



FISH PROCESSING AND TRADE SECTOR UKRAINE – RUSSIA CRISIS IMPACT ASSESSMENT

Product of concern (high dependency on supply from Russia)

- Alaska Pollock
- Cod
- Haddock
- Pacific Salmon
- freshwater fish like European perch, pike and pike-perch
- Wheat flour
- Sunflower oil (for processed fish) – imported from Ukraine

EU 27 dependence on fish from Russia calculated on import quantity expressed in T WFE and % for selected species (Finfish 2020):

- **Cod:** direct 144.207 T (17 %) plus via China 93.145 T (11 %); in total 28 % of total EU supply of Cod
- **AP:** direct 155.409 T (19 %) plus via China 306.441 (37 %); in total 55 % of total EU supply of AP
- **Haddock:** direct 12.103 T (19 %) plus via China 2.1443 (3 %); in total 22 % of total EU supply of HAD
- **Salmon** (all species) : direct 3.634 T (0 %) plus via China 66.321 (5 %); in total 5 % of total EU supply of SAL

Possible effects on the processing factories:

- Lack of raw material availability (fishermen not going out, imports from Russia)
- No replacement for Alaska Pollock (linked to regional area) neither in short nor long term

Ban on above mentioned species may have **consequences on jobs** in some countries where parts of factories would have to be closed, as some of the species cannot be substituted (e.g. Alaska Pollock).

Fishery products for EU stuck in Kiev with no supporting docs

Fishery products produced in Ukraine complying to EU standards and ready for dispatchment to the EU cannot have the supporting documents issued (health certificate, IUU, customs) because the competent Ukrainian authorities are not operating due to the conflict.

Major trade disruptions – full effect remains to be seen

The Russian invasion of Ukraine has already had major disruptive effects on trade flows from and into the European Union of fish and fishery products and full effects are still to be seen in the coming months. The trade flow of shrimps to the Russian markets has been halted or stopped and alternative markets, hereunder with the EU, are sought and the import flowing from Russia of cod, Alaska pollock and crab are hampered. Retailers in the EU are boycotting products of Russian origin and even if no trade ban at EU border has (yet) been implemented, trade flows with Russia are severely hampered or, indeed, impossible while payments and transactions with Russian partners are restricted. At the same time the supply and landings from EU fishermen are subject to a downward pressure due to a significant increasing fuel prices. The full effects of these significant trade disruptions, including the hampered trade with Ukraine, are at this moment difficult to estimate and foresee for the full effects. EU tariff and non-tariff provision should be considered in the light of the flexibility it could provide for EU operators to adapt to these serious disruptions. Free trade agreements and partnership agreements with 3rd countries should be advanced as best as possible.

Consignments to Ukraine are stuck in EU harbors – flexible solutions are requested

Consignments of fishery products are arriving to EU harbors with destination Ukraine (transiting EU-countries). Health certificates accompany the consignments originally issued for Ukraine, however transport into Ukraine is not possible. Importing these consignments into the EU is not an option, while Commission implementation regulation 2020/2235 does not allow for issuing (new) certificates after the consignment left the control of the competent authority issuing the certificate. Redispatch or destruction of the products seems to be the only options left. A derogation allowing for issuance of new certificates in the FISH-CRUST-HC format - if and when the guarantees within the original certificate would least meet the same or equivalent standards - would allow for the import procedure into the EU.

Reprocessing in Ukraine within PEM convention is stopped - alternatives sought

Reprocessing in Ukraine of Norwegian fish (cod, salmon) for export into the EU for final consumption has been growing in recent years facilitated by the PEM-convention (pan-Euro-Mediterranean convention) and the EU-Ukraine Association Agreement. This trade flow is exempted from duty between all trading partners but has been brought to an end with the invasion. Alternatives trade routes are being sought. When the processing is transferred to the EU the salmon from Norway is subject to MFN duty. An additional quota for salmon within the EEA Agreement currently being renegotiated would set the production in the EU on an equal footing with the (lost) processing opportunities in Ukraine

Sunflower oil imports and the issue of labelling

The limited stocks of sunflower oil in the EU (expected to last max. 4-6 weeks, depending on sector and company) and the halt of supply from Ukraine, means industry will need to find alternative sourcing or ingredients. The short term consequences in relation to labelling regulations will be that it will rapidly become very challenging to manufacture products normally containing sunflower oil, in line with their current labels. Industry might therefore need to switch to alternative oils and potentially change labels, which will be very challenging to coordinate, given the uncertainties associated with the current crisis.

Substituting sunflower oil for another one would imply a change in the labelling but this takes time. This means that either operators stop production until new labels are available (not wanted) or a flexible (but limited in time) approach in carrying-out official controls is granted.

The Commission should take a pragmatic approach in the application of food law due to the current circumstances:

- simplification of official controls
- temporary contingency exemptions to application of EU food labelling laws (with the exception of all consumer health and food safety-related issues, of course)

For raw material arriving from Russia

Original HC is compulsory for releasing containers or discharge vessels. Russians are able to issue HC and send them by e-mail, but originals may not arrive due to the fact that there are no guarantees for smooth delivery by DHL, FEDEX or other couriers. EU should allow to proceed with the approval of such deliveries based on copies of HC and CC.

For third country origin raw material arriving to EU by reefer containers or reefer vessels border vets are requiring original HC. Veterinarians at border control should be “more solution orientated” to avoid demurrage. In the case of reefer vessels permission to discharge should not require original of HC or CC, but the copies.

For raw material heading from third countries to Ukrainian ports

No discharge of containers/reefer vessels can take place in Ukraine. High volumes of fish are under way from i.e. USA to European/African ports for further decisions on where to send the fish. EU authorities should make an exemption and allow to deliver said volumes to EU ports based on the veterinary documentation already made by exporter for Ukrainian market.

With respect to ATQs the general provision of the processing obligation should be temporarily suspended, in order to help smaller companies with less bureaucracy.

The price of the crates composed by expanded polystyrene used by the French fish processors is very high. Regarding their significant use, it remains a big issue.

The activity of our members is hampered by different **social movements** (blocking of some harbors, logistic difficulties, some fishing boats decide to stay in harbors).

Overview of different issues:

- 1. Availability of raw material**
- 2. Logistics**
 - container companies that do not support shipments from Russia
 - enterprisers in the harbors loading and unloading Russian shipments
 - press releases from harbor agencies saying they do not want to clear containers with Russian origin
- 3. Retail (reputational issue)**
 - possibility retail will ban all foodstuffs from Russia and with Russian origin
- 4. Financial sanctions and possibility of payment**
- 5. Insurance prices**
 - shipping insurance rates are going through the roof
- 6. Fuel prices**

- increase with consequence that fleets decide to stay in harbors hence supply of own caught fish may be less than expected