elaboration.

Environmental labelling

EU processors are continuously developing information given to consumers on the sustainability of the fish used in their products. Given the current multiplicity of schemes, we support the view that there are cases where greater clarity is needed in “environmental labelling”. But we are concerned that burdensome new requirements could be placed on industry that would not provide consumers with clearer information and may only serve to increase confusion. Therefore any proposal for possible new requirements should be preceded by a wide stakeholder consultation and a thorough impact assessment to make sure it is proportionate and cost effective.

European Market Observatory for Fishery and Aquaculture Products (EUMOFA)

We welcome any initiative which aims to understand market trends and can provide useful information. EUMOFA can play that role as long as the information provided is relevant and it strikes a balance cost-effectiveness.

COMMON FISHERIES POLICY

Regionalisation

Meaningful stakeholder involvement must be at the heart of any decentralization proposals. Any new regionalized decision-making arrangements must involve the whole marketing chain. As the dominant economic player in the market, the processing and trading sector has to be given its weight in any such arrangements and, given the multinational nature of the processing sector, there also needs to be horizontal consultation process so that a whole chain view is taken.

In particular, Advisory Councils need to be given clear responsibilities and mandates to avoid their becoming purely cosmetic bodies, including balanced membership reflecting the economic importance of different sectors and sufficient financial support to operate effectively. This needs to be done on the basis of principles of the Single Market and normal competition law and keeping in mind that an advisory body at EU level to address horizontal issues (such as the current Advisory Committee for Fisheries and Aquaculture) is paramount.

Long Term Management Plans

We support the principle of developing long term management plans for EU fisheries and the long term aim has to be the maintenance or rebuilding stocks to sustainable (MSY) levels. It will be important to ensure that the whole marketing chain is involved in the development of these plans and that catchers' activity is properly aligned with the needs of the market.

Discards

We welcome the Commission's plans to end the highly wasteful practice of discarding perfectly edible fish at sea.

Potential solutions to the discard problems are many and varied, including, improved catching methods to avoid catching unwanted fish, catch quotas, individual transferable quotas and more regionally based and fishery specific management plans. We are happy to support any initiatives which lead to more sustainable and less wasteful outcomes. But any solution must also take account of the needs of the whole supply chain as catching fish for which there is no market is the worst possible waste of resources.

Economic instruments

Efficiency of resource use has to be a fundamental principle of CFP reform. Much current fishing activity is economically irrational, stemming in part from the lack of a clear connection between responsibility for the conservation of stocks and their exploitation. Mechanisms such as Transferable Fishing Concessions may be one way of encouraging catchers to display a greater sense of ownership of the resource and promote more rational and efficient exploitation. The use of economic instruments could also begin to address the problem of fleet overcapacity. But placing more constraints on the operation of the market in fishing concessions(e.g. between large and small vessels) will limit the scope for economic rationalisation of the fleet.

External Policy

EU policy for external waters should be guided by the need to ensure sustainable exploitation of the relevant fisheries resources and where appropriate, the reinforcement of Regional Fisheries Management Organizations (RFMO's).

The key issue for our sector is continued access to global supply chains without distortion of competition in either direction, and any allocation of EU funding should respect this principle. A responsible approach of our industry to external policy is also coherent with our principles for sustainable sourcing.

Aquaculture

We share the Commission's view that aquaculture will have an increasingly important role to play in meeting consumers needs for seafood products. But policy in this area must reflect the needs of consumers and the entire supply chain. There must be a level playing field for EU and imported aquaculture products because these will remain of fundamental importance to meet food supply in the future.

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