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**COMMISSION STAFF WORKING PAPER**

**IMPACT ASSESSMENT**

*Accompanying the document*

**Proposal for a**

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the common organisation of the markets in fishery and aquaculture products**

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## LIST OF ACRONYMS

**ACFA:** Advisory Committee on Fisheries and Aquaculture

**CFP:** Common Fisheries Policy

**CMO:** Common Market Organisation

**DG AGRI:** Directorate-General for Agriculture and Rural Development of the European Commission

**DG COMP:** Directorate-General for Competition of the European Commission

**DG DEVCO:** Directorate General for Development and Cooperation of the European Commission

**DG ECFIN:** Directorate General for Economic and Financial Affairs of the European Commission

**DG EMPL:** Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission

**DG ENTR:** Directorate-General for Enterprise and Industry of the European Commission

**DG ENV:** Directorate-General for Environment of the European Commission

**DG MARE:** Directorate-General for Maritime Affairs and Fisheries of the European Commission

**DG MARKT:** Directorate-General for Internal Market and Services of the European Commission

**DG SANCO:** Directorate-General for Health and Consumers of the European Commission

**DG TAXUD:** Directorate-General for Taxation and Customs Union of the European Commission

**DG TRADE:** Directorate-General for Trade of the European Commission

**EAGF:** European Agricultural Guarantee Fund

**EFF:** European Fisheries Fund

**EU:** European Union

**FAPs:** fisheries and aquaculture products

**FIFG:** Financial Instrument for Fisheries Guidance

**FIDES:** Fishery Data Exchange System

**HORECA:** Hotel, Restaurant, Catering

**IAR:** Impact Assessment Report

**IASG:** Impact Assessment Steering Group

**IBO:** Inter-branch Organisation

**MFN:** Most Favoured Nation

**MS:** Member States

**MT:** Metric Tons

**MSC:** Marine Stewardship Council

**MSY:** Maximum Sustainable Yield

**NGO:** Non-governmental Organisation

**PDO:** Protected Designation of Origin

**PGI:** Protected Geographical Indication

**PO:** Producers Organisation

**POCP:** Programme Opérationnel de Campagne de Pêche

**RACs:** Regional Advisory Council

**SG:** Secretariat-General of the European Commission

**TAC:** Total Allowable Catches

**TFS:** Transferable Fishing Shares

**TFEU:** Treaty on the Functioning of the European Union

## **SECTION 1: PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES**

### **1.1. Identification**

Lead Directorate General: Maritime Affairs and Fisheries (DG MARE)

Other Directorate-General involved: Secretariat-General of the European Commission (SG), Agriculture and Rural Development (DG AGRI), Competition (DG COMP), Development and Cooperation (DG DEVCO), Economic and Financial Affairs (DG ECFIN), Employment, Social Affairs and Equal Opportunities (DG EMPL), Enterprise and Industry (DG ENTR), Environment (DG ENV), Internal Market and Services (DG MARKT), Health and Consumers (DG SANCO) and Trade (DG TRADE)

Agenda Planning/WP reference: 2011/MARE/004 as part of the package on the reform of the Common Fisheries Policy

This Impact Assessment report concerns the proposal for a Council and European Parliament Regulation on the reform of the Market Policy for fisheries and aquaculture products. This is part of the legislative proposal on the reform of the Common Fisheries Policy.

### **1.2. Organisation and timing**

In 2008, DG MARE launched a series of evaluations and studies of the Council Regulation (EC) No 104/2000 on the Common Market Organisation (CMO) for fisheries and aquaculture products<sup>1</sup>. The objectives were to evaluate impacts and relevance of the instruments and provisions of this legislation.

This includes an evaluation of the financial and non-financial instruments of the CMO<sup>2</sup>, (published in December 2008), a study on supply and marketing of fisheries and aquaculture products in the European Union (EU)<sup>3</sup> (completed in 2009), as well as an analysis of possible scenarios for a reform of the Market Policy. The latest study analyses options for the main objectives and instruments of the Market Policy and serves as a basis for this impact assessment (publication foreseen in the first quarter of 2011).

The outcomes of these studies have been published on the internet and widely discussed with interested parties in view of reaching a common analysis on the performance of the current legislation and possible improvements.

It is planned to have the legislative proposal on the Market Policy for fishery and aquaculture products adopted by the Commission, together with the proposed Regulation on the new Common Fisheries Policy, in the second quarter of 2011.

### **1.3. Internal consultations**

An Impact Assessment Steering Group (IASG) for the reform of the Common Fisheries Policy (CFP) was created in September 2009. Several sub-groups were set up to thoroughly address specific issues and policies. In this context, the steering group for the reform of Market Policy first gathered on 14<sup>th</sup> January 2010. The agenda consisted of evaluating the current legislation, market development and reform objectives. A second meeting took place on 19<sup>th</sup> November 2010 and presented the draft impact assessment report of the options analysed for the reform. The minutes of this meeting are annexed to the current report.

Members of the IASG Market Policy: AGRI, COMP, ECFIN, EMPL, ENTR, ENV, MARE (lead DG), MARKT, SANCO, TRADE and SG.

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<sup>1</sup> Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products, OJ L 17, 21.1.2000, p. 22

<sup>2</sup> [http://ec.europa.eu/fisheries/documentation/studies/study\\_evaluation\\_market/index\\_en.htm](http://ec.europa.eu/fisheries/documentation/studies/study_evaluation_market/index_en.htm)

<sup>3</sup> [http://ec.europa.eu/fisheries/documentation/studies/study\\_market/index\\_en.htm](http://ec.europa.eu/fisheries/documentation/studies/study_market/index_en.htm)

#### 1.4. Stakeholders consultation

Consultations with stakeholders have been carried out at various levels since 2008, as the reform of the Market Policy was originally planned for 2009/2010. After the decision to merge the reform of the Market Policy with the Common Fisheries Policy (CFP) consultations and dialogue were completed by:

- **A large and structured internet-based public consultation** on market and trade issues which took place from 9<sup>th</sup> April 2009 to 31<sup>st</sup> December 2009 in the framework of the Green Paper for the reform of the Common Fisheries Policy (COM(2009)163 final). Almost all of the 400 contributions received on the Green Paper addressed issues related to a reform of the Market Policy. This is summarised in a specific chapter (3.4) in the Commission Staff Working Document on “Synthesis of the Consultation on the reform of the Common Fisheries Policy” SEC(2010)428 final - April 2010.
- **Wide consultation of the industry** (producers, importers, processors, retailers) **and of non-governmental actors** (development and environmental non governmental organisations (NGOs), consumers’ organisations) within the consultative bodies in place under the CFP (Regional Advisory Council (RACs), Advisory Committee for Fisheries and Aquaculture (ACFA) in particular Working Group III “Markets and trade”).
- **An extensive and constructive dialogue with MS** including more than ten ad hoc bilateral meetings with national representatives from the industry, the national and regional administration, and the Management Committee. On average, these meetings attracted between 20 to 80 participants.
- The main challenges and options for the reform of the Market Policy were presented at the **EU Fisheries Directors General Meeting** in Prague (July 2008) and to **Ministers in charge of Fisheries** at the Agriculture and Fisheries Council in June 2010.
- **A presentation of the main outcomes and external evaluations** were provided to Member States (MS) (bilateral meetings and meetings of Management Committee) and European associations of economic operators in 2009.
- **Four thematic seminars** on specific topics of interest for a reform of the Market Policy were organised: i) “Price formation for fisheries and aquaculture products” (December 2009), ii) “Quality and promotion for fisheries and aquaculture products” (April 2010), iii) “Supply of the EU market” (April 2010), iv) “Main issues and options of the reform of the Market Policy” (July 2010). The minutes and presentations of these seminars that attracted, on average, around 100 participants have been published on DG MARE's website<sup>4</sup>.
- **The European Parliament**, in particular the Committee of Fisheries, has been closely associated with these consultations and events specifically via the EP position on the Green Paper on the CFP reform and EP reports linked to market and trade issues<sup>5</sup>.

The Commission minimum standards on consultation have been met. Clear consultation documents are available in the form of a Green Paper and studies have been published on the internet. A significant amount of publicity was generated around this debate. All relevant target groups were aware of these documents and the main positions at stake. Sufficient time for participation was ensured. Players have been consulted in various fora and provided with feedback (stakeholders’ conferences, written contributions, consultative groups, workshops, conferences and bilateral meetings etc.).

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<sup>4</sup> [http://ec.europa.eu/fisheries/news\\_and\\_events/events/](http://ec.europa.eu/fisheries/news_and_events/events/)

<sup>5</sup> EP report on " Arrangements for importing fishery and aquaculture products into the EU with a view to the future reform of the CFP " (A7-0207/2010, Cadec report), and " A new impetus for the Strategy for the Sustainable Development of European Aquaculture " (A7-0150/2010; Milena report)



## **1.5. Impact Assessment Board opinion**

A first draft of the IA report (IAR) was discussed with the Impact Assessment Board (IAB) on 9 March 2011. In its first opinion of 11 March 2011, the Board made recommendations for improvements; mainly to:

- Clearly explain why and how a reformed CMO pillar could contribute to overarching sustainability goal set within the context of the overall CFP reform
- Clarify and better justify the intervention logic
- Strengthen the analysis of impacts and the comparison of options

A new version of the IAR took these comments into account by providing in particular:

- an earlier and more extensive presentation of the CMO tools and their evaluation (§2.2)
- analysis of the challenges of a new market policy in the wider context of the CFP reform (§2.3)
- more clarity on the intervention logic (§4.3)
- strengthened analysis of impacts and comparison of option (section 6 on methodology and section 8 on comparing the options)

The IAB requested to receive a revised draft of the IAR and issued a second opinion on 8 April 2011 where it acknowledged improvements made along the lines of some of the comments made. It provided additional recommendations to:

- Provide greater details on how reformed market instruments would play a relevant role in reformed CFP
- Clarify some of the proposed measures in particular efficiency of new intervention instruments, implication of extending mandatory information to consumers to out-of-home sector, and governance conditions in trade instruments
- Strengthen the analysis of impact and comparison of options

This IA report further develops the links between market and conservation instruments in section 8, economic impact analysis of intervention mechanism. It abandons the proposal to extend mandatory information to consumers to out-of-home sector (take-away, restaurant and catering) and clarifies that governance conditions would only apply to imported products granted by preferential autonomous tariffs. Impact analysis in particular on the budget has been further developed in section 7.3.

## **SECTION 2: POLICY CONTEXT**

### **2.1. Common Market Organisation for fisheries and aquaculture products**

The CMO was the first component of the CFP to be put in place in 1970. Like market organisations in agricultural products, its legal basis is Article 38 of the Treaty. The CMO was created to achieve the objectives laid down in Article 39 of the Treaty in the fishery sector, in particular, to provide market stability, to ensure a stable supply of quality products, to guarantee fair income for producers and to ensure reasonable prices for consumers.

The current CMO is more specifically designed to contribute to the CFP's general objective of seeking sustainable fisheries and to secure the future of the fishery sector. Its main goals are: (1) price stability; (2) optimal balance between supply and demand; (3) strengthened competitiveness; (4) ensure the supply of the EU processing industry while respecting the interest of EU producers; (5) proper information to the consumer.

The CMO has five instruments: (1) producer organisations; (2) price support system based on intervention; (3) common marketing standards; (4) consumer information; (5) autonomous arrangements for trade with third countries.

The regulatory framework through which the CMO is implemented includes 4 Council regulations and 23 Commission regulations (See Annex 1).

The CMO is financed by the European Agriculture Guarantee Fund (EAGF)<sup>6</sup> and the European Fisheries Fund (EFF) (Chapter 11.06) which supports the creation of POs, their restructuring and the implementation of their plans to improve quality. The EFF also covers measures addressed to associations of operators including POs, such as promotion campaigns, quality policy and certification.

## 2.2. Presentation, performance of the CMO instruments and the views of the stakeholders

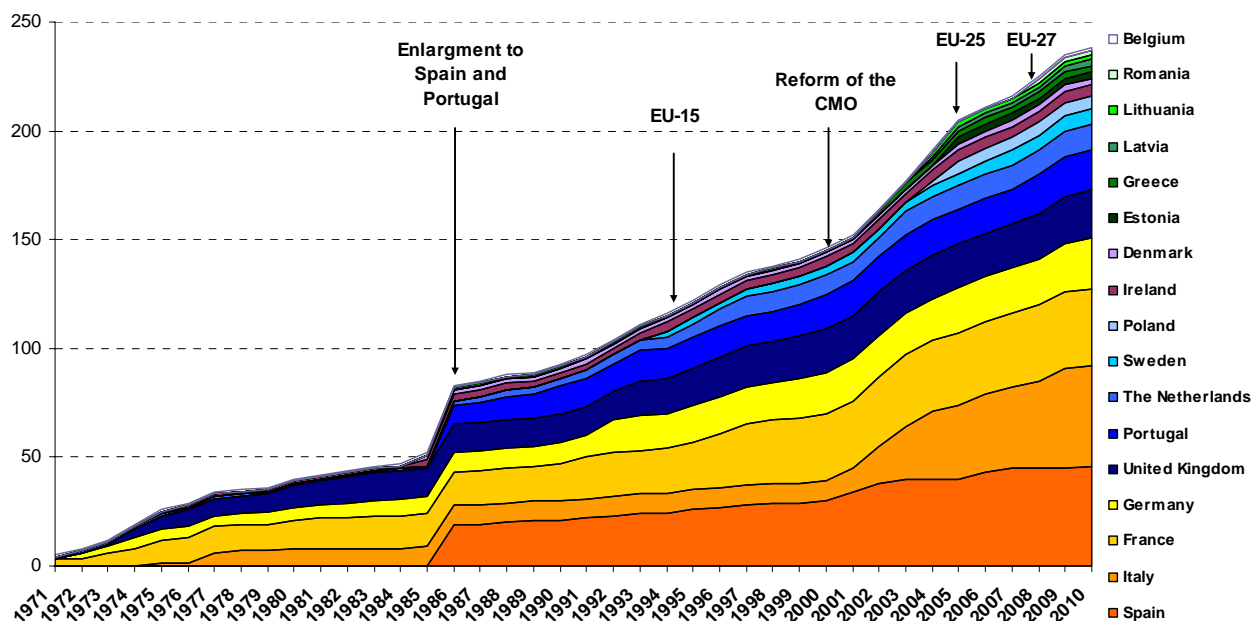
The following charts present the policy tools of the current CMO and the main outcome of its evaluation, as well as the views of stakeholders. Detailed analyses are presented in Annexes 1, 2, 3 and 4.

<b>Organisation of the sector</b>	
<i>Description</i>	<i>Evaluation</i>
<p><b>Producer Organisations (POs)</b> are a fundamental feature of the CMO since they constitute the interface between catch/aquaculture activities and the market.</p> <p>They are set up voluntarily by fishermen or fish farmers to organise and stabilise the market and to improve the financial returns from their production</p> <p>In 2010, 238 POs (catch and aquaculture) were registered in 17 EU countries and they represented some 60% of the first sale value of EU production.</p> <p>POs may implement the following measures: i) management of intervention mechanisms ; ii) operational programmes for production (catches or aquaculture) and marketing planning, iii) quality improvement plans for products throughout all stages of production and marketing; (iv) extension of Producers' Organisation's (PO) production and marketing rules to non-members operating in the same area of activity.</p> <p>Financial assistance for the creation and the restructuring of POs is available under the EFF. On the other hand, the EAGF finances compensation for the preparation and implementation of operational programmes.</p>	<p>The analysis of the operation of POs and IBOs shows the following aspects:</p> <ul style="list-style-type: none"> <li>▶ The CMO has effectively supported the organisation of fishermen in POs. Nevertheless, the acceptance of POs has been lower for the aquaculture sector;</li> <li>▶ The extension of rules, although complex to implement has contributed to limit the waste of resources and to enhance the value of landings.</li> <li>▶ The financial resources granted to POs by the EAGF and the EFF were modest and not always fully utilised by the MS.</li> <li>▶ POs lack resources to organise the upstream operators in a proper manner and to be a relevant tool for the implementation of the CFP;</li> <li>▶ The effect of operational programmes on matching supply with demand was limited. They remained a theoretical exercise but provided some educational value to POs in planning their activities;</li> <li>▶ The recognition of IBOs has been used very seldom. This may be due to the complex and often conflicting relations between producers and downstream operators, the low level of EU supply to the processing industry and the different concentration of upstream and downstream operators.</li> </ul>
<i>Views of the stakeholders</i>	

<sup>6</sup> Budget line "11.02.01.01 (Interventions in fisheries products) currently with around €15 million/year

<b>Organisation of the sector</b>	
<i>Description</i>	<i>Evaluation</i>
<p><b>Interbranch Organisations (IBOs)</b> gather representatives of different branches of the value chain to take closer account of market realities and facilitate commercial linkage. Their purpose is to promote partnership measures of shared interest for the entire sector market surveys and research, development of fisheries products, better adaptation of production to market requirements, etc.</p> <p>However, IBOs cannot engage themselves in production, processing or marketing activities.</p> <p>In 2007 there were 4 IBOs recognised in 3 MS: 2 in Spain (one in the catch sector, one in aquaculture), one in France (aquaculture) and one in Italy (both catch and aquaculture).</p> <p>Interbranch organisations (IBOs) do not have access to start-up aids. Most of IBOs' activities can be financed by the EFF under collective actions, development of new markets and promotional campaigns.</p>	<ul style="list-style-type: none"> <li>▶ There is a strong consensus on the key role that Producer Organisations (POs) can play in the implementation of both the Market Policy and the reformed CFP.</li> <li>▶ They are considered as the main operators for the management of fishing activities including quota management.</li> <li>▶ A majority of stakeholders regret the current lack of responsibilities and means allocated to POs (including adequate financial support).</li> <li>▶ The establishment of transnational POs and aquaculture POs is regarded effective in further structuring the sector, enabling cross border cooperation and developing business strategies.</li> <li>▶ The mandate and management capacity of POs and IBOs should be reinforced in order to increase their role in implementing and controlling conservation policy at local level and in better linking supply to market demand. Aspects particularly well supported by producers were: rights and ability to manage production activities, concentration of supply by EU producers, market analysis, marketing plans, innovation and quality initiatives.</li> </ul>

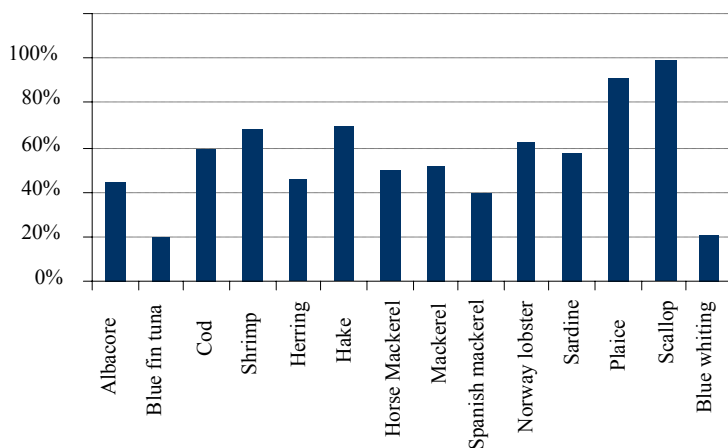
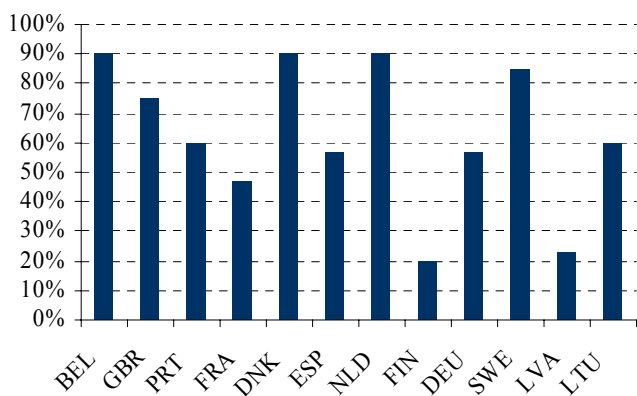
Table 1: Producers Organisations by EU countries (1971-2011)



Source: European Commission

The various segments of production are well represented by POs, including small scale and coastal fisheries. In the aquaculture sector 30 POs were registered in 2010 mainly in the shellfish sector in SP, FR and the NL.

Table 2: Producers Organisations representativeness by country and species



Source: Fishery Data Exchange System (Fides) and Eurostat

## Market interventions

<i>Description</i>	<i>Evaluation</i>
<p>Intervention provides financial compensation to fishery POs, which manage the different mechanisms.</p> <p>The intervention mechanisms are triggered when the market prices for certain fisheries products fall below a given threshold, e.g. withdrawal price, selling price.</p> <p>These prices are fixed annually by the Commission on the basis of the guide prices, which in turn are determined annually by the Council for 31 fresh and 12 frozen products of EU importance.</p> <p>The Council also fixes the Union producer price for tuna intended for processing.</p> <p>When market prices fall and intervention mechanisms are triggered, PO' members receive financial compensation.</p> <p>There are 4 intervention mechanisms based on a system of prices fixed at EU level:</p> <ul style="list-style-type: none"> <li>● Withdrawals: Products taken permanently off the market for human consumption, whose destination is destruction, animal feed (e.g. fish meals), bait or charity. The compensation is a percentage of the withdrawal price. The percentage diminishes as the amount of withdrawn fish increases;</li> <li>● Carry-over: Storage and/or processing of products to be reintroduced onto the market for human consumption at a later stage. The aid is related to the amount of technical and financial costs of storage and/or processing;</li> <li>● Private storage: Storage of products frozen on board vessels intended for reintroduction onto the market for human consumption. The aid is related to the amount of technical and financial storage costs;</li> <li>● Compensatory allowance for tuna intended for processing: Compensation to tuna producers for the absence of tariff protection on imports for the tuna processing industry.</li> </ul> <p>On the other hand, independent withdrawals and carry-over apply to 18 species for which there are substantial price differences in a single national market or between the regions. The relevant intervention prices are fixed independently by the POs.</p> <p>The implementation of intervention mechanisms involves the yearly adoption of:</p> <ul style="list-style-type: none"> <li>○ 1 Council Regulation fixing the guide prices and Community producer prices;</li> <li>○ 6 Commission Regulations fixing the different intervention parameters and the reference prices for those products which benefit from tariff reductions.</li> </ul> <p>The EAGF finances compensation for the different intervention mechanisms.</p> <p>It should be noted that no intervention mechanism has ever been put in place for aquaculture products.</p>	<p>The analysis of the implementation intervention mechanisms shows that:</p> <ul style="list-style-type: none"> <li>▶ The effects of withdrawals and carry-over aid on the stability of the market are weak and limited to a few ports and fisheries of small pelagic species, in particular sardines in Portugal and France; herring in Denmark and Ireland; and mackerel in Spain, France and Ireland;</li> <li>▶ On average, the quantities withdrawn accounted for less than 2% of the production of pelagic species and around 1% of the production of whitefish;</li> <li>▶ The compensatory allowance for tuna has lost relevance due to the reduction of EU supply to the processing industry and the relocation of EU tuna canneries in third countries. The mechanism is also affected by its administrative complexity including long delays in payment;</li> <li>▶ The distinction "EU – independent" mechanisms is not relevant since there is no real "single EU market" for a given species but a diversity of national, regional or local markets;</li> <li>▶ The current EU price system is difficult to understand by operators, in particular the guide prices calculation method. Yet operators wish to maintain the price system with some adaptations as a "psychological reference" for the markets;</li> <li>▶ The guide prices and intervention system have mainly played the role of safety net by limiting intervention to exceptional circumstances;</li> <li>▶ The collection and centralisation of economic information through the FIDES notification system is a valuable reference for the markets.</li> </ul> <p style="text-align: center;"><b><i>Views of the stakeholders</i></b></p> <ul style="list-style-type: none"> <li>▶ Intervention is generally considered to have little impact on price stability and producers' incomes. This marginal impact is mainly due to the low amount of public funding for intervention mechanisms (less than 0,2% of production value).</li> <li>▶ However, the different components of the price and intervention system are judged differently. The relevance of a price system is widely recognised, even though opinions differ on the relevance and impact of withdrawals and carry-over.</li> <li>▶ The EU price system, including guide prices, is considered by most stakeholders as a common reference for the sector as a default minimum price.</li> <li>▶ However, the EU guide price system does not reflect differences between different EU production areas and should be revised to reflect the " various market realities prevailing in the EU".</li> <li>▶ A majority of stakeholders recognises that there is limited economic information to respond to their expectations and needs. However, stakeholders including MS are reluctant to new obligations or costs for themselves resulting from the introduction of a Market Intelligence system. Access to economic information also raises some concerns in terms of</li> </ul>

<b>Market interventions</b>	
<i>Description</i>	<i>Evaluation</i>
	confidentiality.

<b>Autonomous tariff policy</b>	
<i>Description</i>	<i>Evaluation</i>
<p>This regime aims to ensure stability of supplies in order to enhance the competitiveness of the EU processing industry while respecting the interests of the EU producer sector<sup>7</sup>.</p> <p>The regime is therefore limited to autonomous tariff suspensions and tariff quotas for certain raw materials intended for processing. The regime works as autonomous derogation to (lowering of) applicable Most Favoured Nation (MFN) tariffs at the EU border.</p> <p>The suspensions are established by</p> <ul style="list-style-type: none"> <li>• Article 28 and Annex VI to Council Regulation (EC) No 104/2000</li> <li>• Council Regulation (EC) No 1255/96 introduces suspensions for certain industrial, agricultural and fishery products</li> </ul> <p>The current quota regime is laid down in Council Regulation (EC) No 1062/2009. It applies to the period 2010 to 2012.</p> <p>The level and coverage of autonomous tariff quotas is adapted every 3 years to the current needs of the processing sector, Autonomous suspensions remain unchanged for the duration of the Regulation.</p> <p>The granting of autonomous tariff suspensions and tariff quotas is subject to compliance of the relevant imported products with reference prices. These prices are adopted annually by way of a Commission Regulation</p>	<p>The analysis of the autonomous tariff policy is as follows:</p> <ul style="list-style-type: none"> <li>▶ The Suspensions and tariff quotas have ensured competitive supplies to certain segments of the EU processing industry, which could maintain their activities and jobs;</li> <li>▶ These measures have not significantly affected the balance and prices of the main EU markets for fisheries and aquaculture products, hence not disrupting producers' interests</li> <li>▶ Whilst imports are recognised as necessary, a large majority of EU stakeholders emphasise the need to establish a level playing field for EU and imported products.</li> </ul> <p style="text-align: center;"><b><i>Views of the stakeholders</i></b></p> <p>The EU processing industry supports maintaining the current system of autonomous tariff suspension and tariff quotas in order to guarantee a steady and competitive supply of raw materials to the EU processing industry. Suspensions should be allowed in case of structural supply shortages, while tariff quotas should be opened for products with insufficient EU production, bearing in mind the legitimate interests of EU producers. The issue of seeking fair competition between EU production and imports, i.e. "level playing field," has been extensively debated, including between EU institutions.</p> <p>Producers strongly believe that the EU should ensure that products imported into the EU meet the same requirements that apply to EU production in terms of environmental, social, health and quality standards. Processors want predictable, regular access to raw material at the cheapest price. Retailers want cheap products, whatever the origin. Reconciling these conflicting interests is one of the</p>

<sup>7</sup> The current quota regime for the period 2010-2012 focuses on whitefish (cod, hake and substitute species), sensitive products (herring and tuna loins) and shrimps. In order to benefit from favourable tariff treatment, all quotas are to be used only for processing of fishery products.

<b>Marketing standards</b>	
<i>Description</i>	<i>Evaluation</i>
<b>Autonomous tariff policy</b>	
<i>Description</i>	<i>Evaluation</i>
	objectives of a responsible Market Policy.

<p>The common marketing standards apply to first sale of certain fisheries products in the EU, whatever their origin (EU and imported products)<sup>8</sup>.</p> <p>When standards are defined, products must comply in order to be marketed for human consumption within the EU.</p> <p>Marketing standards for fresh/chilled fisheries products enable sorting products by freshness and size categories:</p> <ul style="list-style-type: none"> <li>• Freshness categories are adapted to the main groups of species and determined by organoleptic characteristics;</li> <li>• Size categories are usually set by weight.</li> </ul> <p>A sampling system is in place to facilitate the grading of small pelagic species.</p> <p>There are also standards for canned tuna<sup>9</sup>, sardines and sardine-type products<sup>10</sup>, including trade descriptions, market presentation and covering media.</p> <p>Marketing standards do not cover aquaculture products or frozen products.</p> <p>The purpose of these standards is to facilitate the internal market by defining harmonised commercial characteristics of products, and to enable uniform application of intervention mechanisms allowing common prices for each product category to be established.</p>	<p>The analysis of the implementation of common marketing standards is as follows:</p> <ul style="list-style-type: none"> <li>▶ Marketing standards and consumer information provisions are relevant in view of the diversity of EU markets as they have established a set of "minimum common rules." They have also provided wide flexibility by allowing MS and operators to go beyond them when considered relevant and necessary for the regulation of their specific markets;</li> <li>▶ Marketing standards have played an important role in measuring the quality of products (freshness) and facilitating marketing based on uniform standards;</li> <li>▶ Minimum marketing sizes have played an indirect role in preventing the marketing of juveniles. Some POs have established their own standards or have raised regulatory thresholds in order to achieve better returns on the market.</li> </ul> <p style="text-align: center;"><b><i>Views of the stakeholders</i></b></p> <p>Stakeholders consider the current set of marketing standards useful in achieving a standardised supply facilitating the functioning of the internal market for these products.</p> <p>Some inconsistencies between landing and minimum marketing sizes laid down in CFP and CMO regulations, have been highlighted and should be addressed.</p> <p>Future standards need to be clear, simple to follow, flexible and allow industry to self-regulate. Further consistency with the conservation policy should be envisaged.</p>
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<sup>8</sup> The standards cover 47 species eligible for intervention mechanisms by freshness and size categories. ***Freshness*** is adapted to the main group of species (whitefish, bluefish, crustaceans...). ***Marketing sizes*** are generally expressed by weight without prejudice to the minimum biological sizes expressed by length. For those species bearing both sizes, the minimum biological sizes in force prevail over the minimum marketing sizes in all circumstances. There are also standards for ***canned products*** (sardines, sardine-type products, tuna and bonito). They govern trade descriptions, market presentations, covering media and additional ingredients. The standards for canned sardines had to be amended in 2003 and 2008 to bring the trade descriptions for sardines and sardine-type products in conformity with the relevant international standard, i.e. the *Codex Alimentarius Standard* STAN94 and its 2007<sup>1</sup> revision.

<sup>9</sup> Council Regulation (EEC) No 1536/92 of 9 June 1992 laying down common marketing standards for preserved tuna and bonito

<sup>10</sup> Council Regulation (EEC) No 2136/89 of 21 June 1989 laying down common marketing standards for preserved sardines and trade descriptions for preserved sardines and sardine-type products



<b>Information to consumers</b>	
<i>Description</i>	<i>Evaluation</i>
<p>Consumer information provisions in the current CMO concern fisheries products falling within Chapter 3 of the Combined Nomenclature (i.e. live, fresh, chilled, frozen, smoked, dried, salted, in brine, crustaceans and molluscs) offered for retail sale in the EU (either of EU origin or imported).</p> <p>These obligations do not apply to canned or processed products.</p> <p>The following information must be indicated by packaging or labelling at retail sale:</p> <ul style="list-style-type: none"> <li>• the commercial designation of the species established in each Member State</li> <li>• the production method (caught at sea, caught in freshwater or farmed)</li> <li>• the catch area for the products caught at sea (based on the FAO fishing areas) or a reference to the country of origin for the products caught in freshwater or farmed</li> </ul>	<ul style="list-style-type: none"> <li>▶ Consumer information provisions are relevant insofar as they provide a harmonised minimum set of information relevant for the sector and consumers while leaving flexibility to add further information. However, the system can be improved in respect of information content and enforcement by MS.</li> <li>▶ The effect of the provisions was affected by a mixed application depending on the MS as well as the organisation and effectiveness of national controls.</li> </ul>
	<i>Views of the stakeholders</i>
	<p>Industry and several MS consider that some provisions of the current legislation are useful and should remain (commercial name, production method: wild fish or aquaculture).</p> <p>Information to consumers is considered strategic for stakeholders. More precise information on the provenance of products and the extension of the scope of the regulation to all products and selling/consumption places has been called for.</p> <p>Regarding voluntary information (such as ecolabelling) stakeholders recalled the roles of public authorities to ensure and control that accurate and transparent information are provided to EU consumers. Considering possible confusion and fraud on product allegation it has been argued in favour of establishing an appropriate legal framework at EU level.</p>

### 2.3. The reform of the Common Fisheries Policy and interaction with the Market Policy

The main objective of the reform of the CFP is to set a smarter and greener policy i.e. primarily focusing on sustainable exploitation of the resources in a much more simplified and decentralised way.

The problem definition of the current CFP has outlined the poor situation of many EU stocks. Solving this problem will require immediate action to ensure fishing pressure becomes aligned with environmental sustainability. This is translated in the impact assessment for the reform of the CFP in the content of different options which set out tools for achieving mortality levels compatible with Maximum Sustainable Yield (MSY) within the timeframe of the reform. Challenges of aquaculture production should also be addressed to reduce the impact on environment.

The CFP impact assessment concluded that considering new objectives and instruments of the CFP a far reaching reform of the Market Policy was necessary. Market oriented instruments should contribute directly or indirectly to the achievement of some of the main CFP objectives.

The following chart presents the main objectives of the reformed CFP as defined in its impact assessment for the possible or potential contribution of an EU Market Policy for fisheries and aquaculture products. This will be further elaborated in the options section.

CFP objectives	Possible contribution of a reformed market policy
<p><b>Environmental sustainability</b></p> <ul style="list-style-type: none"> <li>• To eliminate overfishing in the short term.</li> <li>• To reduce overcapacity and discards as much as possible.</li> <li>• To put in place a decision-making system consistent with long term sustainability, flexible and adaptable to local conditions</li> <li>• To improve responsibility and compliance by the industry.</li> <li>• To improve the availability of scientific advise and economic data</li> </ul>	<p>To move away from production strategy based on volume:</p> <ul style="list-style-type: none"> <li>- Market measures leading to increased prices and added value of products</li> <li>- Market incentives and premium for sustainable practices: certification (ecolabels), promotion, information to consumers...;</li> </ul> <p>No direct contribution to reduce overcapacity Accompanying market measures necessary to ensure treatment of landings of discards</p> <p>Adapt intervention policy to local conditions</p> <p>Empowerment and co-management by producer organisations of access rights, production and marketing activities Facilitate partnerships for sustainable production, sourcing and consumption</p> <p>Extend and disseminate market and economic analysis</p>
<p><b>Economic sustainability</b></p> <ul style="list-style-type: none"> <li>• Increase the long-term resilience of the sector.</li> <li>• Reorient public financial support towards innovation, value added and marketing</li> </ul>	<p>Increase bargaining power of the production side (fisheries and aquaculture), improve anticipation, prevention and management of prices crisis Contribute to improve market transparency and efficiency in view of optimising production value</p>
<p><b>Social sustainability</b></p> <ul style="list-style-type: none"> <li>• To increase the quality of employment (wages, safety and working conditions)</li> <li>• To make it an attractive source of employment.</li> <li>• To give alternative development options to coastal communities.</li> </ul>	<p>Contribution mainly indirect on revenue: support added value of fisheries and aquaculture products and competitiveness of the processing industry</p>
<p><b>A better governance</b></p> <ul style="list-style-type: none"> <li>• Simplify the CFP</li> <li>• Improve efficiency of public financial support</li> <li>• Foster regionalisation</li> </ul>	<p>Substantial reduction of legal framework and administrative burden Reorientation of financial support from fleet measures towards smart, green, innovative and market oriented measures Set intervention prices at decentralised level</p>
<p><b>A more efficient external dimension of the CFP</b></p> <ul style="list-style-type: none"> <li>• To improve international governance</li> </ul>	<p>Support level playing field conditions of trade</p>

The Market Policy is also complementary to the recently adopted Regulation to fight against Illegal Unregulated and Unreported fishing and strengthen the implementation of the CFP and its control<sup>11</sup>.

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<sup>11</sup> Council Regulation (EC) No 1005/2008 to prevent, deter and eliminate illegal, unreported and unregulated fishing that impose a catch certificate for fishery products imported to the EU. Council Regulation (EC) No 1224/2009

## 2.4. Who is affected by the Market Policy and how?

The Market Policy reform impacts to a different extent all stakeholders in the fisheries and aquaculture sector from production to final consumption. The key issues for the various types of stakeholders are set out in Table 3.

*Table 3: Key issues for stakeholders*

Stakeholder	Description	Key interests	Key instruments in market policy
<b>Production sector in the EU</b>	EU catches and aquaculture producers	Maintaining activities in production areas; improve profitability and competitiveness, strengthening sustainability of fisheries and aquaculture products (FAPS).	Organisation of the sector: POs & IBOs, interventions on the market, marketing standards, information to consumers, markets analysis, quality, promotion
<b>Dependent businesses (fish wholesaler)</b>	Obtaining supplies and some primary processing, presentation and logistics services	Maintaining profitability: predictability and access to (mainly fresh) raw material in required volumes, range of species and quality	IBOs, marketing standards, market analysis, quality, promotion; information to consumers
<b>Processing sector</b>	Processing raw materials both imported (from third countries and caught by EU vessels in Fisheries Partnership Agreements) and produced within EU waters	Maintaining profitability and competitiveness; predictability and access to raw material.	IBO, preferential trade instruments, marketing standards, information to consumers, market analysis, quality, promotion
<b>Third countries</b>	Exporters to the EU of raw or processed fisheries and aquaculture products	Supplying the growing and profitable EU (world's largest). Economic development, exports and contribution to global fishery governance. Compliance with health rules	IBO, marketing standards, preferential trade instruments, information to consumers, market analysis
<b>Retailers and restaurants</b>	Final sellers: supermarkets, fishmongers, commercial and collective restaurants	Predictability of sourcing, stability of prices and quality, labelling	Interbranch organisations, marketing standards, information to consumers, markets analysis, quality, promotion
<b>Consumers</b>	Final buyers in stores or restaurants	Availability, cost and quality, information and labelling (what am I buying?).	Information to consumers, market analysis, quality, promotion
<b>NGOs and the public</b>	NGOs advocating sustainable management of fisheries & sustainable development of aquaculture. Consumers' organisations want food security with good quality fish at reasonable price.	The wider public has an interest in and concern for sustainability of fishing and farming activities fishing and the marine environment. Increasingly interested in nutritional quality of fish (essential fatty acids).	IBOs, marketing standards, information to consumers, market analysis, quality, promotion

## 2.5. EU market developments and trends for fisheries and aquaculture products

It is appropriate to analyse how the EU market has evolved in the last decade, as well as how it may develop in the coming years in terms of supply and demand. This is particularly so given that more than ten years have elapsed since the last reform of the EU Market Policy<sup>12</sup> (see Annex 6).

The EU is the first market in the world for fisheries and aquaculture products in value (55 billion euros

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of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the CFP

<sup>12</sup> Study on supply and marketing of fisheries and aquaculture products in the EU: [http://ec.europa.eu/fisheries/documentation/studies/study\\_market/index\\_en.htm](http://ec.europa.eu/fisheries/documentation/studies/study_market/index_en.htm)

representing 12 millions tons). The demand for fisheries and aquaculture products in the EU is influenced by a combination of various factors: economic (price and purchasing power), health and nutritional values, quality in the broadest sense (organoleptic features, freshness and safety guarantees) and increased interests for environmental impact and product provenance. The trends may be summarised as follows:

- EU deficit in fisheries and aquaculture products increases: EU self-sufficiency rate fell from 57% to 35%.
- Retail concentration increased and accounts between 55% and 85% of fish sales in EU MS.
- Features of changes in fish consumption in the EU
  - Consumption growth in most of EU countries<sup>13</sup> with a strong increase for salmon and tropical prawns and new species<sup>14</sup>; at the same time there has been a decreased demand for some traditional products (e.g. herring, plaice). Strong growth in the out-of-home catering sector.
  - Fresh fish continues to dominate in the majority of MS<sup>15</sup> but changes are observed in qualitative and economic expectations of consumers (more fish fillets and less whole fish, ready to eat and processed food, new consumers for new products without strong fishy taste and smell and at a low price). Innovations in terms of presentation and packaging.

## 2.6. Cross cutting issues

Fish is a natural renewable resource, an internationally traded commodity and a food product. It is therefore affected by:

- **Environmental Policy** and in particular Sustainable Production and Consumption policy, EU Ecolabel<sup>16</sup> and the Marine Strategy Framework Directive<sup>17</sup>
- **Agricultural Policy**, in particular reforms of the agriculture CMO, especially for fruit and vegetables which share common features and challenges (see Annex 5), Regulation on agricultural product quality schemes, (draft regulation to adopted<sup>18</sup>), organic farming rules for aquaculture products<sup>19</sup>.
- **Research Policy** in particular in support of innovation and research in aquaculture production and in post-harvest areas of fisheries
- **Health, safety and consumers' Policy**: food safety, labelling, nutrition and health claims, Regulation

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<sup>13</sup> Consumption in the EU increased by nearly two million tonnes between 1999 and 2007. This trend is particularly strong in traditional markets such as France where an increase of 5kg/year/inhabitant has occurred in the last ten years. Likewise in several Central and Eastern European MS, there has been a noticeable increase in the level of consumption. Growth in EU consumption is expected to continue at some +0.5% per year between now and 2030, representing some additional 1,500,000 tonnes by 2030.

<sup>14</sup> EU markets are open to the arrival of new fish species, many of them substituting traditional species which have become scarce. Examples of this are Alaska Pollock in the 80s, Nile perch from Lake Victoria in the 90s, Pangasius from Vietnam since the mid 2000s.

<sup>15</sup> In particular in Southern European countries (Spain, France and Italy) where more than 50% of fisheries and aquaculture products are consumed in this form. Increase consumption of fresh fish in Eastern European countries is registered.

<sup>16</sup> Regulation (EC) No 66/2010 on the EU Ecolabel

<sup>17</sup> Directive 2008/56/EC establishing a framework for community action in the field of marine environmental policy

<sup>18</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0733:FIN:en:PDF>

<sup>19</sup> detailed rules on organic aquaculture animal and seaweed production were adopted in August 2009 (Commission Regulation 710/2009)

on information to consumers on food products

- **Trade Policy:** WTO discussions on tariff and subsidies, bilateral and regional Free Trade Agreements (including trade and sustainable development, tariff liberalisation, preferential rules of origin...).
- **EU Development Policy** in view of ensuring coherence between EU policies and development objectives as referred to in article 208 of the TFUE.

In addition the Market Policy for FAPs should be fully compatible with the aim of the “EU 2020 objectives”<sup>20</sup>

### SECTION 3 PROBLEM IDENTIFICATION

The main problems with the current policy have been assessed and are summarised under five headings in Table 4 and subsequently discussed in detail in this section.

*Table 4: The five main problem areas of the current CMO and their underlying drivers*

Problems	Underlying drivers
<b>Limited contribution of the EU Market Policy to sustainability of production</b>	<ul style="list-style-type: none"> <li>▶ Many EU fisheries are not exploited in a sustainable way</li> <li>▶ Limited market incentives to exploit the resources in a sustainable fashion</li> <li>▶ Wrong policy signals (support to withdrawals, weakness of POs)</li> </ul>
<b>Deterioration of market position of EU production</b>	<ul style="list-style-type: none"> <li>▶ Limited or decreased EU production opportunities (fisheries and aquaculture)</li> <li>▶ Fragmentation of the fishery and aquaculture production side and strong concentration of demand</li> <li>▶ Lack of competitiveness of EU operators in an increasingly globalised market</li> </ul>
<b>Inability to anticipate and manage market fluctuations</b>	<ul style="list-style-type: none"> <li>▶ Lack of predictability of the EU supply in volume and quality</li> <li>▶ Lack of anticipation of market demand by EU fishery and aquaculture producers</li> <li>▶ High volatility of first sale prices</li> </ul>
<b>Under exploited market potential</b>	<ul style="list-style-type: none"> <li>▶ Marketing standards outdated and too rigid (business to business)</li> <li>▶ Difficulties for EU consumers to make informed choices:</li> </ul>
<b>Complex framework and burdensome implementation</b>	<ul style="list-style-type: none"> <li>▶ Complex legal architecture and inconsistency of instruments</li> <li>▶ Burdensome management</li> </ul>

### 3.1. Limited contribution of the EU Market Policy to sustainability of production

#### 3.1.1. Numerous EU fisheries are not exploited in a sustainable way

European fish stocks have been overfished for decades and the fishing fleets remain too large for available resources. 88% of Community stocks were fished beyond MSY in 2009: this means that these stocks could increase and generate more economic output if they were left for only a few years under less fishing pressure<sup>21</sup>. The outcome has been a continuous decrease in the amounts of seafood fished from Europe’s

<sup>20</sup> A European strategy for smart, sustainable and inclusive growth: developing an economy based on knowledge and innovation, promoting a more resource efficient, greener and more competitive economy, fostering a high-employment economy delivering social and territorial cohesion.

<sup>21</sup> 30 % of these stocks are outside safe biological limits, which means that they may not be able to replenish ; See the IAR on the Reform of the CFP.

waters. Consumers, processing and retail sectors increasingly share these concerns and require guarantees that the fish they consume and sell originates from well-managed and sustainable fisheries.<sup>22</sup>

### **3.1.2. Limited market incentives**

Until the late 1990s, there were very limited market premiums for sustainable practices or no market sanctions for potential or real unsustainable practices. Environmental sustainability was not particularly well supported by market players i.e. purchasers and consumers. Since then, there has been a growing interest in calling for increased sustainability of fisheries and in the development of eco-labels. Commitments of processors and retailers to sustainable sourcing and sustainable fishing labelling progressively increased in the last decade. Since 2008, large retailing companies in the USA and in the EU started publicly setting targets for sustainable sourcing<sup>23</sup>. Certified and labelled sustainable products have registered significant market penetration in the EU. Organic certified aquaculture production is also a very recent development<sup>24</sup>. The increased awareness of sustainability issues of marine resources has led to the deterioration of the image of the sector.

### **3.1.3. Wrong policy signals**

Producer Organisations have been granted responsibility to manage market interventions. However, withdrawal mechanisms leading to destruction of fish products, even of limited level and decreasing intensity, cannot be politically and economically justified in the context of scarcity and fragility of the EU resources and growing demand on the EU market.

The effectiveness of the CMO was conditioned by internal and external inconsistencies, due to the diversity of instruments (i.e. conservation and market instruments, 2 financial instruments) and lack of incentives to foster sustainable fishing.

## **3.2. Deterioration of market position of EU production**

### **3.2.1. Limited or decreased EU production opportunities (fisheries and aquaculture)**

The CFP, which was reformed in 2002, and the various management instruments (quota, efforts, technical measures etc.) did not prevent the continuous deterioration of fishing stocks in EU waters. Consequently, fishing opportunities defined in terms of total allowable catches have continuously decreased for most of species targeted in EU waters. In this context overcapacity has continued to be a burden on profitability (high fixed costs) and a risk for additional pressure on stocks. The CMO did not contribute to providing market opportunities and stability for EU production so as to get more value from stagnating or decreasing volume of production, while encouraging good practices.

EU fisheries production has registered a steady decrease in the last decade (- 2 million Metric Tons -MT). Over a million MT of this is linked to the reduction in Danish industrial fishing, essentially for non-human use. As regards catches for human consumption, demersal fish landings have fallen more sharply (-36%) than those of pelagic fish (-21%). EU aquaculture production<sup>25</sup>, has not made up for the reduction in catch. Its production stabilised overall between 1996 and 2008. Freshwater aquaculture (-10%)

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<sup>22</sup> Green paper: Reform of the Common Fisheries Policy - COM(2009)163 final

<sup>23</sup> Commitments of large processing, catering and retails companies in particular in UK, Germany, France, USA ... to increase their sourcing with sustainably certified products

<sup>24</sup> Detailed rules on organic aquaculture animal and seaweed production were adopted in August 2009 (Commission Regulation 710/2009)

<sup>25</sup> With a production of 1.3 million tonnes in 2006.

declined, while saltwater aquaculture increased significantly (+13% between 1996 and 2008)<sup>26</sup> mainly due to expansion of seabass and sea bream farming in the Mediterranean.

### **3.2.2. Fragmentation of the production side and strong concentration of demand**

Fundamental drivers of fragmentation of the production side are linked to the variety and complexity of the sector. EU producers catch or farm over 500 different species (fish, molluscs and crustaceans), each of them or a group of them having some specific features in terms of availability, seasonality, production modes both for fishing (metiers; gear, fishing patterns) and farming. This fish is brought ashore at a large number of landing sites (around 1000 for IT and FR alone). Likewise fish gets sold at a large number of sales sites (some 400 auctions) and via different modes (direct sales, contract with processors, restaurant, wholesalers, etc.).

Production volume register wide variations depending of the species: the first ten species represent some 50% of total EU production. In DE and NL, some 90% of landings are made up of 10 species, there is a greater range in FR and IT where the comparative figure is 50% to 60 % made up by the top ten. This also means that a large number of species are mainly limited to local markets.

Such diversity and complexity limit selling capacities and bargaining power vis à vis purchasers' demand. In general terms compared with agriculture production, with its much more concentrated species base for livestock, but more diverse fruit and vegetable production, little has been achieved to foster and structure producer cooperatives or collective actions to market fisheries and aquaculture products. Unlike fruit and vegetable POs, fishery and aquaculture POs have not fully succeeded in grouping supply. This appears particularly important when considering the structural concentration of retail. Supermarkets have a majority share of fisheries and aquaculture product retail distribution that continues to grow in all major EU markets (55% in SP, 70% in IT, 80% in FR, DE and UK). Nowadays, this growth essentially comes from distribution of fresh products, given that supermarkets already totally dominate frozen and canned segments. The progressive change towards large retail networks has led to concentrate the offer to EU consumers on a few high range products (salmon, cod and an increased share of aquaculture products (sea bass, sea bream)<sup>27</sup>. In 2008, the first ten species concentrated 60% of consumption in the EU (live weight equivalent)<sup>28</sup>. The remaining part is very much linked to national and regional availability and consumption habits. The diversity described makes it difficult to encompass all the different aspects comprehensively within a one single EU policy.

### **3.2.3. Lack of competitiveness of EU operators in an increasingly globalised market<sup>29</sup>**

EU producers have not been able to provide the growing EU market with adequate volume of products. As a consequence EU self-sufficiency rate fell from 57% to 35% between 1996 and 2006. The EU market is now supplied from 25% from EU fisheries production; 10% from EU aquaculture and 65% from imports. With the EU demand continuing to steadily increase, imports of fisheries and aquaculture products are broadly recognised as essential to satisfy the needs of the EU market. The trend is for the growing amount of imports to be concentrated on species for which there is a deficit at EU level and in particular for white fish (cod, hake and haddock) whose deficit reaches 90%. In addition, to the reduction in availability in EU fisheries, the evolution of demand in the EU although globally increasing, has led to a reduction of consumption of some traditional species such as herring (consumption decreased by nearly half per capita

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<sup>26</sup> Aquaculture production in the EU is dominated by the 3 large Mediterranean countries (Spain, France and Italy) and the United Kingdom, which between them account for two thirds of EU production. During the past few years alone, production of new marine finfish species has increased by 60% for turbot, 37% for sea bass and 24% for sea bream.

<sup>27</sup> Half of UK consumption is concentrated on three species: salmon, cod and tuna against 25% in the EU.

<sup>28</sup> Study of Ikmes for Ofimer (now FranceAgriMer): formation des prix sur les produits aquatiques

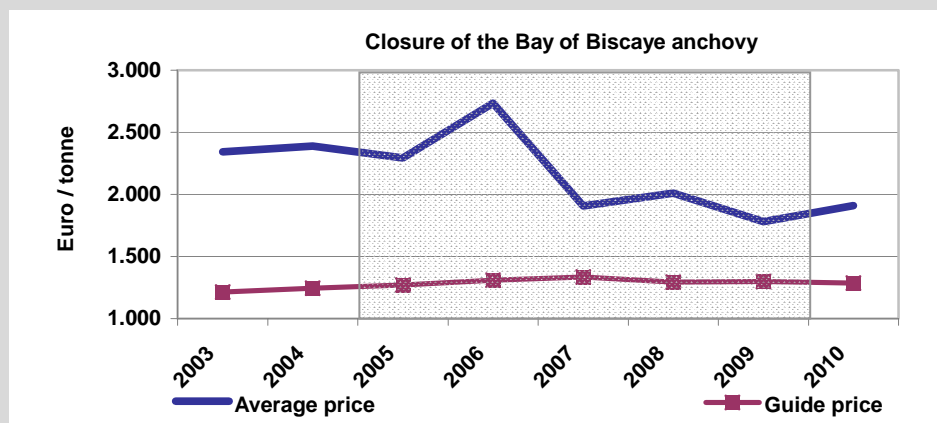
<sup>29</sup> The proportion of world fishery production traded internationally (live-weight equivalent) was an estimated 37 percent in 2009 representing above US\$100 billion. (FAO Sub Committee on fish trade 2010)

in DE and POL) and plaice. Examples of recovered EU fisheries show that the additional supplies do not automatically lead to recover its original market. Once market share is lost, even in a positive context of growing demand, re-entering the market is neither automatic nor straightforward and a specific marketing strategy is required.

*Table 5: Case study: the reintroduction of the Bay of Biscay anchovy*

The Bay of Biscay anchovy fishery was closed for during five years (2005-2010) due to risk of collapse. This has deprived Spanish and French fishermen from a particularly lucrative traditional market (around 2.5 € / kg at first sale and 15 and 20 € / kg in Madrid and Barcelona markets). The first catches following the reopening in 2009 brought small fish (30-40 fish per kg.) of little commercial interest, sold at a price which was just above the withdrawal price. For the full year 2010 the mean price for the overall catch was around 20 to 25% below the price which was available before the closure.

Average price at first sale for Anchovy (*Engraulis encrasicolus*)



The problem is more market oriented now one than about resources. Buyers for processing and for the fresh market had switched to new sources of supply from third countries of good quality for an attractive price (Morocco, Argentina, Chile and Peru) which were all offering mature anchovies. The Spanish and French POs, though previously on opposite sides in the conflict over this resource got together and started to work on two key issues: fishing less and larger fish which the market preferred and medium term business strategy via a label to allow the Bay of Biscay anchovies to be differentiated.

The market liberalisation for fisheries and aquaculture products is particularly advanced by means of the EU Trade Policy. If the tariff liberalisation has contributed to ease supply to the EU market, it has contributed to the deterioration of market conditions for some products of interest for EU producers ("substitution effect": imported new and cheaper species becoming proxy for look alike traditional and more expensive species, impact on first sale prices and revenues).

Competitiveness is also very affected by other important regulatory and socio-economic factors (labour cost, cost of compliance with conservation, monitoring, control and surveillance measures, health and safety regulations, etc.) on which the CMO has little or no influence. The CMO impact on competitiveness has been mixed and limited to upstream stages of the value chain. On the contrary autonomous trade arrangements with third countries appear to have had direct effects on competitiveness, but only for the processing industry.

### 3.3. Inability to anticipate and manage market fluctuations

#### 3.3.1. Lack of predictability of the EU supply

Fishing, more than other food production sector, is characterised by uncertainty with regard to production conditions (weather hazards, seasonality) and access (changes in quotas linked to stocks conditions) which give rise to big fluctuations in supply. Aquaculture, on the other hand is generally able to supply the product demanded on a regular basis.

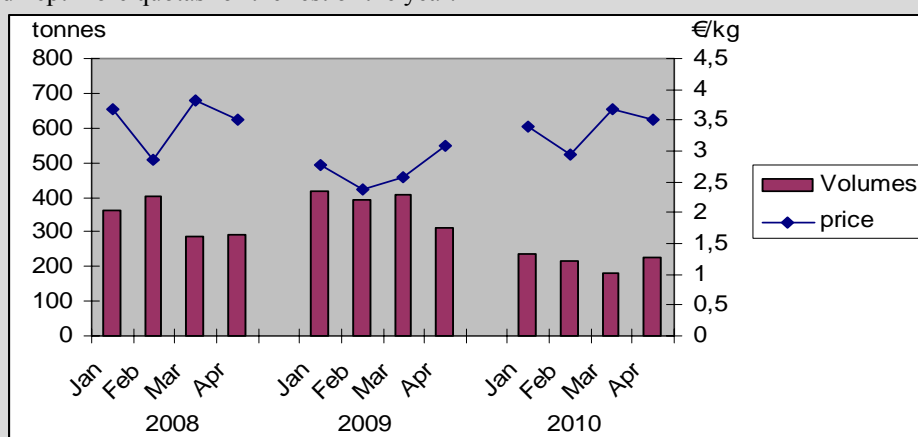
Producer involvement in production and marketing planning according to market demand has remained weak in the capture sector. To date, tasks carried out by POs have been limited to planning and regulation of fishing activities (sometimes dealing with quota management) rather than marketing activities. It has



often been observed that the fisheries sector, and to a lesser extent the aquaculture sector "do not sell their products, but that people buy them." Potential buyers have no or late information on volumes available or place of landings. This leads to multiplicity of intermediary operators in charge of grouping landings and providing an adequate range of species.

*Table 6: Case study: management of cod supply*

In 2009, following the implementation of a recovery plan for cod, quotas for cod were reduced for French POs. This situation resulted in a "race for quotas" among French fishermen. In order to be sure to have their share of cod quotas, fishermen targeted cod as from January and landed 15% more cod during the first quarter in 2009 than in 2008. As in the meantime cod landings were abundant in Norway and Iceland and cheap imports of fresh cod from these countries were available on the EU market, price for cod at first sale dropped by 25%. Moreover, French quotas were rapidly exhausted and fishermen were not able to deliver much cod as from April, whilst demand for cod increased during that period of the year. In 2010, POs decided to limit cod landings during the beginning of the year, which led to better first sale prices, similar to 2008 and kept more quotas for the rest of the year.



*First sale price and volumes of cod at French auctions (source FranceAgrimer).*

### 3.3.2. Lack of anticipation of market demand by EU fishery and aquaculture producers

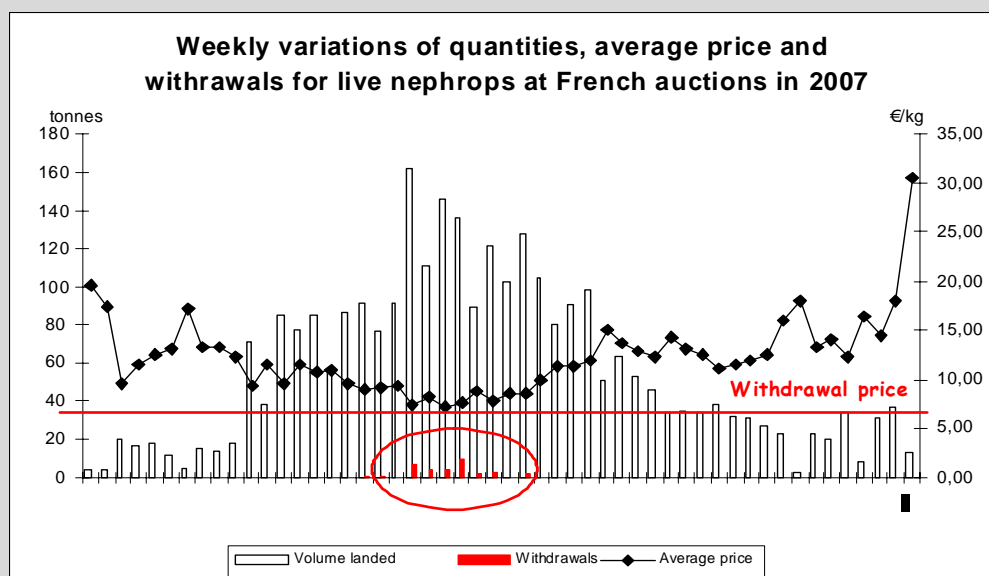
The fisheries and aquaculture sector is characterised by difficulties for producers stakeholders to anticipate, prevent and manage crises and market fluctuations mainly due to lack of market knowledge. Despite a very dynamic intra-EU trade in fisheries and aquaculture products and high level of imports, information on market developments (demand, third countries competitors ...) is not available to most producers limiting therefore their ability to adapt catch plans.

Still there are some structural trends in the EU markets that can be anticipated. Clear differences in price elasticity of demand exist between species and markets. Price elasticity is strong for those species which have a good image and which are traditional favourites (such as monkfish, cod, scallops etc.). On the other hand, price elasticity is low for other staple species which are purchased by "traditional consumers", these include fresh, smaller and more fragile products.

Coordination within the sector is limited. The possible support of the current CMO to Interbranch Organisations (IBOs) has been very seldom used. IBOs are made of representatives of production (fisheries or aquaculture), trade and processing. In 2007 four IBOs were recognised in three MS: two in SP (one in the catch sector, one in aquaculture), one in FR (aquaculture) and one in IT (both catch and aquaculture). This may be due to the complex and often conflicting relations between producers and downstream operators, the low level of EU supply to the processing industry and the different concentration of upstream and downstream operators. Better organisation of production appears to be a pre requisite for functioning Interbranch coordination. Such developments are being observed in some MS: in Spain and France in March 2010.

Table 7: Case studies Nephrops: meeting the demand

There is strong seasonality in nephrops demand which is peaking in July/August and for Christmas. Nevertheless, nephrops landings in France are traditionally the most abundant in May/June, which has a depressing impact on prices. The inadequacy between landings and demand is so important that part of the landings have to be withdrawn every year during several weeks, which is both very costly for POs and not positive in terms of resource management. Traditional annual catch plans between various species and métiers prevent so far optimising value of nephrops landings over the year.



Source : FranceAgrimer

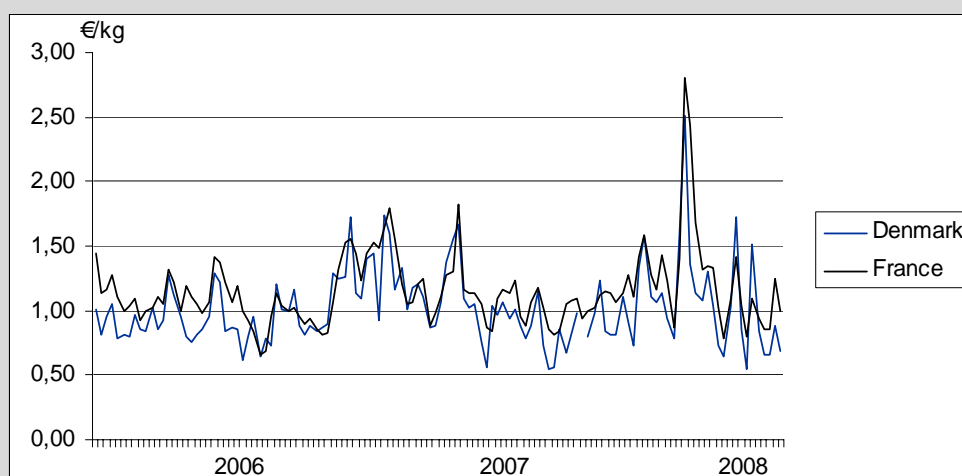
### 3.3.3. High volatility of first sale prices

First sale prices of fresh fish are generally characterised by significant volatility linked to the inherent fluctuations in landings and the general low level of contracting in the sector i.e. agreeing on price, volumes and quality in advance. The daily pricing system of auctions facilitates the sale of a wide variety of products from numerous different species but with limited volumes. Producers often have limited advance knowledge of possible sale prices and therefore do not adapt their production strategies (species targeted, volume and timing and place of landing etc.).

Prices of imported products appear to be much more stable compare to EU production, notably since they are mainly linked to major frozen commodities coming from aquaculture or major fisheries. Important seasonal prices variations also characterise catches of some of the large commodities such as tuna and salmon.

Table 8: Case study: Evolution of North Sea Saithe price at first sale

Saithe is one of the major species landed in the EU for human consumption. Despite an overall stability between 2006 and 2008, first sale price of Saithe registered large fluctuations on a weekly basis. The average price over the period was around 1.00 €/kg, with sudden drops to 0.50 €/kg and sudden increase above 1.50 €/kg and even once to 2.70 €/kg. On a monthly basis, the price is much less volatile. (source: FranceAgrimer; Hanstholm auction- DK)



As for policy drivers, overall, the market intervention policy overall had little impact on first sale prices. The effect of intervention on price stability in the last decade has been restricted to a safety net which avoids excessive price fluctuations in some local markets (in particular for pelagic species). Interventions on the market do not prevent volatile prices but may only correct sudden price falls. In addition, since EU enlargement to 27 MS, EU guide prices for certain species have been above first sale prices. This requires PO intervention for all quantities landed of such a species in some new MS. On the other hand, in MS with higher average prices, market intervention is impossible, including in the case of a real market crash. Local or regional realities are therefore not reflected in the current system. It should be noted that the market interventions policy in the fisheries and aquaculture sector has been historically very limited in terms of budget allocated and is the most modest in relation to other agricultural CMO's.

Table 9: EAGF spending and production value 2005 for CMO of agricultural and fisheries products

Products	Expenses EAGF millions of euros	Production value millions of euros	% FEOGA production value
<b>Fishing and aquaculture</b>	<b>13</b>	<b>8 000</b>	<b>0,2%</b>
Hops	13	243	5,3%
Seeds	109	932	11,7%
Pigs, eggs and poultry	124	49 444	0,3%
Rice	436	522	83,5%
Textile plants	972	1 265	76,8%
Wine	1 267	14 870	8,5%
Sugar (beet)	1 793	5 875	30,5%
Fruit and vegetables	1 748	67 101	2,6%
Sheep and goat meat	1 837	5 394	34,1%
Olive oil	2 311	5 237	44,1%
Milk	2 755	43 500	6,3%
Cattle	8 176	25 156	32,5%
Cereals	17 812	28 063	63,5%

Sources: EAGF and Eurostat

### **3.4. Under exploited market potential in the EU**

#### **3.4.1. EU marketing standards partially outdated**

In terms of policy drivers, neither the common marketing standards nor the quality improvement plans had direct effects on product quality, the latter being limited to the submission of only four plans. The marketing standards however played an important role in the grading of freshness according to harmonised quality standards. Overall, quality has improved over the last decade but this has mainly been due to other factors such as market requirements, modernisation of the fleet, Financial Instrument for Fisheries Guidance (FIFG) investments, and private initiatives. Some inconsistencies between landing and marketing minimum sizes defined in the CFP and the CMO have also been identified.

Distance selling and e-commerce are currently constrained by difficulties in obtaining homogenous and precise information on products characteristics.

#### **3.4.2. Difficulties for EU consumers to make informed choices**

The consumer information provisions in the CMO provide a harmonised minimum set of compulsory information<sup>30</sup>, while leaving flexibility to add further information. Nevertheless, the effectiveness of the provisions was affected by a mixed application depending on type of product and MS (insufficient controls in certain MS and a number of infringements). Knowledge about fisheries products progressed overall but the effect of the legislation was indirect and relatively marginal. External factor played a more important role, i.e. information campaigns, communication by NGOs or professional organisations, marketing information.

Existing mandatory information is characterised by limited scope and is very broad. There is large consensus that information on provenance defined by FAO area (eg North East Atlantic, Mediterranean Sea) is much too broad to provide useful information. In addition a large part of products consumed in the EU are exempted from these labelling obligations in particular canned and processed products (chapter 1604 and 1605 of the combined nomenclature), fisheries and aquaculture products sold in restaurants and catering.

In addition, enquiries and information from MS and NGOs demonstrated that application of the existing regulation has not prevented consumers being misled as regards the species offered for sale, its provenance or its sustainability. There have been calls for action from the Commission in the area of environmental claims.

EU consumers are more and more aware as a result of extensive media coverage (according to some estimations second only to the topic of climate change) of the challenges that marine resources are facing and they want to have more information as shoppers. Is this fish fresh or defrosted? Where exactly was it caught? Was it fished or produced sustainably or traded fairly? Despite this, the industry lacks collective or common actions to communicate the information they increasingly expect to receive to make more informed choices.

Some recent voluntary developments are being observed (more precise information on provenance, ecolabels<sup>31</sup> etc.). Still, compared with other food products differentiation strategies and merchandising is very limited. Quality marks such as Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), or other such as Label Rouge are only of marginal interest to the sector judging by uptake

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<sup>30</sup> Commercial name, production method (catch or aquaculture), provenance (FAO catch area or country of production for aquaculture products. Some marketing standards for canned products (tuna and bonito) provide guidance for labelling of these products.

<sup>31</sup> For instance, the Marine Stewardship Council (MSC) certification, have registered a steady increase, driven by Northern European countries so far, and large retail chains. Over 6% of fishery products sold in the EU are certified in a sustainable fishing programme.

and branding except for some processed products. Regional quality labels and brands are being developed in some countries (SP, FR). However, these quality labels have little recognition outside their countries.

### **3.5. Complex framework and burdensome implementation**

#### **3.5.1. Complex legal architecture**

Within the CFP, the legal framework of the current CMO includes 4 Council Regulations, and 23 implementing Commission Regulations (see Annex 1). Moreover, the yearly running of the CMO requires the adoption of a Council Regulation fixing guide prices with six concomitant Commission Regulations.

#### **3.5.2. Multiplicity and inconsistency of instruments**

Minimum landing sizes (expressed in length) are defined in the conservation policy and in the CMO minimum marketing sizes (expressed in weight) are defined by CMO. They are not always consistent which leads to implementation and control difficulties. Financial support to withdrawal is not compatible with a conservation policy.

Financial support to marketing (promotion, quality, less popular species, etc.) are eligible to EFF and therefore decided by MS within their operational programme. However, there is no link with CMO instruments focused on improving marketing of their products by POs.

The Market Policy uses two different financial instruments: the EAGF and the EFF with two different financial management instruments (central direct management for EAFG and shared management for EFF) (see Annex 1). The duplication of financial instruments supporting market measures makes it difficult for POs to find a swift and efficient way to fund their activities (intervention and planning). In addition, although some initiatives for marketing of fisheries and aquaculture products are relevant at transnational level (same species, consumption areas...) existing EU instruments do not make it possible to support them.

#### **3.5.3. Burdensome management**

The complexity of the legal framework involves some difficulties in its day-to-day implementation. A significant administrative burden for POs and public authorities result to the numerous notification requirements due to the different current intervention mechanisms.

The double funding of the Market Policy (EAGF and EFF) with different administrative procedures, entail an additional burden to administrations and beneficiaries of the aids.

### **3.6. The right for the EU to act**

According to Article 3 (1d) of the Treaty of the Functioning of the European Union (TFEU), the European Union has exclusive competence for the conservation of marine biological resources under the CFP. Article 4 (2d) TFEU stipulates that the EU has shared competences for the other components of the CFP. These provisions determine the scope of action as regards what needs to be addressed at the level of the EU and what room remains for MS to act. They also affect the form of the EU action, in terms of choice of instrument. Market measures under the CMO fall within the scope of Article 4(2d) TFEU, and therefore it is necessary to justify the measures with regard to the subsidiarity principle.

The establishment of a Market Policy at EU level is essential to achieve the internal market in fisheries and aquaculture products and to ensure fair competition. The respect of the subsidiarity principle requires that MS and economic operators should enjoy a high degree of autonomy in the application of different mechanisms pertaining to the Market Policy.

The CMO was created to achieve the objectives laid down in Article 39 of the TFEU. There is also a need to focus on sustainable exploitation of fishing resources and better fisheries governance.

Council Regulation (EC) No 104/2000 establishing a Common Market Organisation in fisheries and aquaculture products does not contain any specific provision for its revision by a given deadline. Obligations to evaluate the existing legislation and shortcomings identified, together with the links between Market and Conservation policies, within the framework of the CFP reform, represent an opportunity to revisit the relevance of its objectives and instruments. In addition, there is a need to align the CMO with the new framework set out in the Lisbon Treaty.

## SECTION 4 OBJECTIVES

### 4.1. General objectives

The future Market Policy should contribute and strengthen the CFP objectives of managing resources, giving rise to fishing and aquaculture activities which would be run in a much more sustainable manner (economic, social and environmental). The specific objectives for each problem area are outlined in Table 10 and discussed in the following texts.

*Table 10: Specific objectives for the main problems identified*

Problems	Specific objectives
Limited contribution of the EU Market Policy to sustainability of production	Reinforced market incentives to support sustainable production practices
Deterioration of market position of EU production	Improve market position of EU production
Inability to anticipate and manage market fluctuations	Better connect EU production to the EU market
Under exploited market potential	Enhance market potential of EU products
Complex framework and burdensome implementation	Support better governance and simplification

### 4.2. Specific objectives

#### 4.2.1. Reinforced market incentives to support sustainable production practices

Environmental sustainability is a precondition for economic and social sustainability. Market development and policy should contribute to this objective by bringing value to sustainable practices and restricting access to unsustainable products.

EU producers (fisheries and aquaculture) within PO's are on the coal face of production, day to day resource management and market issues. They are core stakeholders with a potentially strong role in consistent implementation of various components of the CFP. Their role, responsibility and mandate should be reviewed in line with the objectives of the reform of the CFP in order to direct production activities towards sustainability. Other operators upstream in the sector should also be targeted so as to become more committed and responsible for sustainability of their sourcing. In this context, marketing of sustainable production should be encouraged.

#### 4.2.2. Improve market position of EU production

While considering the structural constraints and uncertainties presented in Section 3, there is space for improvement in the way EU producers manage their production activities and put their products onto the market. Addressing market imperfections and changes, as well as organisational matters, leads to the following operational objectives:

- Improve producer activities by grouping supply and better marketing their products (first sale)
- Increase competitiveness of EU production (quality, innovation and added value)
- Reinforce bargaining power of producers

- Improve level playing field conditions of EU production vis à vis imports
- Prevent circumvention of conservation measures by imported fish products

#### **4.2.3. Better connect the EU production to the market**

Structural market changes and short term fluctuations should be better reflected in producers' strategies. From an operational point of view, this supports the development of market knowledge and analysis on the demand side and on competing supplies for the fishery and aquaculture producers in view of improving and adapting planning of their production. Improvement of management abilities would contribute to the achievement of this objective. As far as coordination along the marketing chain is concerned, increased transparency of markets should facilitate supply meeting demand and enhance policy decision making. A complete review of the market intervention policy is needed on this account. The volatility of first sale prices can be reduced by improving conditions for placing POs' products on the market and by ensuring that production is planned and adjusted to demand in terms of quality and quantity. POs would more effectively concentrate the supply and marketing of the products of their members.

#### **4.2.4. Enhance market potential of EU products**

The functioning of the internal market for fisheries and aquaculture products is suboptimal in particular due to information failure. From a business to business perspective and taking into account the increased distant buying and potentialities of e-commerce, adequate and precise products specifications (freshness, grading etc) should be more easily available to purchasers. The comparative advantages of EU production (freshness, local, variety etc.) could be better exploited with more differentiation and merchandising. Finally EU consumers have the right to be informed with more precise and reliable information to reinforce confidence in fishery and aquaculture products.

#### **4.2.5. Support better governance and simplification**

The desired objective in terms of legal framework should be to strengthen consistency with the reformed CFP. The current CMO should be integrated as one "Chapter" into the new single basic regulation on the CFP. It is also necessary to adapt the CMO to the new framework set out by the TFEU.

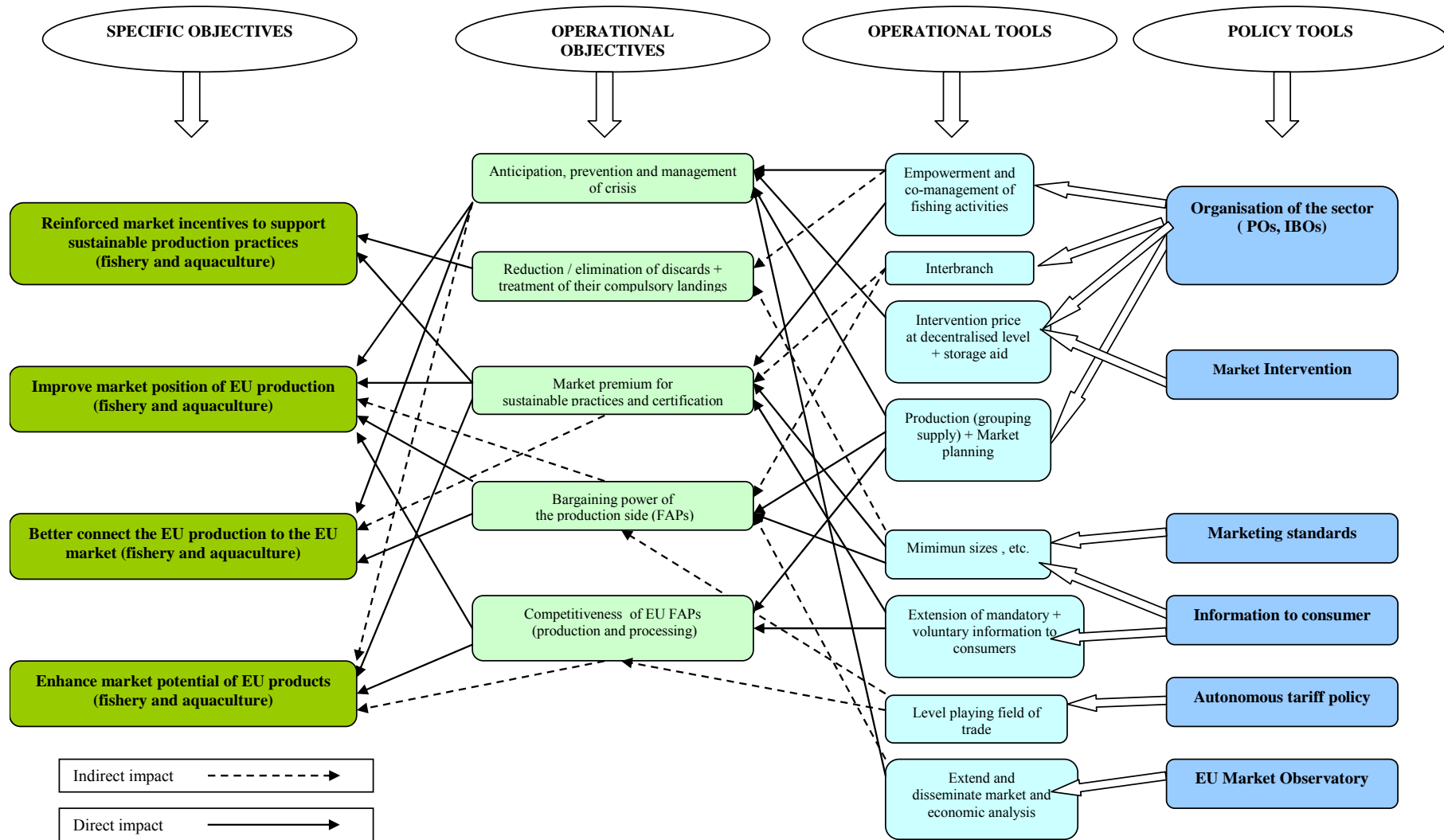
The existing provisions and instruments should be reviewed, simplified and clarified.

Without pre-judging decision on the future EU financial framework, the Market Policy should be supported in the context of a new financial fund to be implemented within the reformed CFP.

The administrative burden and stakeholder's obligations in implementing, monitoring and controlling Market Policy should be reduced at the most adequate level.

### 4.3. Intervention logic

The links between the specific objectives and the policy tools can be summarised as follows:





## SECTION 5: POLICY OPTIONS

On the basis of evaluations conducted, stakeholders views, specific objectives defined and policy tools identified, four options have been analysed.

- **Option 1** : Continuation of the current Common Market Organisation (hereafter "Status quo")
- **Option 2**: Adjustments of the current Common Market Organisation for fisheries and aquaculture products (hereafter "Adjustments")
- **Option 3** : Enhanced Market Policy for fisheries and aquaculture products (hereafter "Enhanced Market Policy ")
- **Option 4** : Deregulation of the current Common Market Organisation for fisheries and aquaculture products (hereafter "Deregulation").

**Option 2** reduces intervention mechanisms to a single storage aid for fishery products destined for human consumption. It deals with inconsistencies between minimum landing and marketing sizes. It makes revision of tariff quotas and autonomous suspension more flexible (every 3 years).

**Option 3** is the same as option 2, but empowering POs and Inter-Branch Organisations (IBOs) with additional tasks and granting them financial support to draw and implement sustainable production and marketing plans. This option also simplifies and adapts the scope of marketing standards; it inserts the respect of international conventions for fisheries governance for sourcing under preferential autonomous tariff arrangement; it sets up a European Market Observatory; it extends mandatory consumer information and its scope to all products (fresh, frozen, canned, processed). It provides a framework to ensure accuracy and control of voluntary labelling.

**Option 4** no CMO. This option suppresses all financial support (intervention and support to collective actions) and any specific legal instrument for fisheries and aquaculture products. No precondition for imported fisheries and aquaculture products.

The four options are described in more details by the following specific objectives:

### 5.1. Reinforced EU policy market incentives to support sustainable production practices

Option 1: Status quo	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
<ul style="list-style-type: none"> <li>• POs : manage market intervention mechanisms (withdrawals, carry over, private storage, tuna compensatory allowance)</li> <li>• POs : develop planning and marketing of production within operational programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Elimination of withdrawal mechanism;</li> <li>• Introduction of simplified single storage aid for fishery products stored /processed and reintroduced onto the market for human consumption; setting orientation price at adequate level</li> <li>• Review of minimum marketing size to be consistent with biological size</li> </ul>	<p>Same as option 2 and add:</p> <ul style="list-style-type: none"> <li>• Empower POs by strengthening their missions to ensure sustainable activities of their members (co-management of fishing opportunities, reduction of aquaculture impact on the environment , control and sanction of their members, reduction / elimination of discards,)</li> <li>• Facilitate partnership ( POs and IBOs) for sustainable production, sourcing and consumption (standard contract, eco-labelling, information) including at transnational level</li> <li>• Preferential autonomous tariff arrangement for sourcing only countries that respect global conventions framing international fisheries governance.</li> </ul>	<ul style="list-style-type: none"> <li>• Operators organised in a voluntary and private way or according national law.</li> <li>• Only private initiatives to move to sustainable sourcing and consumption</li> <li>• No sustainability pre-conditions on imports in trade instrument</li> </ul>

## 5.2. Improve market position of EU production

Option 1: Status quo	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
<ul style="list-style-type: none"> <li>• Current PO quality plans</li> <li>• Current Autonomous tariff policy maintains existing shape. Tariff suspensions defined in 1999 fixed for the duration of the regulation and tariff quota reductions revised every 3 years. System accompanied by reference price system. Coverage of measures limited to un/semi-processed products</li> </ul>	<ul style="list-style-type: none"> <li>• Provisions for supporting POs in aquaculture</li> <li>• Autonomous tariff policy with tariff quotas and autonomous suspensions to be revised on a 3 yearly basis. Coverage of measures limited to un/semi-processed products</li> </ul>	<p>Same as option 2 and add:</p> <ul style="list-style-type: none"> <li>• Support to fishing/aquaculture POs and/or POs associations (through concentration of supply and production and marketing planning including improvement of product quality and innovation)</li> <li>• Strengthen missions of IBOs to develop measures intended to enhance coordination within the value chain, both at national and transnational levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Organisation of production managed by private operators.</li> <li>• Without pre-condition for imports a level playing field should disappear putting at risk the move towards more market oriented policy</li> <li>• Reference prices would no longer apply.</li> </ul>

## 5.3. Better connect EU production to the EU market

Option 1: Status quo	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
<ul style="list-style-type: none"> <li>• Current market intervention policy remains.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce intervention mechanisms to a single storage aid (no public aid for withdrawal of fish) for fishery products re-introduced to the market for human consumption.</li> </ul>	<p>Same as option 2 and add:</p> <ul style="list-style-type: none"> <li>• Strengthen POs missions to ensure a better planning and grouping of their production and that production is adjusted to demand in terms of quality, quantity and presentation</li> <li>• Foster new missions for IBOs to improve coordination along the marketing chain (standard contracts, exchange of information), innovation, new market outlets), and actions of common interest (promotion and information campaign)</li> <li>• Establish a European Market Observatory<sup>32</sup> to provide operators and policy makers with information all along the value chain and to improve transparency of the markets</li> <li>• If necessary accompanying measures for placing discards species landed on the market</li> </ul>	<ul style="list-style-type: none"> <li>• No market intervention mechanisms</li> <li>• Market analysis and transparency left to private operators.</li> </ul>

## 5.4. Enhance market potential of EU products

Option 1: Status quo	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
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<sup>32</sup> A European Market Observatory is not in place currently. The on-going preparatory action (see Annex 8 for more details) would provide harmonised economic information allowing stakeholders, and public authorities to have a global overview of European markets and to compare different local or regional market situations. Mainly, based on the current data reporting obligations, it would collect and harmonise market data all along the supply chain of fisheries and aquaculture products in Europe. Moreover, it would produce relevant charts and tables as well as ad hoc market analyses and ensure an adequate and rapid dissemination of this information to all users concerned.

<ul style="list-style-type: none"> <li>Existing marketing standards on freshness, minimum marketing sizes, provision for canned tuna remain.</li> <li>Compulsory information to consumers remains (3 criterias).</li> </ul>	<ul style="list-style-type: none"> <li>Review marketing standards to enhance consistency between landing and marketing minimum sizes.</li> <li>Compulsory information to consumers remains.</li> </ul>	<p>Same as option 2 and add:</p> <ul style="list-style-type: none"> <li>Simplification and adaptation of marketing standards (elimination of freshness categories and grading; adaption of standards for canned products to conservation requirements and international obligations)</li> <li>Reinforcement of mandatory requirements for information to EU consumers (extension to canned and processed products; more precise information on product provenance; additional indications of defrosted products and day of capture;</li> <li>Frame for voluntary information: (environmental, ethical or social claims, production techniques and production practices) possibilities and legal basis to set minimum requirements if necessary in line with international and EU guidelines<sup>33</sup>.</li> <li>Support certification (quality, production techniques), innovation and promotion including at transnational level.</li> </ul>	<ul style="list-style-type: none"> <li>Suppression of marketing standards for fisheries and aquaculture products (except to respect EU international commitment such as for canned sardines or tuna).</li> <li>No specific compulsory information to consumers (without prejudice of others EU law on labelling).</li> <li>No specific frame for voluntary information provided on a private basis (without prejudice of others EU law on labelling).</li> </ul>
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### 5.5. Support better governance and simplification

Option 1: Status quo	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
<ul style="list-style-type: none"> <li>4 Council Regulations and 23 implementing Commission Regulations</li> <li>1 Council Regulation, 6 Commission Regulations to set guide prices and intervention prices</li> <li>2 financial instruments : EAGF (centralised management) and EFF (shared management)</li> </ul>	<ul style="list-style-type: none"> <li>Only one Council and EP Regulation</li> <li>No yearly Regulations for prices</li> <li>One single financial instrument (new EU Fund for Maritime and Fishery Policy) manage under shared management.</li> </ul>	<ul style="list-style-type: none"> <li>Concentration and simplification of financial support in one single CFP financial instrument.</li> <li>Reduce the number of legal acts and simplify management of markets instruments.</li> <li>Include more flexible mechanisms (market interventions, autonomous suspensions and quotas...)</li> <li>EU financial support for collective actions by POs and IBOs (storage aid, planning and management of production and marketing (e.g. support for quality, promotion, including at transnational level, labelling, certification, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>No autonomous tariff quota and suspension in a specific Council Regulation for fisheries and aquaculture products</li> <li>Only Article 31 of the TFEU (Common Customs Tariff duties) applies for unprocessed and semi-processed products. (DG TAXUD leads, DG MARE associated) (bi-annual Council Regulation based on MS request).</li> <li>No financial instrument to support the Market Policy</li> </ul>

<sup>33</sup> December 2010 Commission Communication: EU best practice guidelines for voluntary certification schemes for agricultural products and foodstuffs ( 2010/C 341/04 ) : <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:341:0005:0011:en:PDF>

## SECTION 6: METHODOLOGY USED

### 6.1. Sources and data

The impact assessment is based on the external evaluations that measured the effects of CMO instruments on development of sustainable fishing, price stability and market balance, income of producers, quality of the products and information to consumers.

The evaluation focused on all fisheries and aquaculture products concerned by Regulation 104/2000 in its annex 1 with particular focus on products eligible to market intervention. Large surveys and bilateral meetings involved POs, fisheries and aquaculture organisations and MS. Field visits took place in 10 MS: meetings with national administrations, research centres, producers, wholesalers, processing industry, importers and retailers. Eight detailed case studies were published on marketing and business potential of certain fisheries and aquaculture products in specific markets<sup>34</sup>.

Data collection and analysis are based on Eurostat, Comext, FIDES, FAO and DG Mare's own calculation. Analysis was limited by large variations of data availability between EU MS.

### 6.2. Methodology to assess impacts

Options 2, 3 and 4 are assessed in terms of their effectiveness, efficiency and coherence and are analysed vis à vis the expected development of the Base Line scenario (option 1: Status Quo). Quantitative, qualitative and trends analysis have been conducted.

Assessment of impact of the organisation of the sector is complex and of a quantitative and qualitative nature. The percentage of EU production covered by POs provides a relevant indicator (annex 2 and 3). Benchmarking analyses with other food sectors and market policies (Common Organisations of Market in agricultural sectors) have been conducted. In particular, detailed analysis and comparison with the reform of Fruit and Vegetables CMO demonstrated common features (fresh products, numerous producers, price volatility...). Objectives of the Market Policy are also similar to some extent: contribute to protection of the environment, strengthen the producers' position and income, stabilise the market, managing costs, strengthen competitiveness. This provided useful benchmarks on policy tools to support organisation of the sector for marketing and crisis management (see annex 5) taking into account large differences in the budget intensity allocated for market intervention (see table 9).

Impact of the intervention policy is extracted from the evaluation study and trend analyses have been conducted by integrating stakeholders and MS inputs. Assessments of various scenarios of the changes in autonomous tariff policy have been made by DG MARE services on the basis of the current and trends in supply and external trade structure, using the evaluation of the EU market and COMEXT data.

Impacts of information to consumers are based on qualitative and quantitative data, expected consumption trends (annex 6: EU market developments and trends for fisheries and aquaculture products), number of EU certified fisheries and volume / value of certified products sold in the EU (see Annex 7: Overview of the EU market for sustainable fishing certified products), contribution from stakeholders (in particular MS and NGOs) and also benchmark with other food sector and market trends.

Environment impacts are indirect and should be seen in a long term perspective: improved organisation leading to increase value of production and lower incentives to overfish, confidence and image building for consumers, possible contribution to implementation of a discard policy... Social impacts are also indirect and their analysis is based on the evaluation study and the impact assessment report on the CFP reform.

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<sup>34</sup> Etudes de cas de filières - Annexe 3 [http://ec.europa.eu/fisheries/documentation/studies/study\\_market/index\\_en.htm](http://ec.europa.eu/fisheries/documentation/studies/study_market/index_en.htm)

## SECTION 7: ANALYSIS OF IMPACTS

The four options are analysed on the basis of their economic, social, environmental and administrative impacts.

### 7.1. Option 1: Status quo (*Base line scenario*)

#### ENVIRONMENTAL IMPACTS

POs activities focus on management of intervention mechanisms. No support or incentives to manage their fishing activities in a more sustainable way or ensure that aquaculture activities are carried out in a sustainable manner. Continuation of withdrawal mechanisms contradicts new CFP objectives. Setting of minimum marketing sizes raises awareness by the industry, retail trade and consumers of the impact of juveniles fish consumption on the renewal capacity of the resource. Based on information available EU consumers may have difficulties in making an informed choice about more responsible consumption.

#### ECONOMIC IMPACT

**Organisation of the sector:** Additional services, provided by POs to its members, in particular to better connect their production to the market requirements, will be limited. Interbranch Organisations also remain rather limited in both numbers and projects conducted.

**Market intervention policy:** Impact of market intervention policy with very limited aid intensity will remain concentrated on some fishing ports and species which may therefore be considered more as structural aid.

**Information to EU consumers:** Provisions to obtain more precise information on the provenance of fisheries products to meet consumers' expectations will remain voluntary for operators. Changes in consumption features including the growth of out-of-home consumption (restaurant and catering) and increased interest in sustainable fishing will not be considered.

**Autonomous tariff policy:** The current system of autonomous tariff quotas and suspensions should continue benefiting the EU processing industry without having a negative impact on EU production. The budgetary impact would be around 55 M Euro of uncollected duties, i.e. uncollected revenues for the EU budget to be compared with tax revenues from the maintained activity and employment.

While autonomous tariff quotas are revised every three years, the current autonomous suspensions, established in 1999, are not adapted to the rapidly evolving needs of the processing industry. Moreover, in some cases (i.e. cod) they overlap with the current quota provisions.

#### SOCIAL IMPACTS

The effects on income will remain restricted to cases where interventions prevent price drops. This represents less than 1% of the value of eligible species and focuses primarily on a few pelagic fisheries in four MS. Impact on employment is limited to some activities in the small pelagic sector, mainly in FR, PT, and SP.

**Autonomous tariff policy:** They will continue to have an impact in terms of activity and employment in the processing sector, allowing a cheaper supply of raw materials and maintain competitiveness of the EU processing sector.

#### IMPACTS ON GOVERNANCE

The current set of regulations should be modified to conform with the Treaty of Lisbon. Administrative burdens and implementation costs will remain for operators such as Producer Organisations, MS and the Commission (i.e. data collection and exchange, implementation and review, controls). The current

Regulation (EC) No 104/2000 and implementing regulations create 135 types of obligations (notification, inspection, monitoring, reporting, certification, aid request)<sup>35</sup>.

The impact on the EU budget will remain the same<sup>36</sup> ( $\pm 15$  million euro/year). The economic impact for producers should be very limited and should not allow funding collective initiatives to support production and marketing plans and management.

## 7.2. Option 2: Adjustments

### ENVIRONMENTAL IMPACTS

**Market intervention policy:** Suppressing aid for withdrawal will have a rather direct limited impact considering the limited volume concerned by withdrawals in recent years. It is still a strong political message to support environmental sustainability of fishing activities. Setting a market oriented mechanism (storage aid) and fixing intervention prices at adequate levels will have a direct impact on the management of PO's fishing activities and on the profitability of their activities. This could allow extension of their missions to support more sustainable fishing practices.

**Marketing standards:** Harmonisation of minimum landing and marketing sizes to be conducted will not have an impact directly on resources but would rather increase consistency with the objectives of the CFP reform.

### ECONOMIC IMPACT

**Organisation of the sector:** Under this option, POs activities, mandate and attractiveness would mainly remain limited to management of intervention mechanisms which would focus on simplified storage aid. In terms of impact on first sale prices, producers are likely to remain as price takers, as long as they do not efficiently group their supply and better promote their production.

**Market intervention policy:** Support to withdrawal will be abandoned under this option which, considering decrease in use of this instrument over the last years will steer producers to further adjust catch decisions to demand.

The disparity as regards first sale price formation within the EU calls for a differentiated and more consistent approach across geographical areas. Therefore, setting intervention prices at a decentralised level on the basis of prices recorded during the three preceding years, would increase consistency and bring intervention prices closer to market realities. It would lead to a uniform access of POs to financial instruments.

A storage facility would take into account the uncertainty of fishing activities and the need to better structure the sector. It will help the day-to-day regulation of the market by POs in the event of unforeseen drops in market prices respecting the market orientation of the intervention logic. Storage aid would strengthen the added value of EU fishing products.

**Autonomous tariff policy:** Suspensions defined in 1999 are partly obsolete. Under this option they would be revised to match the industry's current needs. However, if under this option the current legal architecture is maintained new suspensions would be fixed for the whole duration of the Market Policy regulation (CMO). The current mismatch between nature and size of suspensions and needs of the EU processing

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<sup>35</sup> Notification by MS to define a price system has led to the establishment of a detailed European database on first sale prices (FIDES). Administrative costs are also linked to the establishment of a list of commercial names of species (from 49 to 962 depending on MS) by each MS.

<sup>36</sup> Total expenses decreased from 15.5 million € in 2002 to 11.1 million € in 2009, where major expenses related to interventions. Withdrawals and carry-over represented 82% of the expenditure of the CMO in 2009. Over the years withdrawals have reduced and carry-over has increased (withdrawals fell from 39% of total expenditures in 2002 to 25% in 2009).

industry would manifest itself a few years after the entry into force of the new regulation. This is why the 3 yearly revision system should include not only tariff quotas but also tariff suspensions.

**Marketing standards:** Enhancing consistencies between landing and minimum marketing sizes will reinforce operators' confidence but will also have limited impact.

**Information to consumers:** No change compared with status quo.

## **SOCIAL IMPACT**

Same limited impact as "Status quo"

## **IMPACTS ON GOVERNANCE**

**Budget:** The impact on the EU budget will remain the same as "Status Quo". The impact of tariff quotas and suspensions on the EU Budget revenue would result in similar amounts to those calculated in option 1.

**Simplification of the legal framework and administrative burden:** This would entail suppression of 7 legal acts by year (1 Council act fixing Guide Prices and 6 implementing acts corresponding to the current intervention mechanism).

The setting of a single storage mechanism and decentralised price at an adequate level would effectively reduce administrative costs and should be less burdensome for MS and the Commission. In addition, it will simplify financial management by moving from the current combination of EAFG and EEF funding to shared management within the single financial instrument of the CFP.

**Notifications:** Decentralisation of the intervention price at the adequate level should reduce the administrative burden for Commission services:

MS should continue to notify the Commission for recognition of POs, associations of POs, IBOs and would transmit intervention prices applied at a decentralized level to the Commission.

Reduction of reporting obligations for POs (upholding of information about price and quantities stored for intervention to their national competent authority).

### **7.3. Option 3: Enhanced Market Policy**

## **ENVIRONMENTAL IMPACT**

**Organisation of the sector:** Empowering fishery POs in collective management, monitoring and control of fishing opportunities allocated by the Member States concerned (including individual fishing rights and fishing efforts of their members) would significantly support the new CFP objectives and strengthen the sustainability of the EU fishery sector. Development of production and marketing strategy by POs will steer producers to adjust their activities.

Collective initiatives improved by aquaculture POs should also foster and promote measures and best practices to reduce the environmental impact (i.e. pollution), to manage aquaculture production including animal health and bio-security. POs should seize collective initiatives more efficiently which often go beyond EU regulatory requirements. Moreover, IBOs' should play a significant role to promote sustainable practices by supporting partnerships all along the market chain up to the final consumer.

**Interventions on the market:** Same impact as the option "Adjustment"

**Information to consumers:** Access for consumers to more precise information on all products whatever their presentation will considerably extend knowledge on fisheries and aquaculture products. This will help consumers to make better informed choices and support responsible consumption.

The development of private initiatives for certification (i.e. eco-labelling schemes by NGOs, commitment to sustainable sourcing) provides for a strong market incentive in the right direction. However, considering

the variety and complexity of the sector and the risk of free riders or proliferation of “labels”, adequate EU standards frameworks would increase credibility of operators and confidence of purchasers and consumers on accuracy of environmental claims and support the increase of their penetration into the EU market if necessary. This should contribute to giving greater impetus and value to sustainable practices.

**Autonomous tariff arrangements of the EU market :** To support this option, specific EU trade provisions would limit sourcing to countries which have ratified core conventions on sustainable development and good fishery governance.

## **ECONOMIC IMPACT**

**Organisation of the sector:** Benchmark analysis with the fruit and vegetable sector indicates that there is a clear correlation between the level of structuring of production, price stability and added value.

Support to organisation of the sector by means of reinforcing roles, rights and mandate will have an indirect impact on the attractiveness of POs, associations of POs and IBOs which is difficult to quantify. The collective initiatives should reduce individual costs for operators.

Under this option, an increase of EU production management by POs is expected. Planning and concentration of supply should lead to better first sale price stability. POs would play a more important role in supporting EU fishermen and fish farmers to grasp the market dimension of their activity with a view to put on the market only products that have a strong chance to find a buyer at a satisfactory price. Coherence of two CFP components 'market and resources' will therefore improve.

The EU Market Observatory (see Annex 8) would provide harmonised economic information allowing stakeholders, and public authorities to have a global overview of European markets and to compare different local or regional market situations. It would collect and harmonise market data all along the supply chain of fisheries and aquaculture products in Europe and produce relevant charts and tables as well as ad hoc market analyses. It will ensure an adequate and rapid dissemination of economic information to all users concerned.

Adequate market expertise should reinforce market positions and ability to improve predictability and anticipate crises. An improvement of bargaining power of the producers should indeed lead to a more balanced added value distribution: stability or increase of first sale price for producers and increased predictability in volume, quality and presentation for processors and retailers.

IBOs should support optimisation of the marketing chain by reduction of information and transaction costs. These should lead to an improvement in the position of operators while consumers would not be affected by price increase.

**Interventions on the market:** Same impact as the option "Adjustment" but improved production planning will enable to make a more rational and effective use of market intervention instrument of storage aid.

**Marketing standards:** More adequate specifications of the products will facilitate the offer meeting the demand in particular to promote environmental and economic sustainability.

It will facilitate distant buying and e-commerce which is on the increase due to the interconnection of electronic auctions.

Review of product specifications would result in lower transaction costs in an integrated EU market with the numerous landing sites, with limited quantities of various species.

**Information to consumer:** Revamping the current mandatory information, by way of more precise information on provenance is pertinent to support local purchase and focus on sustainable consumption and will be fully supported by the new EU obligation to extend the traceability of FAPs (entering into force on 1<sup>st</sup> January 2013). In this context, the proposed extension will not create additional costs.

This will, in particular, facilitate small scale fleets to better market their production. It is also expected to support or restore consumer confidence and help them to make an informed choice.

In the same vein, the extension of information requirements for canned and processed products would satisfy consumers' expectations whatever the presentation and help preventing fraud.

**Autonomous tariff arrangements of the EU market :** It is estimated that products entering under autonomous quotas and suspensions represent around 5% of the overall EU consumption of fisheries and aquaculture products. With reference to the use of autonomous tariff quotas in 2009, such a conditionality



would lead to imports for certain important species (such as cod, surimi, shrimps and tuna loins) no longer benefiting from the reduced tariff duties but having to pay MFN duties, at least until such a time when exporting partner countries have engaged in the process of joining the global conventions. EU processors may also have to diversify their sourcing policy towards eligible partners.

## **SOCIAL IMPACTS**

**Market intervention policy:** This option would help support producer incomes directly and indirectly to maintain or foster jobs in the sector, both upstream and downstream.

Furthermore, with better production and marketing planning, the setting of a single storage aid, would help to absorb the impact of a sudden price crisis linked to unpredictable conditions and/or changes in CFP policy (such as the introduction of new rules for discards or others conservation measures).

**Autonomous tariff arrangements of the EU market:** The application of good governance and sustainable development pre-conditions to all trade instruments and imports would imply a significant gain in terms of creating a level playing field in favour of EU producers on their own market. Limiting this conditionality to the autonomous regime would make little sense as only 5% of imports are covered.

## **IMPACTS ON GOVERNANCE**

**Budget:** The new single financial framework for CFP will support the synergy between the intervention regime (storage aid) and collective initiatives (planning of production and marketing initiatives) lead by POs and IBOs. The detailed analysis and impact of the new financial instrument for the CFP will be developed in a separate impact assessment. Nonetheless the impact assessment for the CFP recommends to move away from the fleet support in favour of smart, green, innovative and market-oriented solutions. While option 3 advocates increasing concentration of mission and implementation through POs, financial support to the organisation of the sector should be enhanced accordingly. This is in line with reforms of market policy in agriculture products that shifted from direct support to production to concentration of aid on marketing and adding value of first sale.

With the exception of transnational initiatives, these will be financed under the shared management of the single financial instrument instead of the current combination of EAGF and EFF funding. Additional funding will be necessary to finance the functioning of the EU Market Observatory mainly, based on the current data reporting obligations<sup>37</sup>. Opening and revision autonomous tariff quotas and suspensions would result in terms of the EU Budget revenue, approximately to 55 million euro/year of uncollected duties.

The level of financial resources needed cannot currently be definitively estimated. Past Community funding under FIFG for the period 2000-2006 for measures covering collective actions amounted to €56 Million in commitment appropriations per year<sup>38</sup>. The net present value in 2010 is €60 Million (2% discount rate). The final allocation of the funds under the future financial instrument for the Market Policy (including storage aid, production and marketing plan and other market measures) will be done by MS following negotiations with the concerned POs and IBOs. Methodology and budget repartition will be defined in the impact assessment of the financial instrument of the CFP.

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<sup>37</sup>The annual budget should be estimated between 1 to 5 million euros according to the option retained at the end of the on-going preparatory action (end of 2012)

<sup>38</sup> Source: Ex-Post evaluation of the Financial Instrument for Fisheries Guidance (FIFG) 2000-2006, p39: Measure 44 - Operations by members of the trade (kEUR 253.388) + Measure 43 – Promotion of new market outlets (kEUR 138.593) = kEUR 391.981 over 7 years, i.e. Eur 56 Mio / year.

**Simplification of the legal framework and administrative burden:** Simplification of the overall legal framework by focusing on essential provisions. Same extensive simplification for market intervention mechanism and related decentralised price setting as in “Adjustment” option. Considering the lack of explicit market failure or consensus of the sector for marketing standards, it is envisaged to encourage operators to define possible additional product specifications or new standards.

**Notification:** same as “Adjustment” option.

#### 7.4. Option 4: Deregulation

### ENVIRONMENTAL IMPACTS

**Organisation of the sector:** Lack of support for POs will negatively affect coordination of their activities to implement sustainable fishing practices. It would limit management efforts currently undertaken by POs.

**Information to consumers:** Removal of obligatory information will prevent consumers from making informed choices. Market incentives to move to sustainable sourcing and consumption are increasing in EU based on private initiatives. Processors, catering companies, restaurants and large retail companies are setting environmental commitments and increasingly sourcing from certified fisheries. Joint-marketing campaigns on sustainable fishing involving processors and supermarkets are currently being developed in France and the Netherlands. As previously mentioned, this new market development still needs to build up credibility and confidence.

### ECONOMIC IMPACT

**Organisation of the sector:** Elimination of Market Policy instruments would take away incentives for sector structuring, and result in the disappearance of many POs, whose attractiveness is largely linked to opportunities for intervention and aid for planning and quality. It would also weaken the position of producers to negotiate and limit ability to adapt supply to demand (supply atomised and lack of coordination between producers).

**Market intervention policy:** Elimination of CMO instruments, including interventions and price mechanisms would remove existing safety nets, and therefore nothing would prevent a price decrease in case of crises. It would eliminate current disparities in the utilisation of mechanisms between MS and production sectors and stimulate producers to seek alternative production planning and commercial outlets, thus limiting windfall effects.

**Autonomous tariff policy:** Deregulation would mean that free trade cannot be conditional and market should solve conflicting interests between producers and processors. The latter would push for quick general liberalisation of tariffs and rules of origin in order to secure a regular and cheap flow of raw material. The former would on the contrary ask for more protection or at least maintain it at current levels. This option would not be compatible with the need for a gradual policy move towards more “market” that is favoured by most EU government in this sector.

Until such time as other trade instruments (WTO NAMA, FTAs, GSP, etc.) match / compensate the level of liberalisation currently provided by the existing autonomous regime, the processing industry itself would lose the benefit it enjoys today of 55 million euros a year.

Finally, the processing industry understands that as much as it would like to have access to raw material they would suffer from unconditional exposure to imports of processed fish products and a large part of it would have to resolve to delocalising production.

**Marketing standards:** Removing standards would result in the loss of a common reference in a fragmented sector and would potentially lead to the establishment of standards at MS level leading to

internal market fragmentation. Some private initiatives also lead to increase normalisation and standardisation. This is the case in highly integrated sectors such as pelagics species, where more precise freshness standards are being developed. This is however unlikely to materialise in other less integrated sectors.

**Information to consumers:** Removing mandatory information that would be replaced by information on a private and voluntary basis is a workable option. General EU legislation on information to consumers on foodstuffs will apply.

Many operators already provide more information on their products than the minimum mandatory requirements. As previously mentioned, major operators are committed to increase their sustainable sourcing. Pressure from environmental and consumer NGOs is increasing with the establishment of consumers' guides, retailers ranking, and campaigns. This will, however, not fully meet the objective of better informing EU consumers and enhance their knowledge on fisheries and aquaculture products to enable them to make an informed choice.

In addition, observed cases of weak and misleading environmental allegations jeopardise the process of improving fishing and commercial practices and restoring both the fishing stocks and the image of the sector. Stakeholders (producers, processors, certification organisation, NGOs, retailers) engaged in supporting sustainable fishing are calling for additional legal initiatives at EU level in this field due to the complexity of the sector and the risk of free rider behaviour.

## **SOCIAL IMPACT**

The removal of market instruments, in particular carry-over, is likely to impact on some sectors (small pelagic canneries) that could relocate outside the EU. In these cases, impact on jobs and income would be substantial at local scale.

## **IMPACTS ON GOVERNANCE**

**Simplification of the legal framework and administrative burden:** Important reduction of EU legal instruments (only to respect international commitments such as market standards).

**Budget:** The removal of the intervention mechanism would reduce EU financial aid by 15 million Euros/year.

The direct cost of a general suspension of tariff duties would constitute a loss of revenue for the EU budget amounting to more than 510 million Euros (uncollected duties).

**Notifications:** Administrative costs detailed in previous options would disappear.

Table 11: Summary of impacts and administrative burden by option

Type of Impact	Criteria	Option 2: Adjustments	Option 3: Enhanced Market Policy	Option 4: Deregulation
	↓			
<b>ECONOMIC</b>	<b>Direct/indirect</b>	Direct (limited)	Direct and Indirect	Direct and Indirect
	<b>Who</b>	Producers, processors, public authorities	Producers, processors, retailers, consumers public authorities	producers, processors, retailers, consumers
	<b>Link with base line option</b>	<p>Improved national and transnational cooperation for aquaculture and fisheries Pos and IBOs</p> <p>Storage facility will contribute to absorb unexpected landings and prevent price drops –increased of stability of first sale price</p> <p>Continued adaption to needs of processing industry in terms of Autonomous Tariff Quotas</p>	<p>Concentration of supply. Facilitation of interbranch operations and storage facility: Increase incentive to better anticipate the demand, better price stability, reinforcement of market positions, more balanced added value distribution.</p> <p>Increased available and updated market analysis</p> <p>Improved production planning.</p> <p>Improve access to competitive sourcing for EU processors. Periodic revision of autonomous tariff and suspensions</p> <p>Increase level playing field conditions with imports</p> <p>Improve consumers confidence by making available accurate and reliable information</p>	<p>Weaker position of producers. Removal of safety nets</p> <p>Stimulus for producers to seek alternative production planning</p> <p>Similar access to raw material for processing industry with possible transitional disruption.</p> <p>Fragmentation of the market increases</p> <p>Weak consumer position to make informed choices</p>
	<b>Risks</b>	<ul style="list-style-type: none"> <li>- EU CFP policy fails</li> <li>- Fuel price increases</li> </ul>	<ul style="list-style-type: none"> <li>- EU CFP policy fails - No compliance and lack of control on labelling - Limited financial support</li> <li>- Fuel price increases</li> </ul>	<ul style="list-style-type: none"> <li>EU CFP policy fails - No compliance, lack of control on labelling - Lack of confidence of EU consumers</li> <li>- Fuel price increases</li> </ul>
	<b>Indicators:</b>	▶ Stability of first sale prices	▶ Stability of first sale prices ▶ EU market Observatory delivers short, medium and long term economic data ▶ Number of POs and association of POs ▶ % of production ▶ Number and % of EU fisheries certified ▶ % of certified products on the EU market ▶ Consumers confidence (panels)	▶ Number and % of EU fisheries certified ▶ % of certified products on the EU market ▶ Consumers confidence (panels)

<b>ENVIRONMENTAL</b>	<b>Direct/indirect :</b>	Direct and indirect	Direct and Indirect	Indirect
	<b>Who</b>	Mainly: producers, public authorities	Mainly: producers, processors, retailers, consumers public authorities	Mainly: producers, processors, retailers, consumers public authorities
	<b>Link with base line option</b>	Consistency landing and marketing sizes; No more public support to withdrawal; No incentives for sustainable practices	Increased responsibilities and incentives for sustainable practices; Improved consistency of the CFP; Possibilities to accompany policy on discards; increased consumer confidence on environmental claims	Market driven development only. No market instruments for a possible discards policy. Consumers will not fully be able to make informed choices, Risks of misleading consumers
	<b>Risks</b>	No compliance and lack of control on labelling	No compliance and lack of control on labelling Limited financial support	No compliance and lack of control on labelling
	<b>Indicators</b>	▶ Number and % of EU fisheries certified ▶ % of certified products on the EU market	▶ Number and % of EU fisheries certified ▶ % of certified products on the EU market	▶ Number and % of EU fisheries certified ▶ % of certified products on the EU market

<b>SOCIAL</b>	<b>Direct/indirect</b>	Indirect	Direct and Indirect	Direct and Indirect
	<b>Who</b>	Mainly: producers, processors	Mainly: producers, processors,	Mainly Producers
	<b>Link with base line option</b>	Same as baseline impact	Jobs and incomes stabilise or increase in production and processing	Possible temporary disturbances
	<b>Risks</b>	Fuel price increases	Structural policy of the CFP fails; Fuel price increases	Fuel price increases
	<b>Indicators</b>	▶ Jobs and incomes	▶ Jobs and incomes	▶ Jobs and incomes

<b>GOVERNANCE</b>	<b>Direct/indirect :</b>	Direct	Direct	Direct
	<b>Who</b>	Mainly: industry, public authorities	Mainly: industry, public authorities	Mainly: industry, public authorities
	<b>Link with base line option</b>	Legal and implementation simplification; Reduction of legal acts (price and interventions)	Legal and implementation simplification; Reduction of legal acts (price and interventions); Self regulation ; Improved transparency and effectiveness of autonomous tariff policy	No legal framework
	<b>Risks</b>		IT tools not available on time	
	<b>Indicators</b>	▶ Number of legal acts, ▶ notifications (reporting	▶ Number of legal acts, notifications (reporting obligation)	▶ Number of legal acts, notifications (reporting

		obligation)		obligation)
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## SECTION 8: COMPARING THE OPTIONS BY OBJECTIVES

Based on the impacts assessed and the risks identified, options are compared vis-à-vis the baseline scenario (status quo) in terms of effectiveness and efficiency in relation to the objectives and in terms of coherence with overarching EU objectives (namely the CFP objectives but also other cross-cutting issues). This can be summarised as follows:

Table 12: Comparing the options

Specific Objectives	Option 1: Status quo	Option 2 : Adjustments	Option 3 : Enhanced Market Policy	Option 4 : Deregulation
Reinforced market incentives to support sustainable production practices	☹	☺	☺☺	☺
Improve market position of EU production	☹	☺	☺	☹
Better connect the EU production to the EU market	☺	☺	☺	☺
Enhance market potential of EU products	☺	☺	☺	☺
Support better governance and simplification	☹	☺	☺	☺

☺☺: Option reaches the objective

☹: Option moves away from the objective

☺: Option gets close to the objective

☹☹: Option puts at risk the objective

☹: Option has no impact on the objective

**Option 1**, or the status quo, was evaluated in detail and was judged partly inefficient and too complex to fulfil its current objectives. So far the main focus of the CMO has been price stability through market intervention. This proved to have small impact and low performance; it tackled the symptoms rather than the real causes, sent the wrong political signals and left operators with little or no responsibility. Today, 12 years after its adoption, the current CMO appears unfit for the challenges of the EU market. It will result even more ineffective in the reformed CFP, and possibly inconsistent with its underlying objectives.

**Option 2** aims at correcting the main shortcomings of the existing CMO by proposing adjustments and simplifications that would improve its functioning. It will however have limited impact on the main objective of the reformed CFP. Expected results of the reform defined by operational objectives will not be met in particular increase bargaining power of EU production, support market premium for sustainable practices and accompanying discards policy.

**Option 4** would remove the EU market policy altogether. It is true that market-driven developments and incentives toward sustainability have increased; the commitments by processors and retailers, combined with the increased pressure from NGOs and civil society to obtain sustainable products, should bring us closer to environmental objectives. Still, the main problems identified, namely the complex and fragmented EU supply sector and the risks of misleading or confused consumer information, would only be partially addressed. In fact, the industry will be given more responsibility to manage their activities, but the lack of support to structure their production and of accompanying market measures would contradict the reform's goal to support market-based instruments (rather than costly structural measures) and help producers' organisation improve the marketing of their products and their bargaining power.

**Option 3** proposes to enhance market policy so as to accompany the fisheries and aquaculture sector while it shifts toward sustainable production practices. Much can be done in terms of organisation and marketing to increase predictability of supply and reduce transactions costs. This option emphasises the role of each main stakeholder in favouring sustainable practices.

Under this Option, the structure and objective of the new market policy would be much broader and bolder:

- Several tools, particularly market interventions mechanisms, are abandoned. This implies a strong political message and tremendous simplification.
- Some elements, such as marketing standards and autonomous tariff policy, remain but with more flexibility; additional objectives are introduced (to support the development of distant selling or e-commerce, a level playing field etc).
- Other elements are emphasised: the sector is reorganised with stronger focus on the producers' ability to manage their production and market their products; a simplified single storage aid is foreseen (produce to be stored, processed and reintroduced onto the market), information to consumers is considerably extended in scope and content.
- One new element is the EU market observatory.

### **Coherence with the CFP reform**

The impact assessment of the reform of the CFP concluded that a far-reaching reform of the Market Policy is necessary, one that should reinforce the role of producer and inter-branch organisations and marketing measures in general. This will contribute to the reform's objectives of economic sustainability while also helping environmental sustainability. The market policy should orient production activities to areas where market conditions are good and where there is a market for the fisheries and aquaculture products.

The market policy should help increase the added value of fisheries and aquaculture products in a context where financial support is moved away from the fleet (especially scrapping and temporary cessation), in favour of smart, green, innovative and market-oriented solutions for the fisheries and aquaculture sector. More specifically, some aspects of the market reform should accompany and support the implementation of the new CFP:

- Empower POs to ensure management, enforcement and control of fishing activities of their members
- Market-based transferable fishing shares (TFSs) allow the fishing industry to adjust fleet capacity to the available marine resources without need for public intervention; POs could be responsible of collectively managing TFSs.
- Market measures accompanying an active policy for mandatory landing of all catches for stocks subject to catch limits should be carefully defined and could be implemented by POs.
- Give value to more selective and sustainable production activities and move away from strategy based on volume with improved production and marketing planning by POs and with EU consumers playing a more active role when they are in a position to make informed choice.

**Variations in distributional impacts** between areas or regions are very limited due to a fully uniform access of POs to financial instruments and the all rules. Option 3 will put all EU POs on the same footing as regards access to the different market mechanisms, whatever their Member State. On the one hand, storage aid will be triggered by intervention prices tailored to the specific market situation of each PO, thus avoiding any possible national discrimination caused by the application of single thresholds to the entire EU. On the other hand, the EU financial assistance for production and marketing planning will be available to all EU POs with the only condition of accomplishment of objectives. Finally, the EU financing will amount to a fixed percentage of each PO's marketed production.

A broad range of stakeholders will largely benefit from an enhanced Market Policy. POs' increased responsibilities and resources will provide new business opportunities to producers of fishery and aquaculture products, who will find membership more attractive. The new tariff policy will improve the predictability of supply of raw materials and this will enable processors to better predict their activities. The whole sector will be better coordinated and encouraged to launch initiatives of common interest in particular to promote sustainable fishing. Consumers will be able to make better informed choices through improved and more accurate labelling of fishery and aquaculture products. Finally, the simplification and reduction in administrative burden will have a positive impact on the Commission, Member States' Administrations and economic operators.



**In view of the impact analysis DG MARE supports Option 3 to set up an enhanced Market Policy for fisheries and aquaculture products.**

## **SECTION 9: MONITORING AND EVALUATION**

As part of the CFP reform, the reform of the Market Policy will follow the timeframe of monitoring and evaluation of the CFP with evaluation to take place in 2017.

Various indicators are set up by objectives to monitor and evaluate progress towards the specific objectives of the reform of the Market Policy (table 11).

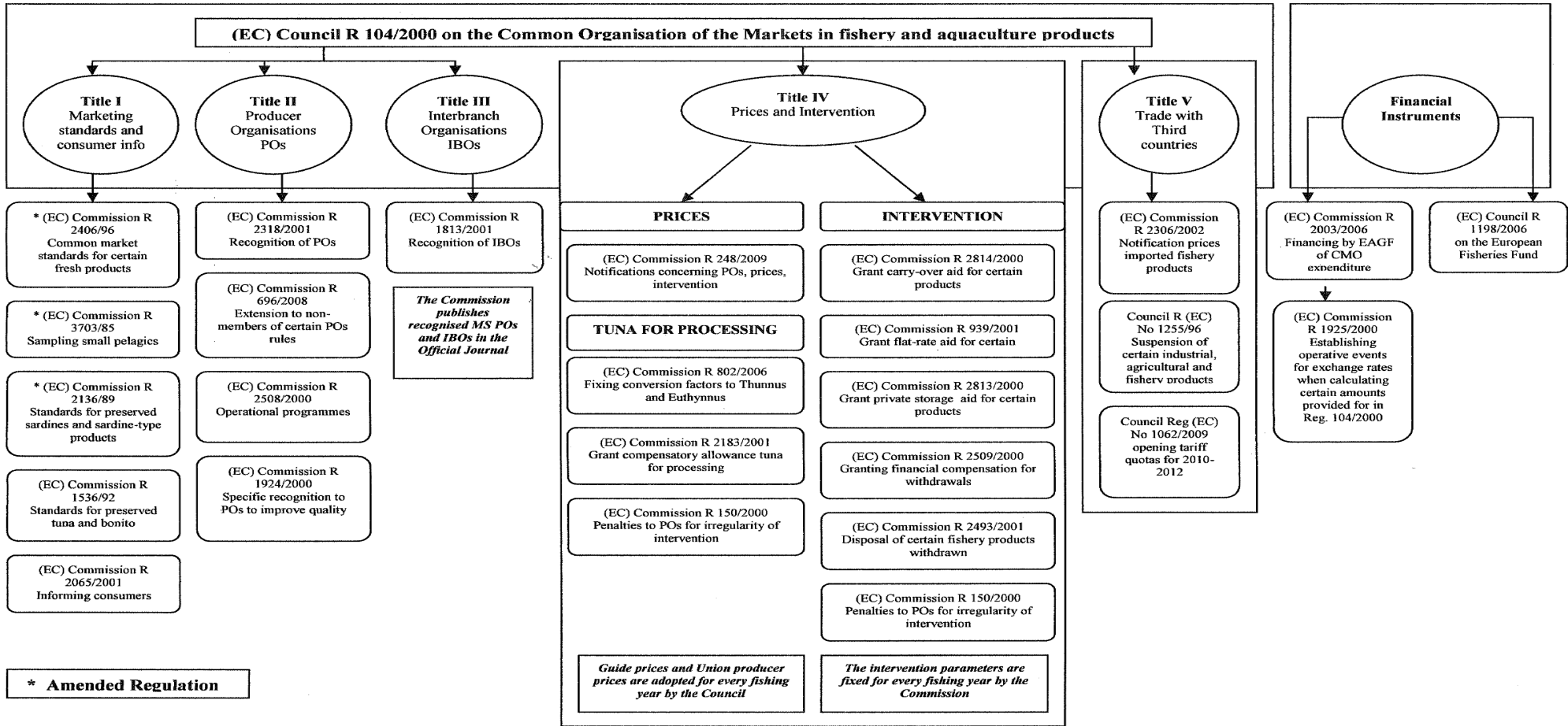
The setting up of the European Market Observatory will also enable prices and margin changes to be followed on a regular basis as well as volume and structure of landings in the EU market together with demand and consumption trends. By providing structural and short term data, it will also serve as analytical tool to anticipate and analyse crises and ultimately enable to evaluate to what extent the objectives of the Market Policy are reached and if necessary to adapt the policy framework.

## ANNEXES

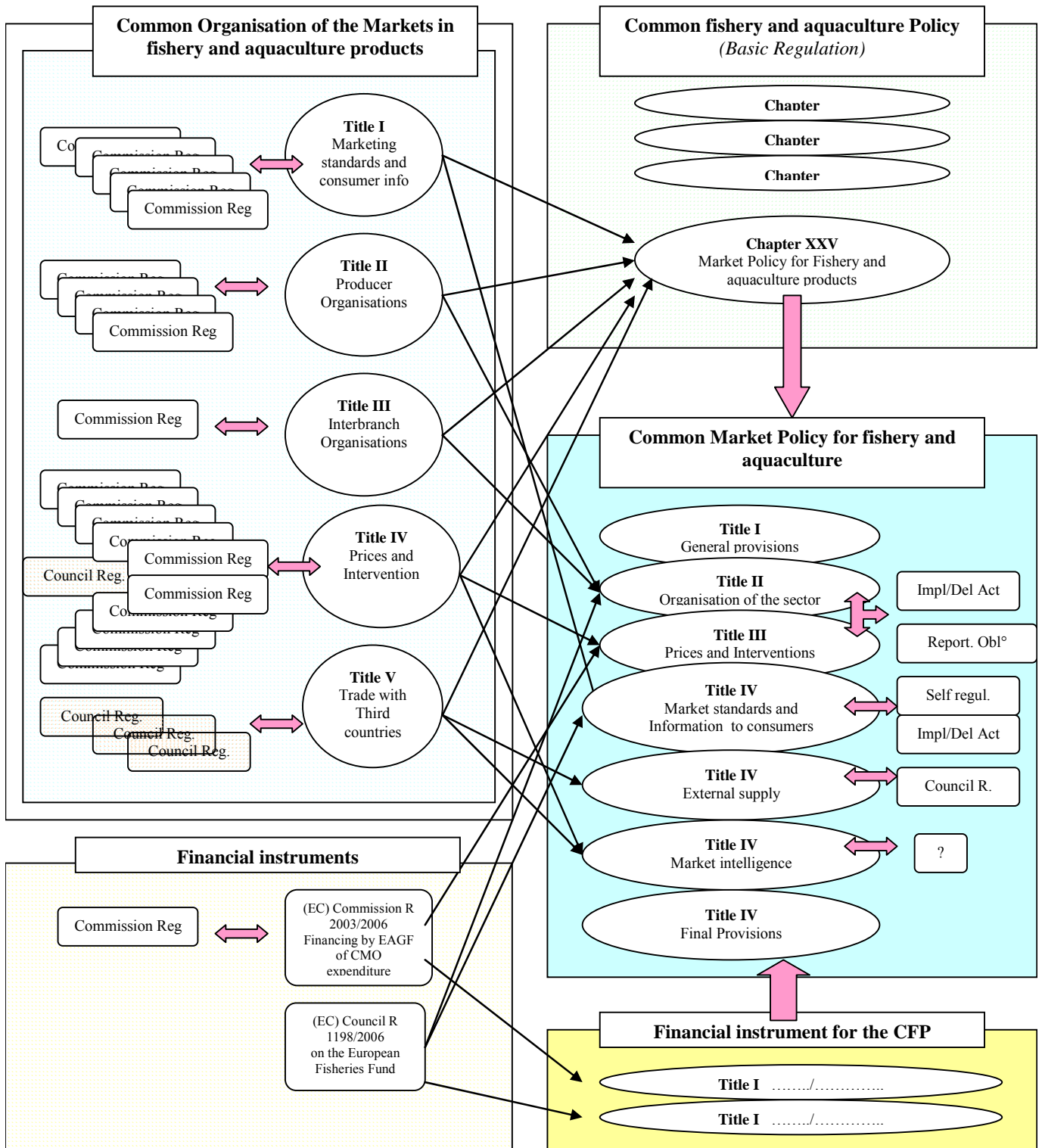
**ANNEX 1:**

**Current legal framework: Council Reg.(EC) n°104/2000 on the Common Organisation of the Markets of fisheries and aquaculture products**

**THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION**  
**Title I: Categories and areas of Union competence**  
Article 4: Shared competence for ... (d) Fisheries, excluding the conservation of marine biological resources  
**Title III: Agriculture and Fisheries**  
Article 40: A common organisation of agricultural (fishery) markets  
Article 43, 2: Common fisheries policy  
Article 43, 3: measures on fixing prices, levies, aid and quantitative limitations and on the fixing and allocation of fishing opportunities



**ANNEX 1 Bis**  
**Reformed legal framework of the new Market Policy s of fishery and aquaculture products**



**ANNEX 2:**  
**Presentation and evaluation of Council Regulation (EC) n° 104/2000 on the Common Organisation of the Markets of fishery and aquaculture products**

### **1. Performance of the current Market Organisation**

Analysis and evaluation of the performance and relevance of the financial and non-financial instruments of the current Common Market legislation (Reg. (EC) N° 104/2000) has been conducted in 2008 and 2009 based on seven evaluation questions. The study is available on the internet. The main findings can be summarised as follow:

#### **Sustainability of fishing activities in line with the CFP**

The current CMO introduced the environmental dimension in order to direct fishing activities towards sustainability. The effectiveness of the CMO was conditioned by internal and external inconsistencies, namely the diversity of instruments (financial: FIFG, EAGF; management of resources: quotas, data gathering); inconsistencies between CMO and CFP; inconsistencies within CMO (lack of evaluation of operational programmes for POs sharing stocks); the operation of each PO in their fisheries and their coordination with other POs.

Although the overall impact of the CMO is mixed, there are positive effects on the sustainability of fishing activities: Strengthening of minimum sizes by POs and/or national authorities; educational value of operational programmes in the planning of fishing activities; partnership of POs in research programmes about selectivity of fishing techniques; internal PO rules on catch limitations; evolution of intervention towards less wasteful practices.

#### **Stability of the markets**

Overall, the guide prices had little impact on the market prices. Similarly, the effect of intervention on price stability was restricted to the correction of periodic fluctuations in pelagic species. Therefore, the role of intervention is limited to a safety net which avoids excessive price fluctuations in some local markets.

#### **Competitiveness of the sector**

Competitiveness seems to be more affected by other important regulatory and socio-economic factors. The CMO contributed to the structuring of the sector but the weak acceptance of interbranch organisations shows that the CMO did not produce the expected results. The CMO impact on competitiveness was mixed and limited to upstream stages of the value chain. Only the trade arrangements with third countries appear to have direct effects on competitiveness, but only for the processing industry.

#### **Income of producers**

The effect of the structuring of the sector in POs and the intervention measures varied with the Member State and the species. Certain POs made proper use of the CMO and put in place market measures which yielded better prices for some products and strengthened the producers' position. Nevertheless, the impact of operational programmes was rather limited. The effects of the intervention mechanisms were restricted to safety net in the event of crisis.

Overall the CMO had little effect on the development of producers' incomes. Other external factors to the CMO played a more important role: cyclical factors (reduction in catches, rise in

costs not compensated by price levels) and structural factors (insufficient distribution of added value throughout the value chain, low transparency in certain markets, inadequate market structures).

### **Creation of new jobs or safeguard of existing jobs in the fisheries sector**

Given the modest budget of the CMO (around 10 M€ per year), the direct effects on employment are very weak. Some indirect effects are related to the structuring of the sector in POs and the concentration of the offer, although limited. On the other hand, the opening of tariff quotas provided supplies of raw materials to the processing industry in appropriate quantity and price, thus maintaining companies and jobs in an indirect manner.

### **Quality of products**

Neither the common marketing standards nor the quality improvement plans had direct effects on product quality, the latter being limited to the submission of only 4 plans. The marketing standards however played an important role in the grading of freshness according to harmonised quality standards. Overall, the quality improved in the last years but this was mainly due to other factors such as market constraints, modernisation of the fleet, FIFG investments, and private initiatives.

### **Knowledge of consumers about fishery products**

The consumer information provisions provided a harmonised minimum set of information while leaving flexibility to the MS or the sector to add further information. Nevertheless, the effectiveness of the provisions was affected by a mixed application depending on the Member State, insufficient controls in certain MS, and a number of infringements. Knowledge about fisheries products progressed overall but the effect of the legislation was indirect and relatively marginal. External factor played a more important role, i.e. information campaigns, communication by NGOs or professional organisations, marketing information.

## **2. Policy, legal and financial instruments**

A Common Market Organisation (CMO) for fisheries and aquaculture products is in operation<sup>39</sup>. Its legal basis is Article 40 of the Treaty on the Functioning of the European Union (TFEU). Like the market organisations in agricultural products, the CMO is designed to accompany the operation and development of the internal market for fisheries products. The CMO was created to achieve the objectives laid down in Article 39 of the TFEU in the fisheries sector, in particular to provide market stability and to guarantee a fair income for producers.

The CMO's main goals are to (1) promote price stability, (2) ensure an optimal balance between supply and demand through public intervention on the market and production planning, (3) strengthen competitiveness, (4) ensure supply of the EU processing industry while respecting the interest of EU producers, (5) convey proper information to the consumer. The current CMO is also specifically designed to contribute to the CFP's general objective of seeking sustainable fisheries and to secure the future of the fishery sector.

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<sup>39</sup> Council Regulation (EC) No 104/2000, OJ L 17, 21.1.2000, p. 22

The CMO is run on the basis of 4 Council Regulations and 23 implementing Commission Regulations, which cover its different instruments, i.e. organisation of the sector in producer organisations and interbranch organisations, price and intervention mechanisms, common marketing standards, consumer information, and certain tariff arrangements to facilitate imports of raw materials for processing (tariff suspensions and quotas).

### **Financial instruments**

The different mechanisms pertaining to the CMO are funded by two financial instruments:

- The **Structural Fund for Fisheries** (FIFG until 31 December 2006, EFF as of 1 January 2007) supports structural measures in the fisheries sector including certain actions undertaken by Producers Organisations (POs);
- The **European Agricultural Guarantee Fund** (EAGGF until 15 October 2006; EAGF as of 16 October 2006) finances operating expenses of POs.

Further to the financing of the CMO mechanisms, the EAGF also supports the compensation scheme for the outermost regions (total amount of compensation per year: 15 million euros).

The **EAGF** covers the expenditure relating to the different intervention mechanisms and the compensation for operational programmes, i.e. production and marketing planning. These aids are specifically addressed to POs. DG MARE handles the expenditure by way of centralised management with MS as final beneficiaries, i.e. the Commission reimburses the payments made by the MS to their Producers' organisations. The EAGF average expenditure per year amounts to 12.5 million euros.

### **Organisation of the sector**

In 2010 there were 237 **Producers' Organisations** (POs) recognised in 16 MS. Spain, Italy, France, Germany and the UK account for 72% of the total number. 13 POs are established in the Baltic new MS, i.e. Poland, Estonia, Latvia and Lithuania.

POs are a fundamental feature of the CMO since they constitute the interface between catch/aquaculture activities and the market. They are set up voluntarily by fishermen or fish farmers to organise and stabilise the market and to improve the financial returns from their production through the following *measures*:

- Planning of production and marketing activities: POs have to submit to their national authorities an *operational programme* for the fishing year. This includes a plan of deliveries from their members, a marketing strategy to adapt supply to demand, and preventive measures for species that are traditionally difficult to market;
- Management of *intervention mechanisms*, i.e. taking fisheries products off the market when prices fall below a given level in order to stabilise the market;
- Plans to improve the *quality of products* throughout all stages of production and marketing;
- Possibility to *extend PO's production and marketing rules* to non-members operating in the same area of activity.



Membership is not compulsory, but only PO's members can qualify for **financial compensation** from EAGF (operational programmes and intervention mechanisms) and EFF (quality improvement plans, aids for the creation of POs).

**Recognition** is granted by national authorities provided the PO is sufficiently economically active. For catch POs, the economic criteria are based on the size of the area covered by the PO, the capacity of fishing vessels operating, the frequency and volume of landings. For aquaculture POs, the criteria take into account the percentage of total production of the species reared by the PO within a production area deemed sufficiently large by the Member State concerned.

**Interbranch Organisations** (IBOs) are made of representatives of production (fisheries or aquaculture), trade and processing. However, IBOs cannot engage themselves in production, processing or marketing activities. In 2007 there were 4 IBOs recognised in 3 MS: 2 in Spain (one in the catch sector, one in aquaculture), one in France (aquaculture) and one in Italy (both catch and aquaculture).

Their purpose is to promote partnership **measures** of shared interest for the entire sector such as market surveys and research, development of fisheries products, quality initiatives and labels, promotion of environmentally friendly production methods. Most of these measures can be **financed** by the EFF under *collective actions* and *development of new markets and promotional campaigns*. However, IBOs do not have access to start-up aids.

The MS, under Commission supervision, grant **recognition** on the basis of the activities and the economic representativeness of the IBO in its area of activity. Upon request from the IBO, the Member State concerned may make some of its arrangements binding to **non-members** operators for a limited period.

The **analysis** of the operation of POs and IBOs shows the following aspects:

- The CMO has actively supported the organisation of fishermen in POs. Nevertheless, the efficiency of POs is lower for the aquaculture sector;
- POs are not the only collective organisation of producers in the EU. There are other forms of organisation in some MS (Spain, the United Kingdom, Germany) with similar missions to POs;
- The financial resources granted to POs by the EAGF and the EFF were modest and not always fully utilised by the MS. POs lack resources to organise the upstream operators in a proper manner and to be a relevant tool for the implementation of the CFP;
- The effect of operational programmes on matching supply with demand was rather limited. They remained a theoretical exercise with some marginal effects and educational value to POs;
- The recognition of IBOs has been used very seldom. This may be due to the complex and often conflicting relations between producers and downstream operators, the low level of EU supply to the processing industry and the different concentration of upstream and downstream operators.

### Common marketing standards and consumer information

The **common marketing standards** apply to the first sale of certain *fresh/chilled fisheries products* in the EU whatever their origin (EU and imported products). Products must comply with the standards in order to be marketed for human consumption within the EU.

The **purpose** of the standards is to facilitate the internal market by defining harmonised commercial characteristics of products, and to enable the uniform application of the intervention mechanisms by making it possible to establish common prices for each category of product.

The standards **cover** 47 species eligible for intervention mechanisms by freshness and size categories. *Freshness* is adapted to the main group of species (whitefish, bluefish, crustaceans...). *Marketing sizes* are generally expressed by weight without prejudice to the minimum biological sizes expressed by length. For those species bearing both sizes, the minimum biological sizes in force prevail over the minimum marketing sizes in all circumstances.

The MS are responsible for checking the conformity of products.

There are also standards for **canned products** (sardines, sardine-type products, tuna and bonito). They govern trade descriptions, market presentations, covering media and additional ingredients. The standards for canned sardines had to be amended in 2003 and 2008 to bring the trade descriptions for sardines and sardine-type products in conformity with the relevant international standard, i.e. the *Codex Alimentarius Standard STAN94* and its 2007' revision.

As for **consumer information** provisions, fisheries products falling within Chapter 3 of the Combined Nomenclature (i.e. live, fresh, chilled, frozen, smoked, dried, salted, in brine, crustaceans and molluscs) offered for retail sale in the EU (either of EU origin or imported) should indicate the following information through appropriate marking or labelling:

- The **commercial designation** of the species established in each Member State;
- The **production method** (caught at sea, caught in freshwater or farmed);
- The **catch area**:
  - Products caught at sea: the area according to the FAO fishing areas;
  - Products caught in freshwater or farmed: a reference to the Member State or third country of origin of these products.

These are **minimum labelling requirements** about the main characteristics of fisheries products, which gives flexibility to MS and economic operators to provide additional information tailored to their specific market needs. For example, operators may provide a more precise catch area as additional information to the FAO area.

There are also provisions for the **traceability** of the information throughout all the stages of the marketing chain. The above labelling requirements together with the scientific name of the species should be available by way of labelling, packaging or commercial documents including the invoice. The MS have to implement control measures for checking the application of traceability.

The **analysis** of the implementation of common marketing standards and consumer information is as follows:

- The marketing standards and the consumer information provisions are relevant in view of the diversity of EU markets as they have established a set of "minimum common rules." They have also provided wide flexibility by allowing MS and operators to go beyond them when they consider it relevant and necessary for the regulation of their specific markets;
- The marketing standards have played an important role in measuring the quality of products (freshness) and facilitating marketing based on uniform standards;
- The minimum marketing sizes have played an indirect role in preventing the marketing of juveniles of certain species without minimum biological sizes. Some POs have established their own standards or have raised the regulatory thresholds in order to achieve better returns on the market.
- The implementation of consumer information provisions is incomplete and depends on the different MS as well as the organisation and effectiveness of national controls;

### **Prices and intervention mechanism**

The intervention mechanisms are triggered when the market prices for certain fisheries products fall below a given threshold, i.e. the ***withdrawal price*** or ***selling price***. These prices are fixed annually by the Commission on the basis of the ***guide prices***, which in turn are determined annually by the Council for 26 fresh and 10 frozen products of EU importance. The Council also fixes the ***Community producer prices*** for 5 tuna species intended for processing.

When market prices fall and the intervention mechanisms are triggered, PO's members receive financial compensation. There are 4 intervention mechanisms based on a system of prices fixed at EU level:

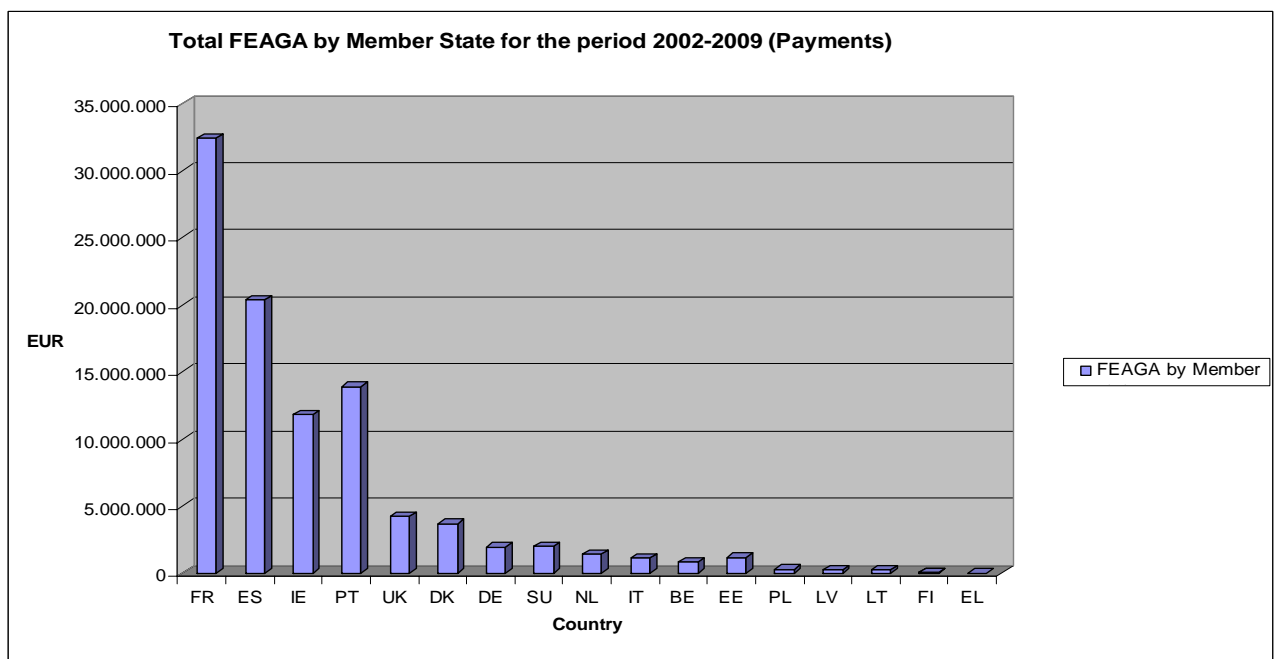
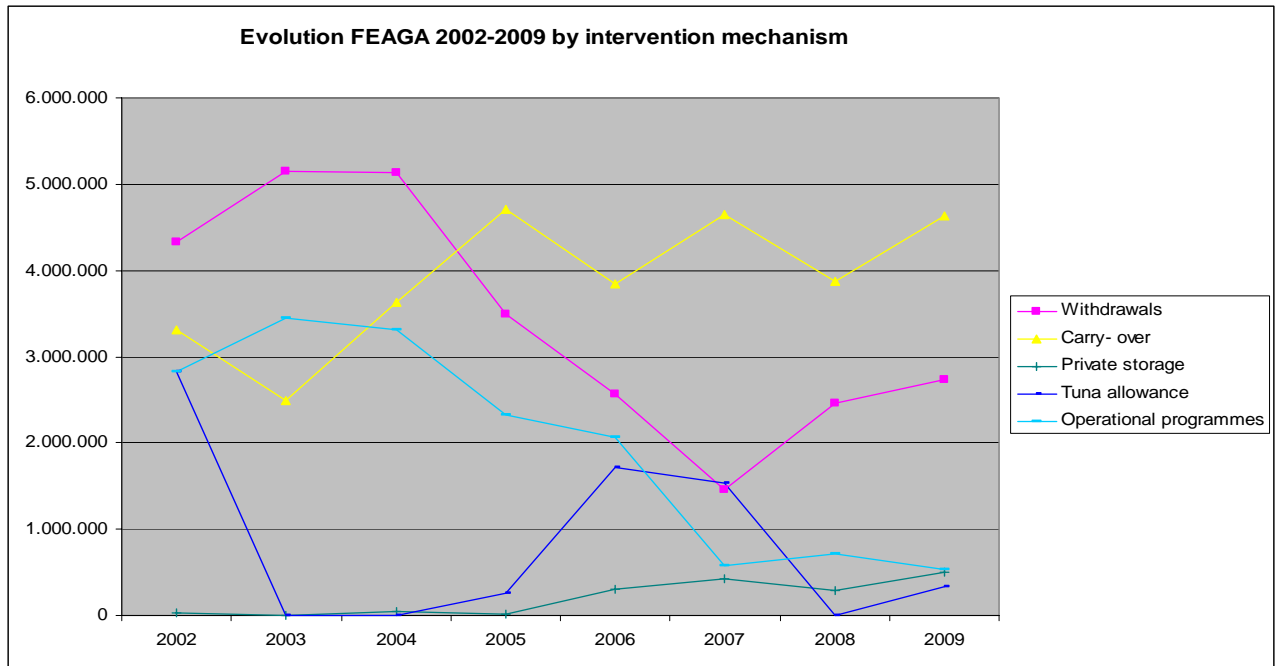
- ***Withdrawals***: Products taken permanently off the market for human consumption, whose destination is destruction, animal feed (e.g. fish meals), bait or charity. The compensation is a percentage of the withdrawal price. The percentage diminishes as the amount of withdrawn fish increases;
- ***Carry-over***: Storage and/or processing of products to be reintroduced into the market at a later stage. The aid is related to the amount of technical and financial costs of storage and/or processing;
- ***Private storage***: Storage of products frozen on board vessels intended for reintroduction into the market. The aid is related to the amount of technical and financial storage costs;
- ***Compensatory allowance for tuna intended for processing***: Compensation to tuna producers for the absence of tariff protection on imports for the tuna processing industry.

On the other hand, ***independent withdrawals*** and ***carry-over*** apply to 20 species for which there are substantial price differences in a single national market or between the regions. The relevant intervention prices are fixed independently by the POs.

The implementation of the intervention mechanisms involve the yearly adoption of:

- ***A Council Regulation*** fixing the guide prices and Community producer prices;
- ***6 Commission Regulations*** fixing the different intervention parameters and the reference prices for those products which benefit from tariff reductions.

Financial compensation for intervention is financed by the EAGF.



The **analysis** of the implementation intervention mechanisms shows that:

- The effects of withdrawals and carry-over aid on the stability of the market are weak and limited to a few ports and fisheries of small pelagic species, in particular sardines in Portugal and France; herring in Denmark and Ireland; and mackerel in Spain, France and Ireland;

On average, the quantities withdrawn accounted for less than 2% of the production of pelagic species and around 1% of the production of whitefish;

- The compensatory allowance for tuna has lost relevance due to the reduction of EU supply to the processing industry and the relocation of tuna canneries. The mechanism is also limited by its administrative complexity including the long delays in payment;
- The distinction "EU – independent" mechanisms is not relevant since there is no real "single EU market" for a given species but a diversity of national, regional or local markets;
- The price system is difficult to understand by operator, in particular the calculation method of the guide prices. Yet operators wish to maintain the price system with some adaptations as a "psychological reference;"
- The guide prices have mainly played the role of safety net by limiting intervention to exceptional circumstances;
- The collection and centralisation of economic information through the FIDES notification system is a valuable reference for the markets.

### **Supply measures for fisheries and aquaculture products**

The Community processing industry is increasingly dependent on imports of raw material from third countries to satisfy their supply needs. The CMO has introduced permanent *tariffs suspensions* or reductions for a number of products of interest for industry including Alaska Pollack and cod.

In parallel with the adoption of the current CMO, the Council agreed the opening of a multi-annual regime of *autonomous tariff quotas*. Duty reductions apply to limited amounts of imports of certain products for which the EU production is insufficient. This regime aims to ensure stability of supplies in order to enhance the competitiveness of the processing industry while respecting the interests of the Community catching sector.

The current quota regime for the period 2010-2012 focuses on whitefish (cod, hake and substitute species), sensitive products (herring and tuna loins) and shrimps. In order to benefit from the favourable tariff treatment, all quotas are to be used only for the industrial processing of fisheries products.

Imported products benefiting from tariff reductions (suspensions or quotas) must comply with *reference prices* fixed at EU level. If the declared customs value is lower than the relevant reference price, the quantities concerned product do not qualify for the tariff arrangement in question. The reference prices for products qualifying for an EU withdrawal price are equivalent to the withdrawal price.

The **analysis** of the supply measures is as follows:

- The suspensions and tariff quotas have ensured competitive supplies to certain segments of the EU processing industry, which could maintain their activities and jobs;
- These measures have not significantly disrupted the balance and prices of the main EU markets for fisheries and aquaculture products.

**ANNEXE 3 :**  
**Points forts – points faibles de l’OCM des Produits de la pêche et de l’aquaculture**  
**(Reg 104/2000)**

	<b>Instrument</b>	<b>Pertinence</b>	<b>Efficacité</b>	<b>Points forts</b>	<b>Points faibles</b>	<b>Impacts</b>	
<b>Organisation du secteur ( OP et OIP)</b>	Octroi /retrait reconnaissance des OP	++	+	Poids des OP dans la flotte et la production très significatif voire majoritaire dans les principaux pays producteurs de l'UE.  Mouvement de structuration en OP engagé dans la plupart des nouveaux EM. Reconnaissance communautaire en OP a conforté et légitimé les organisations auprès de leurs adhérents et vis-à-vis des acteurs institutionnels et suscité des regroupements en associations nationales, régionales et communautaires.	Pertinence et efficacité moindres pour l'aquaculture. OP pas seule voie d'organisation collective. Statuts, représentativités, missions et capacités d'action très diverses → efficacité variable des OP.	Stabilité: + Compétitivité: + Revenu: + Emplois: + Durabilité: +	
	Octroi /retrait reconnaissance des OIP	-	-	Représentativité forte des OP existantes dans leur secteur.	Possibilité peu utilisée. Reconnaissance à posteriori. Actions limitées par les divergences d'intérêts des membres	Stabilité: - Compétitivité: - Revenu: - Emplois: -	
	Octroi /retrait reconnaissance des OP transnationales	+	-		Le système en place présente des obstacles à ces organisations transnationales (fonctionnement des aides financières à la constitution par exemple).	Stabilité: - Compétitivité: - Revenu: - Emplois: -	
<b>Actions des Organisations de producteurs</b>	Extention de règles	+	?		Mesure est très peu mobilisée. Procédure trop complexe.	Durabilité: -	
	Programme d'appui à la qualité (PAQ)	-	-		Dispositif très conceptuel et complexe dans sa mise en œuvre. Peu pertinent au regard des attentes de OP, en recherche de soutiens plus opérationnels pour le financement d'actions plus que de planification. Faible promotion faite par les EM.	Compétitivité: - Qualité: -	
	Programme opérationnel de pêche (POCD)	+	+/-	Effets principalement pédagogiques. Amélioration de la qualité des Programme Opérationnel de Campagne de Pêche (POCP) avec les années. Démarches collectives favorables à l'innovation, et donc à la compétitivité.	Souvent uniquement conceptuel, les OP manquant de moyens et d'expertise pour les réaliser. Pas déterminant dans l'adaptation de l'offre à la demande. Pertinence des POCP affectée par les modalités de mise en œuvre : pas d'évaluations ni de consolidations des Plans pour les pêcheries partagées, décalage de calendrier avec l'attribution des quotas, faibles concertations avec les organismes de recherche ou les acteurs d'aval. Efficacité dépendante des dynamiques et de la cohérence des démarches des producteurs.	Stabilité du marché: + Compétitivité: + Revenus: + Durabilité: +	
<b>Prix et interventions</b>	Fixation des prix d'orientation et interventions	+	+	Point de référence commun. Instrument probablement le plus utilisé par les acteurs économiques. Agissent plutôt comme des prix plancher. Rôle de filet de sécurité et de limitation de l'intervention à des situations exceptionnelles. Maintien souhaité par les acteurs.	Difficulté d'établir des référentiels pertinents sur une palette de marchés de première vente caractérisée par une forte volatilité de l'offre et des prix et l'existence fréquente de plusieurs marchés pour une même espèce sur un même point de vente (marchés du frais/transformation, niveaux de qualité ...). Effet limité sur le prix du marché.	Stabilité du marché: + Revenus: +	

	Compensation financière pour le retrait	+/-	+	Retraits adaptés pour les produits inadaptés à la transformation, pour les armateurs sans unité de congélation et pour approvisionner l'industrie de l'alimentation animale.	Distinction mesures communautaires/mesures autonomes pas justifiée car il n'existe pas réellement de marché communautaire. Effets socio-économiques globalement marginaux et limités aux quelques ports et pêcheries de petits pélagiques qui les ont mobilisés. Concernent quelques % des recettes des armements bénéficiaires.	Stabilité du marché : Revenus : Durabilité :	+ + +
	Aides au report	++	+	Reports adaptés pour les produits congelés vendus à la transformation.	Distinction mesures communautaires/mesures autonomes pas justifiée car il n'existe pas réellement de marché communautaire. Effets socio-économiques globalement limités aux quelques ports et pêcheries de petits pélagiques qui les ont mobilisés. Concernent quelques % des recettes des armements bénéficiaires.	Stabilité du marché : Revenus : Durabilité :	+ + +
	Retrait et report autonome	+	+	Idem interventions communautaires.	Idem interventions communautaires.	Stabilité du marché : Revenus : Durabilité :	+ + +
	Aide au stockage	-	?		Ne concerne que les produits congelés en mer.		
	Compensation pour le thon	-	-		Pertinence affaiblie avec la réduction de l'approvisionnement communautaire de l'industrie de la délocalisation des conserveries. Efficacité faible compte tenu de sa complexité de mise en œuvre. "Aubaine" retardée du fait des décalages importants entre le paiement et l'événement déclencheur.	Stabilité : Revenus :	- +
Régime des échanges	Fixation de prix de référence	+	?	Outil approprié pour protéger l'UE contre des importations à des prix anormalement bas.	Concerné peu de produits.	Compétitivité :	+
	Suspensions et contingents tarifaires	+	+	A permis d'assurer un approvisionnement compétitif de certains secteurs de l'industrie de transformation communautaire (poissons blancs et saumon). Effet indirect sur le maintien des emplois dans la transformation. N'a pas perturbé les équilibres et les prix des marchés principaux des produits de la pêche et de l'aquaculture communautaire.	Pas d'effet notable pour l'industrie de la conserve. Diminution de la pertinence de cet outil avec la libéralisation des échanges. Suspensions et contingents sont parfois redondants.	Compétitivité : Emplois :	++ +
Normes de commercialisation et info. Aux consommateurs	Normes de commercialisation	+	+	Homogénéisation des normes. Grande flexibilité pour les EM et les acteurs des filières. Barrière à la commercialisation des petites tailles.	Faiblesse des contrôles. Imprécision des catégories de fraîcheur. Méthodes de tri peu homogènes. Coexistence de tailles minimales de commercialisation et de tailles minimales de débarquement parfois incohérentes.	Compétitivité Qualité : Durabilité :	+ + +
	Etiquetage obligatoire	+	+/-	Dynamique pédagogique de long terme: limitation à quelques informations clés cohérente avec la faible connaissance générale des consommateurs. Socle actuel pouvant être amené à évoluer en fonction du contexte et des attentes des marchés.	Efficacité variable et affectée par la réalité et l'ampleur de leur mise en œuvre dans les EM. Hétérogénéité des contrôles.	Information des consommateurs	+

## ANNEXE 4:

### Points de vue des acteurs sur l'Organisation Commune des Marchés (OCM) des produits de la pêche et de l'aquaculture et sur la réforme de la Politique de Marché

Cette annexe constitue une synthèse des avis émis par les différents acteurs à travers les EM dans différents contextes et à différentes périodes : enquête auprès des Organisations de Producteurs (OP) et autorités nationales conduites dans le cadre de l'évaluation de l'OCM et consultations dans le cadre du Livre Vert sur la réforme de la PCP (2009).

#### 1. L'organisation du secteur: le rôle des Organisations de Producteurs (OP)

Un fort consensus se dégage aussi bien concernant le rôle central à jouer par les OP dans la mise en œuvre de l'OCM, et plus largement de la PCP, que sur les manques de moyens actuels.

##### Les constats

Les acteurs s'accordent sur l'impact plutôt positif, des OP dans tous les domaines, même si l'efficacité de celles-ci est très variable et dépend de nombreux facteurs (taille de l'OP, représentativité, existence ou non de structures parallèles, qualité des dirigeants...). Les contextes historiques et réglementaires de chaque EM influent également sur les moyens d'action et la légitimité des OP. En Allemagne par exemple, les filières étaient déjà structurées autour de coopératives qui ont souvent continué d'exister parallèlement aux OP, la reconnaissance de celles-ci ayant servi à percevoir les subventions pour la flotte. Par ailleurs, la commercialisation repose en grande partie sur des contrats passés avec l'industrie et les mesures d'extension des règles sont contraires à la législation nationale. Dans ce cas, les OP sont jugées par les acteurs institutionnels comme étant surtout utiles pour la gestion des quotas (stabilité du marché et gestion de la ressource). En revanche, l'exemple d'OP transnationale pour les pêcheurs de crevettes en permettant de nouvelles coopérations a été jugée efficace pour la structuration du secteur. De même, les OP aquacoles créées en Irlande et au Royaume-Uni, alors qu'aucune structure préalable n'existait, ont permis de mettre en place de véritables stratégies commerciales pour les filières de salmoniculture en soutenant l'orientation celles-ci vers du bio et de l'écocertifié. La meilleure valorisation des produits a eu des impacts perceptibles dans tous les domaines (marché, compétitivité, environnement, consommateur). Le même constat est fait en Pologne, où la filière était très peu structurée avant l'élargissement.

Les avis sur les POCP convergent également. Selon les autorités nationales, ils peuvent avoir constitué un outil de réflexion et de sensibilisation concernant l'adaptation de l'offre à la demande et la gestion de la ressource, comme ils peuvent avoir été traités comme un exercice purement formel. Dans tous les cas, il est jugé qu'une planification annuelle de la production correspond peu avec la réalité des activités de pêche.

Les constats sur les mesures d'extension des règles sont plus partagés. Dans la plupart des cas, leur mise en œuvre est considérée complexe, pourtant lorsqu'elles ont été utilisées, elles ont été considérées par les OP comme un outil efficace.

Les programmes d'appui à la qualité en revanche sont considérés par tous les acteurs institutionnels et opérationnels comme un exercice trop lourd à mettre en œuvre.

Le manque de moyens des OP pour intervenir de façon plus visible dans tous les domaines est également mentionné par une grande majorité des acteurs, institutionnels ou opérationnels. La question de la capacité des OP à intervenir dans la commercialisation met ainsi en évidence l'écart entre les attentes des différents acteurs et la situation actuelle. En effet, l'enquête auprès



des OP, réalisée dans le cadre de l'évaluation de l'OCM, montre que le renforcement des capacités de commercialisation représente la première motivation pour créer une OP ou pour adhérer à une OP existante. Pourtant, la difficulté à jouer un véritable rôle dans ce domaine est mentionnée par les acteurs institutionnels comme une des principales faiblesses des OP.

### Les propositions

La très grande majorité des acteurs sont favorables au renforcement du rôle des OP et à un soutien accru. La question du soutien financier, au moins sous la forme d'un allongement du financement des POCP est appuyée par les OP et leur représentation au niveau européen, mais fait moins l'unanimité des autorités nationales. Les avis à ce sujet dépendent également du degré de structuration et de concentration des filières dans les EM et de la capacité des OP à s'autofinancer.

Le fait d'encourager la création d'OIP et d'OP transnationales ne rencontre pas d'opposition au niveau institutionnel, mais au sujet des OIP, les acteurs opérationnels insistent sur la difficulté à regrouper des acteurs aux intérêts divergents au sein d'une même organisation. Les représentants de l'aquaculture (OP et FEAP) recommandent également le renforcement de ces structures dans leur secteur où elles restent peu représentatives.

La question des critères de reconnaissance est mentionnée surtout par les acteurs institutionnels, mais avec des avis différents sur l'orientation à donner. Le Danemark ou les Pays Bas mettent en avant l'augmentation de la taille des OP afin d'augmenter leur pouvoir de négociation au sein des filières. La volonté d'homogénéiser le rôle et le statut des OP n'est proposée que par la France, où on peut observer des différences considérables entre 2 OP du même secteur, dans la même zone géographique.

### ***Synthèse des positions et analyses exprimées sur le rôle des OP par objectif poursuivi***

	<b>Aspects positifs</b>	<b>Aspects négatifs</b>	<b>Pertinence de l'instrument</b>	<b>Propositions</b>
<b>Stabilité et approvisionnement du marché</b>	<ul style="list-style-type: none"> <li>▶ Structuration des filières et donc à la stabilité du marché, principalement dans les régions/EM où celles-ci étaient précédemment peu structurées</li> <li>▶ Adaptation de l'offre à la demande (limitation des débarquements d'espèces posant des problèmes de commercialisation) et la valorisation des produits</li> <li>▶ Les OP ont joué un rôle significatif dans la gestion des déséquilibres ponctuels dus à la surproduction</li> <li>▶ Les mesures d'extension, ont permis une meilleure efficacité des OP en termes de planification</li> <li>▶ Retraits / reports servent de filet de sécurité.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les OP peuvent faire double emploi dans les EM où celles-ci se superposent à des structures préexistantes</li> <li>▶ La multiplicité des OP de petites tailles dans certaines régions / EM empêche celles-ci d'avoir un impact significatif sur le marché</li> <li>▶ Les POCP sont parfois perçus comme un outil purement formel et ne correspondent pas nécessairement à la demande</li> <li>▶ Les mesures d'extension dont la mise en œuvre est généralement perçue comme contraignante, sont peu utilisées</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les OP sont généralement perçues comme ayant un impact positif, notamment à travers les POCP, Cet impact reste cependant limité compte tenu de l'importance des autres facteurs (poids de l'aval dans les filières, Total Allowable Catches (TAC), régimes d'échanges, conditions climatiques, etc..).</li> <li>▶ Impact très variable des OP d'un EM à l'autre (historique des filières, mise en œuvre de la PCP...) et d'une OP à l'autre.</li> <li>▶ Les mesures d'extension sont considérées très pertinentes dans les EM où elles sont mises en œuvre et ne sont pas un sujet ailleurs.</li> </ul>	<p><u>Sur le fond :</u></p> <ul style="list-style-type: none"> <li>▶ Renforcer le rôle des OP dans la gestion du marché, notamment au niveau de la première vente</li> <li>▶ Homogénéiser le rôle et le statut des OP</li> <li>▶ Améliorer la capacité d'action des OP auprès des non-membres</li> <li>▶ Faciliter la transmission d'information de l'aval vers les pêcheurs</li> <li>▶ Impliquer les OP dans les systèmes de certification</li> </ul> <p><u>Sur la mise en œuvre :</u></p> <ul style="list-style-type: none"> <li>▶ Revoir les critères de reconnaissance des OP</li> <li>▶ Maintenir l'aide aux POCP, éventuellement sous condition de publication</li> <li>▶ Faciliter le recours aux mesures d'extension</li> </ul>

	Aspects positifs	Aspects négatifs	Pertinence de l'instrument	Propositions
Compétitivité des filières	<ul style="list-style-type: none"> <li>▶ Les OP qui se sont diversifiées dans la transformation et la commercialisation (ex : salmoniculture en Irlande et au RU, pélagiques au DK) ont permis d'améliorer la compétitivité de leur filière</li> </ul>	<ul style="list-style-type: none"> <li>▶ L'organisation préexistante des filières a souvent empêché les OP de jouer un véritable rôle dans la commercialisation, notamment lorsque la première vente repose principalement sur les criées</li> <li>▶ pas d'impact sur les coûts de production</li> <li>▶ Les OP n'ont pas permis d'améliorer la transparence sur les prix entre les différents stades de la filière</li> <li>▶ Les PAQ étaient trop lourds pour être efficaces</li> </ul>	<ul style="list-style-type: none"> <li>▶ Quelques OP qui ont pu jouer un rôle dans l'aval de leur filière en intervenant directement dans la transformation et la commercialisation, ont pu avoir un impact en termes de compétitivité. Cependant, les OP ne sont généralement pas perçues comme les acteurs les plus pertinents dans ce domaine.</li> </ul>	<p><u>Sur le fond :</u></p> <ul style="list-style-type: none"> <li>▶ accroître le rôle des OP dans la maîtrise des coûts de production</li> </ul> <p><u>Sur la mise en œuvre :</u></p> <ul style="list-style-type: none"> <li>▶ Clarifier l'applicabilité des règles de concurrence aux OIP, OP transnationales, et associations d'OP</li> <li>▶ Renforcer le rôle des OP par une adhésion obligatoire</li> </ul>
Structure économique et sociale du secteur	<ul style="list-style-type: none"> <li>▶ Les OP ont pu contribuer dans certains cas au maintien ou à l'amélioration du revenu des producteurs (intervention, structuration des filières, revalorisation des prix en première vente, amélioration de la compétitivité)</li> <li>▶ La création de nouvelles OP ou OIP, ainsi que les stratégies de diversification d'OP existantes ont pu créer des emplois</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les OP n'ont pas pour fonction d'améliorer le revenu des producteurs</li> <li>▶ Les OP n'ont souvent pas les moyens d'avoir un réel impact sur les filières et par conséquent sur l'emploi ou le revenu dans celles-ci</li> <li>▶ D'autres facteurs sont plus déterminants</li> </ul>	<p>Les OP n'ont qu'un impact indirect sur l'emploi ou les revenus, qui dépend de leur capacité à intervenir sur les marchés et sur la compétitivité des filières.</p> <p>Les OP doivent également faire face à un paradoxe : malgré la diminution constante du nombre d'emplois, la main-d'œuvre est de plus en plus difficile à trouver.</p>	<p><u>Sur le fond :</u></p> <ul style="list-style-type: none"> <li>▶ Renforcer le rôle et les moyens d'action des OP et accroître le soutien financier aux OP y compris dans le secteur aquacole</li> <li>▶ Contrôler et évaluer les OP</li> <li>▶ Concentrer le rôle des OIP sur la collecte et la diffusion d'information</li> <li>▶ Encourager les coopérations (OIP, OP transnationales, etc.)</li> </ul> <p><u>Sur la mise en œuvre :</u></p> <ul style="list-style-type: none"> <li>▶ Revoir les critères de reconnaissances (taille économique minimum)</li> <li>▶ Instaurer une adhésion obligatoire</li> </ul>
Environnement	<ul style="list-style-type: none"> <li>▶ Les POCP peuvent permettre une gestion conjointe de la ressource et encourager les comportements responsables</li> <li>▶ Les OP peuvent jouer un rôle lorsqu'elles détiennent la gestion des quotas</li> <li>▶ Les OP peuvent jouer un rôle dans la mise en place d'écolabels</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les POCP peuvent être pratiqués comme un exercice purement formel</li> <li>▶ Certaines OP ont rencontré des difficultés dans l'application des POCP (Portugal)</li> <li>▶ Les OP n'ont pas permis d'éradiquer la pêche illégale</li> </ul>	<ul style="list-style-type: none"> <li>▶ L'impact potentiel des OP sur l'environnement varie selon les EM, notamment en fonction du mode de gestion des quotas, et en fonction des OP, de leur volonté et de leur capacité à intervenir sur leur propre filière. Par ailleurs se pose la question du contrôle de ses adhérents par l'OP elle-même et des moyens de sanctions.</li> </ul>	<p><u>Sur le fond :</u></p> <ul style="list-style-type: none"> <li>▶ Renforcer le rôle des OP dans la gestion de la ressource</li> <li>▶ Faire des POCP un élément central de la gestion durable de la pêche</li> <li>▶ Envisager une aide pour la certification environnementale des OP</li> </ul> <p><u>Sur la mise en œuvre :</u></p> <ul style="list-style-type: none"> <li>▶ Revoir les critères de reconnaissance des OP (obligation de gestion du marché et de la ressource)</li> </ul>
Consommateurs	<ul style="list-style-type: none"> <li>▶ Certaines OP ont porté des projets d'amélioration de la qualité, voire ont mis en place des normes de commercialisation avant que celles-ci soient réglementées (Danemark)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les PAQ étaient trop lourds à mettre en œuvre</li> </ul>	<ul style="list-style-type: none"> <li>▶ L'impact des OP sur les consommateurs paraît en général limité ou marginal.</li> <li>▶ Les fonds structurels sont jugés plus pertinents dans ce domaine.</li> </ul>	<p><u>Sur le fond :</u></p> <ul style="list-style-type: none"> <li>▶ Renforcer le rôle des OP sur la qualité</li> </ul> <p><u>Sur la mise en œuvre :</u></p> <ul style="list-style-type: none"> <li>▶ Augmenter l'aide sur les actions collectives</li> </ul>

## 2. Interventions

Les interventions, qui regroupent le régime des prix et le système des retraits et reports, sont globalement considérées comme ayant un impact positif sur la stabilité des prix et le maintien du revenu des producteurs. Cependant si le régime des prix est largement soutenu, les avis divergent sur la pertinence et les effets des retraits et des reports. Le recours aux retraits tend à

diminuer au profit des reports, leur part dans les interventions passant de 76% en 2001 à 42% en 2007.

### Les constats

Le régime des prix communautaires, et notamment le prix d'orientation, est considéré par la majorité des acteurs comme une référence commune qui participe à la stabilisation des prix de première vente. Par son impact psychologique sur les acteurs, il joue le rôle d'un prix plancher. Son mode de calcul est cependant jugé peu transparent et perfectible.

Bien qu'ils représentent une faible part de la production communautaire (moins de 1% de la valeur des espèces éligibles), les retraits et les reports ont permis d'éviter les déséquilibres d'approvisionnement et de maintenir les revenus des producteurs. Ce constat est surtout partagé par les acteurs des Etats qui y ont eu recours (Danemark) ou qui les utilisent actuellement (France, Espagne, Portugal, Irlande). Les retraits, qui concernent essentiellement des pêcheries de petits pélagiques en France et au Portugal. Les avis sur les conséquences des reports sur le marché divergent : risque d'effet d'aubaine ou mécanisme de marché à terme.

### Les propositions

L'évolution du système des interventions divise les Etats Membres. Certains EM du nord de l'Europe ayant faiblement recours aux interventions sont favorables à la suppression totale des retraits et reports, voire à la disparition du système de prix. Pour compenser cette suppression, la mise en place d'aides directes aux pêcheurs est mentionnée.

Les OP, soutenues par les Etats utilisant les interventions, sont pour leur maintien avec des aménagements. La suppression des retraits au profit des reports fait la quasi-unanimité. Certains acteurs souhaitent une plus grande implication des OP, en supprimant les interventions communautaires et en ne conservant que les interventions autonomes. Ils souhaitent également une plus grande liberté pour les OP de choisir les espèces qu'elles souhaitent soutenir, ainsi que plus de flexibilité dans l'application des reports. La mise en place d'un système spécifique pour la gestion des crises a été soulevée. Les OP souhaitent par ailleurs une intégration des opérations de stockage privé dans le système des reports ainsi que le remplacement de l'indemnité compensatoire thon par du stockage privé.

L'idée de conserver un prix d'orientation communautaire rencontre un large consensus. Plusieurs acteurs souhaitent toutefois que son mode de calcul soit revu, et devienne plus transparent. La suppression des prix spécifiques pour les régions éloignées des marchés ne suscite pas d'opposition.

Enfin, les représentants des aquaculteurs veulent une adaptation des mesures à leur secteur et souhaitent notamment pouvoir recourir à des opérations de report.

## Synthèse des analyses et positions exprimées concernant les interventions

	Aspects positifs	Aspects négatifs	Pertinence de l'instrument	Propositions
Stabilité et approvisionnement du marché	<ul style="list-style-type: none"> <li>▶ Contribuent à la stabilisation des prix, au moins grâce à leur impact psychologique comme prix-plancher (référentiel pour l'industrie).</li> <li>▶ Outil utile pour répondre à des perturbations ponctuelles ou réguler l'approvisionnement de certaines pêcheries (notamment petits pélagiques).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Les prix communautaires sont jugés déconnectés du marché.</li> <li>▶ Les retraits et les reports présentent n'incitent pas la valorisation de produits qui soit adaptés aux exigences du marché.</li> <li>▶ Ne s'applique pas aux produits d'élevage</li> </ul>	<ul style="list-style-type: none"> <li>▶ Le système d'intervention est globalement perçu comme un élément stabilisateur.</li> <li>▶ Le système est perçu comme un élément d'information très utile pour l'ensemble de la filière.</li> <li>▶ Les retraits et reports permettent de limiter les déséquilibres dans l'approvisionnement, mais limité à quelques cas particuliers (espèces, périodes, ports).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintien</li> <li>▶ Adaptation pour coller aux réalités des marchés et éviter le gaspillage.</li> <li>▶ Extension des aides au retrait pour les produits de l'aquaculture</li> </ul>
Compétitivité des filières		<ul style="list-style-type: none"> <li>▶ Problèmes de compétitivité de l'amont liés aux coûts de production plutôt qu'à la valorisation des produits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Le système d'intervention n'est pas jugé pertinent pour améliorer la compétitivité de la filière, car il ne concerne pas les causes du manque de compétitivité du secteur.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintien</li> <li>▶ Adaptation pour tenir compte des attentes des acheteurs.</li> </ul>
Structure économique et sociale du secteur	<ul style="list-style-type: none"> <li>▶ Soutien aux revenus des pêcheurs.</li> <li>▶ L'existence d'un prix de retrait est perçu comme un garde-fou pour l'ensemble de la filière.</li> </ul>		<ul style="list-style-type: none"> <li>▶ Pertinent pour maintenir le revenu des producteurs dans quelques cas particuliers</li> <li>▶ Permet d'empêcher une forte baisse des prix mais l'impact est cependant limité compte tenu de contraintes existantes (législatives et financières)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Maintien</li> <li>▶ Adaptation pour garantir un prix minima et assurer un niveau de revenu.</li> <li>▶ Augmentation des moyens financiers (FEAGA).</li> <li>▶ Assouplissement des règles existantes (plafonds).</li> </ul>
Environnement	<ul style="list-style-type: none"> <li>▶ Neutre</li> <li>▶ Impact sur les captures rejetées en mer</li> </ul>	<ul style="list-style-type: none"> <li>▶ Le système des retraits et reports peut conduire à une mauvaise gestion des ressources.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Le régime des interventions n'est pas pertinent pour mettre en place une gestion durable des ressources.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Adaptation pour coller aux réalités des marchés et éviter le gaspillage.</li> </ul>
Qualité, information, normes)	<ul style="list-style-type: none"> <li>▶ Ecarte les produits de mauvaise qualité, non éligibles aux interventions.</li> </ul>		<ul style="list-style-type: none"> <li>▶ Globalement pas d'impact sur la qualité des produits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Adaptation pour tenir compte des attentes des acheteurs.</li> </ul>

### 3. Information aux consommateurs

L'obligation de fournir un minimum d'information aux consommateurs n'est remise en cause par aucun acteur. Son utilité apparaît aussi pour les transactions au sein de la filière. Il semble également acquis que le système peut être amélioré, que ce soit pour le contenu des informations ou pour le respect de son application.

#### Les constats

L'ensemble des acteurs s'accorde sur le manque de précision ou de pertinence des informations apportées au consommateur. L'indication du mode de production (pêche ou aquaculture) semble être l'élément le plus pertinent d'information. Au contraire, concernant la provenance, l'indication de la zone FAO apparaît trop imprécise pour avoir fournir une information adéquate et utile au consommateur. Les informations minimales constituent

également un moyen pour le secteur de la transformation et la distribution de contrôler l'origine et la provenance de leur matière première. La dénomination commerciale n'est pas remise en cause mais elle est parfois perçue comme complexe en raison du nombre élevé de dénominations commerciales définies par les EM.

Plusieurs acteurs, notamment ceux où un système plus contraignant existait déjà (Espagne), soulignent que les informations minimales ne permettent pas de différencier les produits. De plus, les consommateurs sont sensibles à d'autres critères que le mode de production ou la provenance des produits : campagnes menées par des ONG, labellisation des produits (Label Rouge, bio, écolabels) ou présence d'une marque commerciale.

### Les propositions

Faire référence à des zones de pêche plus précises fait l'unanimité, par exemple en se référant aux mers locales (Baltique, mer du Nord, Manche...). Plusieurs acteurs s'accordent sur la nécessité d'une base de données communautaire des dénominations commerciales, basée sur les noms scientifiques récents des espèces.

Quelques pays souhaitent renforcer l'information et la traçabilité des produits en indiquent par exemple la date de capture, le lieu de débarquement, la nationalité du bateau, et renforcer la distinction entre les produits frais et les produits décongelés ; mais également étendre l'obligation d'information à la restauration, notamment pour la distinction entre sauvage et élevage.

Les représentants des OP et des aquaculteurs soutiennent la mise en place d'un écolabel communautaire ou de critères minimum de contrôles ainsi que des signes de qualité régionaux.

Enfin, l'information des consommateurs pourrait être renforcée par des campagnes communautaires afin d'améliorer l'image du secteur et des produits, et de promouvoir la consommation de poisson.

### ***Synthèse des analyses et positions exprimées concernant les informations aux consommateurs***

	<b>Aspects positifs</b>	<b>Aspects négatifs</b>	<b>Pertinence de l'instrument</b>	<b>Propositions</b>
<b>Environnement</b>	<ul style="list-style-type: none"> <li>▶ Pertinence des informations relatives au mode de production et à la zone d'origine</li> </ul>	<ul style="list-style-type: none"> <li>▶ Imprécisions et difficultés de compréhension des informations relatives au mode de production et à la zone d'origine</li> </ul>	<ul style="list-style-type: none"> <li>▶ Utile pour instaurer une consommation responsable des produits de la pêche et de l'aquaculture (y compris biologique).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Promouvoir des critères minimum pour les écolabels</li> <li>▶ Campagnes d'information pour promouvoir la consommation responsable de poisson.</li> <li>▶ Renforcer la lutte contre la pêche IUU (certification)</li> </ul>
<b>Qualité, information, normes</b>	<ul style="list-style-type: none"> <li>▶ Distinction sauvage/élevage pertinente</li> <li>▶ L'étiquetage contribue à l'amélioration de la connaissance des consommateurs</li> <li>▶ Permet un meilleur contrôle des matières premières.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Zones FAO n'ont pas de significations pour les consommateurs</li> <li>▶ L'étiquetage ne renseigne pas sur les qualités intrinsèques des produits.</li> <li>▶ L'information est inexistante en restauration.</li> <li>▶ La traçabilité est insuffisante et les informations parfois incorrectes.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Globalement l'information fournie renseigne peu.</li> <li>▶ Les labels (écolabel, bio, signes de qualité) constituent un critère plus important dans le choix des consommateurs.</li> <li>▶ Les mentions légales fournissent un minimum de traçabilité au sein de la filière.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Développer des informations plus précises (zone de pêche, de débarquement, date de capture, origine du bateau) et plus robustes.</li> <li>▶ Renforcer les contrôles</li> <li>▶ Appliquer à la restauration</li> <li>▶ Campagnes d'information et promouvoir la consommation de poisson</li> <li>▶ Soutenir des initiatives pour des labels de qualité régionaux</li> </ul>

## **4. Normes de commercialisation**

Les normes de commercialisation sont considérées par la majorité des acteurs comme une

référence pour évaluer la qualité des produits, et donc comme un socle minimum à conserver. Leur impact réel sur cette qualité est lui moins unanime.

### Les constats

Les OP et la plupart des autorités nationales considèrent que les normes de commercialisation ont permis d'établir un référentiel commun pour apprécier la qualité des produits. De ce fait, elles ont permis d'homogénéiser l'offre et limité les distorsions sur le marché intérieur.

Nombreux EM et opérateurs considèrent que les normes ont contribué à une amélioration du calibrage et de la qualité générale de la matière première. Certains EM contestent la pertinence des critères retenus, qui sont utilisés pour les retraits, mais ne correspondent pas aux besoins de l'aval.

Le point faible le plus souvent mentionné est l'incohérence qui peut exister entre les tailles de commercialisation et les tailles minimales de débarquement. Les premières peuvent en effet être exprimées en poids, alors que les secondes le sont en longueur, et que ces deux données ne sont pas toujours corrélées.

### Les propositions

L'harmonisation des tailles de débarquement et des tailles commerciales fait consensus.

Par ailleurs certains EM souhaitent une classification de fraîcheur plus précise, la majorité des produits étant classés en A

Le renforcement des contrôles pour s'assurer de l'application des règles existantes est souvent mentionné.

### ***Synthèse des analyses et positions exprimées concernant les normes de commercialisation***

	<b>Aspects positifs</b>	<b>Aspects négatifs</b>	<b>Pertinence de l'instrument</b>	<b>Propositions</b>
<b>Stabilité et approvisionnement du marché</b>	<ul style="list-style-type: none"> <li>▶ Référence commune</li> <li>▶ Homogénéisation de l'offre sur le marché intérieur.</li> <li>▶ Impact positif sur la qualité et le calibrage des produits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Aucun impact sur les prix.</li> <li>▶ Ne constituent pas un outil marketing.</li> <li>▶ Application pas toujours rigoureuse.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Impact positif sur le marché. Elles sont considérées comme une référence commune d'évaluation de la qualité des produits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ <i>Pas de propositions.</i></li> </ul>
<b>Compétitivité des filières</b>				<ul style="list-style-type: none"> <li>▶ Appliquer les normes de commercialisation à tous les produits</li> </ul>
<b>Environnement</b>		<ul style="list-style-type: none"> <li>▶ Tailles commerciales dans quelques cas incohérentes avec les tailles minimales de débarquement</li> </ul>	<ul style="list-style-type: none"> <li>▶ Pas un outil d'amélioration de la durabilité de la pêche.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Harmoniser les tailles minimales de commercialisation avec les tailles minimales de débarquement.</li> </ul>

<b>Qualité, information, normes)</b>	<ul style="list-style-type: none"> <li>▶ Facteur d'homogénéisation de l'offre</li> <li>▶ Facteur d'amélioration de la qualité globale des produits.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Contrôles insuffisants.</li> <li>▶ Critères retenus sont pertinents pour le système de retraits que pour l'aval de la filière.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Rôle positif sur la qualité.</li> <li>▶ Référence commune d'évaluation de cette qualité.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Contrôles plus poussés.</li> <li>▶ Fixer des normes pour les produits d'aquaculture.</li> <li>▶ Utiliser le système QIM (Quality Index Method) pour évaluer la fraîcheur.</li> <li>▶ Augmenter le nombre de catégories.</li> </ul>
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## Régime d'échange avec les pays tiers

Dans leurs commentaires, nombreux acteurs ne font pas la différence entre les mesures tarifaires autonomes qui relèvent de la Politique de Marché (contingents et suspensions), et celles relevant de la Politique Commerciale, (négociations bilatérales, multilatérales, mesures de sauvegarde...).

L'ensemble des acteurs s'accorde sur l'utilité des contingents et des suspensions autonomes pour l'approvisionnement de l'industrie de transformation à prix compétitifs. Les représentants des industries de transformations et les autorités des Etats où ils sont le plus présents considèrent cependant que les mesures sont insuffisantes, alors que les représentants des producteurs restent attentifs aux risques de concurrence accrue.

### Les constats

La suppression des droits douanes par voie de contingents et des suspensions autonomes a permis l'approvisionnement des industries de transformations en matière première bon marché, et a de ce fait favorisé leur compétitivité et la consolidation des emplois qui lui sont associés. Si ce constat est partagé par tous, les transformateurs et les Etats Membres où cette industrie est importante regrettent que les contingents soient trop restreints et ne couvrent pas l'ensemble des besoins d'approvisionnement en volume et espèces. D'autres EM craignent que ces importations exemptes de droits de douanes n'aient un impact défavorable sur la production communautaires. De ce point de vue, les prix de référence, bien qu'ils soient peu utilisés, sont perçus comme une protection contre le risque de prix anormalement bas.

Le secteur aquacole et les EM concernés considèrent que les mesures de sauvegarde ont contribué à maintenir la production européenne. Les représentants des aquaculteurs souhaiteraient voir ces mesures appliquées plus régulièrement. D'une manière générale, la mise en œuvre de ces mesures est jugée trop lourde et trop lente pour pouvoir réagir efficacement aux changements du marché.

### Les propositions

Les opinions divergent sur l'évolution souhaitable des instruments tarifaires autonomes dans la politique de marché des produits de la pêche et de l'aquaculture. Alors que certains EM sont favorables à une large ouverture tarifaire pour tous les produits, les producteurs et les transformateurs soutiennent une utilisation différenciés des instruments tarifaires autonomes suivant les segments, espèces et besoins du marché. Enfin certains EM ont indiqué que les produits importés sans droits de douanes devraient répondre aux mêmes exigences que la production communautaire, en termes de qualité sanitaire, de conditions sociales et de respect de la durabilité de la ressource.

<b>ANNEX 5:</b> <b>Presentation and comparison of the CMO for Fruit and Vegetables and the CMO for Fisheries and Aquaculture</b>
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Fruit and Vegetables (F&V) and Fisheries and Aquaculture (F&A) products are characterised by common features and challenges:

- A significant number of products and a wide variety of production modes
- Importance of fresh thus perishable products
- A large number of producers organisations with great variations between MS
- Concentration of retails
- Exposure to price crises
- Positive image of the products
- Both F&V and F&A markets are regulated within a Common Market Organisation but with very different financial support: some 800 million euros (excluding direct aid) for F&V against some 15 million euros for F&A CMO

**The reform of F&V CMO in 2007 addressed the following issues**

- Concentration of the retailers and at same time insufficient grouping of supply
- Aid for products intended for processing not consistent with reformed CAP
- The need for an efficient market crises management in the F&V sector, although limited
- Environmental concerns. Need to improve the current commitments
- Need for administrative and management “Simplification”

**Objectives and structure of the 2007 F&V sector CMO reform**

- To improve EU F&V sector competitiveness and market orientation or, in other words, to contribute to achieving sustainable production that is competitive both on internal and external markets.
- To reduce fluctuations in F&V producers' income resulting from crises
- To increase consumption of F&V in the EU
- To continue the efforts made by the sector to maintain and protect the environment
- To simplify and where possible reduce the administrative burden for all concerned.



The 2007 reform provides for new measures set out to *encourage growers to join Producer Organisations* and POs are offered a *wider range of tools for crisis management*. The F&V sector is *integrated into the SPS*. EU funding for *promotion and organic production* is increased, and a minimum level of *environmental spending* is required. *Export subsidies for F&V are abolished*. In detail:

- **Producer Organisations (POs):** POs gain greater flexibility and their rules have been simplified. There is additional support (60 percent Community co-financing rather than 50 percent) in areas where production covered by POs is less than 20 %, and, in particular, in the new MS, to encourage the creation of POs. MS and POs develop Operational Programmes based on a national strategy.
- **Crisis Management:** this is organised through POs (50 percent financed by the Community budget). Tools include green harvesting/non-harvesting, promotion and communication tools in times of crisis, training, harvest insurance, help in securing bank loans and financing of the administrative costs of setting up mutual funds. Withdrawals can be carried out by POs with 50 % co-financing. Withdrawals for free distribution to schools etc is 100 % paid by the Community. Community aid to POs remains limited to 4.1 % of the total value of marketed produce, but this may rise to 4.6 % provided that the excess is used only for crisis prevention and management.
- **Inclusion of F&V in the Single Payment Scheme (SPS):** land covered by fruit and vegetables has become eligible for payment entitlements under the decoupled aid scheme which applies in other farm sectors. All existing support for processed F&V is decoupled and the national budgetary ceilings for the SPS is increased. The total amount transferred to the SPS is around 800 million euros.
- **Environmental measures:** The inclusion of fruit and vegetables in the SPS means that Cross Compliance is compulsory for those farmers receiving direct payments. In addition, POs must devote at least 10 % of expenditure in each Operational Program to environmental measures. There is a 60 % Community co-financing rate for organic production in each Operational Program.
- **Encouraging greater consumption:** POs are allowed to include promotion of F&V consumption in their operational programs<sup>40</sup>.

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<sup>40</sup> Additional 6 million euros for the promotion of F&V targeted at children in educational establishments and 8 million euros budget for free distribution of F&V to schools, hospitals and charitable bodies, which will be

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100 percent financed by the Community up to a limit of 5 percent of the quantity marketed by a PO. The Council asked the Commission to carry out a feasibility study into the creation of a school fruit and vegetable scheme.

## Evolution of objectives of the regime governing both sectors (F&V and F&A) since the 1970s

Fruits and &Vegetables CMO	Fishery and aquaculture CMO
<b>1970s</b>	
<b>Council Regulation (EEC) 1035/72</b> <i>(repealed by Council Regulation 2200/96)</i> <ul style="list-style-type: none"> <li>- stabilize market prices</li> <li>- avoid the destruction of withdrawn products</li> </ul>	<b>Council Regulation (EEC) 2142/70</b> <ul style="list-style-type: none"> <li>- apply common marketing standards;</li> <li>- create producers' organisations (POs);</li> <li>- establish a price support system based on intervention mechanisms (withdrawal prices, carry-over aid and aid for private storage) or compensation (tuna destined for canning);</li> <li>- set up a system of exchanges with non-EU countries</li> </ul>
<b>1990s</b>	
<b>Council Regulation (EC) 2200/96</b> <i>(amended by Council Regulation 2699/00)</i> Objectives, besides 1035/72 objectives: <ul style="list-style-type: none"> <li>- limit quantities withdrawn from the market</li> <li>- environmental protection during destruction of withdrawn products</li> </ul> <b>Council Regulation (EC) 2699/00</b> Objectives, besides 2200/96 objectives: <ul style="list-style-type: none"> <li>- Avoid withdrawal of citrus fruit that could be processed</li> </ul>	<b>Council Regulation (EC) 104/00</b> <ul style="list-style-type: none"> <li>- price stability;</li> <li>- optimal balance between supply and demand;</li> <li>- strengthened competitiveness;</li> <li>- ensure the supply of the EU processing industry while respecting the interest of EU producers; proper information to the consumer.</li> </ul>
<b>Objectives after Agenda 2000</b>	
<b>Council Regulation (EC) 1182/2007</b> <ul style="list-style-type: none"> <li>- Strengthen market orientation and the competitiveness of the sector</li> <li>- Reduce producer earnings fluctuations caused by market crises</li> <li>- Increase the consumption of fruit and vegetables in the European Union</li> <li>- Sustain the efforts of farmers in protecting the environment</li> <li>- Simplify and reduce administrative costs</li> </ul>	<b>Ongoing discussions</b> <ul style="list-style-type: none"> <li>- Reinforced market incentives to support sustainable production</li> <li>- Improve market position of EU production</li> <li>- Better connect the EU production to the EU Market</li> <li>- Enhance market potential f EU products</li> <li>- Support better governance and simplification</li> </ul>

## Comparison of current market intervention instruments in the F&V and F&A sectors

	Fruits and &Vegetables CMO	Fisheries & Aquaculture CMO
<b>Export Refunds</b>	<ul style="list-style-type: none"> <li>- Bridging of the price between the EU price level and the world market price level when the minimum price level, set by the European Union is higher than the world price for the same product</li> </ul>	Not applicable
<b>Aids for processing</b>	<ul style="list-style-type: none"> <li>- Community production aid scheme for products intended for processing and which meet minimum quality requirements</li> <li>- The aid is granted to producer Organisations which conclude contracts with processors approved by the MS</li> </ul>	<ul style="list-style-type: none"> <li>- Carry over operation (independent and not independent) for the processing of the product before it returns to the market</li> <li>- Direct aid to producers of tuna delivered to the processing industry if the market prices fall</li> </ul>
<b>Storage aids</b>	Not applicable	<ul style="list-style-type: none"> <li>- Carry over operation (independent and not independent) for the storage of the product before it returns to the market</li> <li>- Private storage aid (storage then return to the market)</li> </ul>

## ANNEX 6: EU market developments and trends for fisheries and aquaculture products

The EU is the first market in the world for fisheries and aquaculture products in value (55 billion euros representing 12 millions tons). The EU market increased by nearly two million tonnes between 1999 and 2007 where supply, trade and market structures and consumption preferences have dramatically changed<sup>41</sup>. The trends may be summarised as follows:

- **EU deficit in fisheries and aquaculture products increases:**
  - EU self-sufficiency rate fell from 57% to 35% in the same period;
  - EU fisheries production steadily decreased during ten years (-31% between 1996 and 2008, which represents a loss of more than 2 million tonnes<sup>42</sup>); while EU aquaculture production has not grown to an appreciable extent.
- **Retail concentration increased**
  - Supermarkets have a majority share of fisheries and aquaculture product retail distribution that continues to grow in all major EU markets. Nowadays, this growth essentially comes from distribution of fresh products, given that large retail chain almost totally dominate frozen and canned segments. Mass-market distribution of fresh fish is less significant in Southern European countries than in the Northern ones<sup>43</sup> where it highly developed.
- **Variability and complexity of first sale prices and price formation**
  - First sale prices of fresh fish are generally characterised by significant volatility. Several channels often co-exist to supply the various types of distribution, retail and HORECA, with specific pricing mechanisms and profit margins at each intermediary level.
  - Prices of imported products appear to be much more stable compare to EU production, notably since they are mainly linked to major frozen commodities coming from aquaculture or major fisheries (i.e. salmon, shrimp).
  - Profitability at various stages of the fisheries and aquaculture product chain is overall lower than that of other food supply chains.
- **Demand in terms of fish species has evolved over recent years:**
  - There has been a reduction of EU production of certain main species of fish (cod, plaice, haddock, redfish, etc), at the same time supplies of sea bass and sea bream farmed in Southern Europe have increased.

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<sup>41</sup> study on supply and marketing of fisheries and aquaculture products in the EU: [http://ec.europa.eu/fisheries/documentation/studies/study\\_evaluation\\_market/index\\_en.htm](http://ec.europa.eu/fisheries/documentation/studies/study_evaluation_market/index_en.htm)

<sup>42</sup> It primarily affects species that are subject to quotas. For over a million tonnes it is linked to the reduction in Denmark's production, essentially for non-human uses. The demersal fish group has fallen more sharply (-36%) than that of pelagic fish (-21%).

<sup>43</sup> Spain is the major market where supermarkets have a lower market share in selling fish products (55% in 2006, against 67% in Italy, 77% in Germany, 78% in France and 83% in the United Kingdom).

- A strong increase in demand for salmon and tropical prawns is evident; at the same time there has been a decreased demand for some traditional products (e.g. herring, plaice).
  - Increase in demand for in new MS from a low base;
  - Changes in qualitative and economic expectations of consumers (more fish fillets and less whole fish, ready to eat and processed food, new consumers for new products without strong fishy taste and smell and at a low price);
  - Requirements in terms of volume and availability (by processors and retailers).
- **EU consumption of fisheries and aquaculture products is far from being a homogenous market<sup>44</sup> but it is growing and evolving**
- The majority of markets have encountered a growth in consumption in the last decade. This trend is particularly strong in traditional markets such as France where an increase of 5kg/year/inhabitant has occurred in the last ten years. Likewise in several Central and Eastern European MS, there has been a noticeable increase in the level of FAP consumption.
  - EU markets are open to the arrival of new fish species, many of them substituting for traditional species which have become scarce. Examples of this are Alaska Pollock in the 80s, Nile perch from Lake Victoria in the 90s, Pangasius from Vietnam since the mid 2000s. There is a tendency towards homogenisation and harmonisation within the EU with the spread of distribution networks linked to the major supermarkets.
  - Growth in EU consumption is expected at a level of about +0.5% per year between now and 2030. A strong growth in demand is expected for prepared products, shellfish and fillets. On this assumption, the EU demand is likely to grow to 1,500,000 tonnes by 2030 supplied to a very large extent by imports. Dependence on white fish imports has already reached 90%, it is above 80% for salmon, and is generally high for all frozen and smoked products, whereas it represents only 30% for small pelagic species.
- **New consumption habits**
- Fresh fish continues to dominate in the majority of MS, particularly in Southern European countries (Spain, France and Italy) where more than 50% of fisheries and aquaculture products are consumed in this form. There is an interesting increase in the consumption of fresh fish in Eastern European countries.
  - Innovations in terms of presentation and packaging (fish or seafood packaged in a protective atmosphere) help to improve mass-market availability. Deep-frozen products attract growing and consistent interest across almost all markets. Ready to eat meals, breaded fish and fillets are all growth drivers. The canned and pickled fish market segment seems to have reached maturity, even showing signs of a slight decline in several MS. These staples have a very high penetration rates and are guaranteed a minimum market share in the long-term, in spite of the greater dynamism of other segments. The smoked fish segment, led by salmon, is

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<sup>44</sup> Spain, France and Italy alone make up 62% of expenditures. fisheries and aquaculture products account, on average, for 4% of food expenditure across EU27, but are above 5% in France, 8% in Spain and 10% in Portugal. On average, European consumers get 15% of their protein intake from fisheries and aquaculture products.

experiencing strong growth and still retains an image of luxury or regarded as a festive product whilst offering generally affordable price levels. Demand for dried, salted cod remains strong in the Iberian Peninsula but is declining in Italy.

- The out-of-home catering sector (HORECA) has encountered strong growth in recent years in the majority of MS due to lifestyle changes. The HORECA sector has become a significant purchaser and also an important player in terms of provision of information to consumers. Also, HORECA has developed new outlets such as sushi bars.

➤ **Increased consumers expectations**

The demand for fisheries and aquaculture products in the EU is influenced by a combination of economic, health and marketing factors.

- Price and purchasing power are the most important elements related to fish consumption. Fisheries and aquaculture products are often considered as relatively expensive products and demand for them is elastic, according to price and purchasing power.
- Health and nutritional values of fish are important criteria for consumers throughout the EU. The current trend for consuming healthy and natural products also benefits the fish sector and there is an increased interest in the essential fatty acids or omega-s for which fish is the best preformed source.
- Quality in the broadest sense (organoleptic features, freshness and safety guarantees) is also taken into consideration by European consumers when purchasing fisheries and aquaculture products.
- Respect for environmental impact and product provenance is valued in certain countries, especially in Northern Europe.

## ANNEX 7: Overview of the EU market for sustainable fishing certified products

Precise data on production and consumption of sustainable fishing certified products are often lacking. Most of the analysis published by international organisations (FAO<sup>45</sup>, OECD<sup>46</sup>, EC<sup>47</sup>), national bodies (UK, FR<sup>48</sup> ...) or NGOs (Marine Stewardship Council - MSC, Friend of the Sea, Seafood Choices Alliances ...) are based on qualitative work on operators and consumers' perception and on broad quantitative data on certified volumes. Nevertheless, some quantitative economic analysis can be conducted on the basis of consultations held by Commission services and existing studies<sup>49</sup>.

### Production and supply

DG MARE estimates that some 10% of the world's fisheries capture for human consumption is certified or under assessment, which can be seen as a dramatic market development in just ten years. Certified fisheries are so far primarily located in US waters (Alaskan salmon and Pollock: more than 1.5 million tonnes), Norway (herring and mackerel: over 1 million tonnes) and New Zealand (Hoki: 250,000 tonnes) Other large fisheries are now involved in certification programmes, (Alaskan Pollock from Russian waters, pelagic fish from Danish or Peruvian waters) representing potentially millions of tonnes of certified fisheries products.

The Marine Stewardship Council (MSC) is the leading certification scheme at world level. It indicates that in 2009 four million tons of capture fisheries for human consumption<sup>50</sup> are MSC certified for a retail value of US\$ 1.5 billion. Some three million tons of fish are undergoing full assessment against the MSC scheme for sustainable fishing. The percentage of total global catch of all fish in the MSC programme is 7.5%<sup>51</sup>. The number of countries where MSC-labelled products are available doubled between 2007 and 2009 (59) and the number of products (2,800) increased fourfold. Friend of the Sea (FoS), indicates that it has assessed more than 10 million tonnes of wild-catch and 500 thousand tonnes of farmed products. FoS certifies fishmeal. Eighty % of FoS assessed products (eight million tonnes) comes solely from Peruvian anchovies, entirely used for fishmeal. Other scheme operators do not published data

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<sup>45</sup> FAO – Globefish Research Programme “*Ecolabels and marine capture fisheries: Current practice and emerging issues*” Volume 91 - April 2008 : <http://www.globefish.org/dynamisk.php4?id=4516>

<sup>46</sup> [http://www.oecd.org/document/42/0,3343,en\\_2649\\_33901\\_42026282\\_1\\_1\\_1\\_37401,00.html](http://www.oecd.org/document/42/0,3343,en_2649_33901_42026282_1_1_1_37401,00.html)

<sup>47</sup> Study on the supply and marketing of fishery and aquaculture products in the European Union (2009) [http://ec.europa.eu/fisheries/publications/studies/fap\\_part2\\_fr.pdf](http://ec.europa.eu/fisheries/publications/studies/fap_part2_fr.pdf)

<sup>48</sup> Ofimer - Étude de faisabilité de la mise en place d'un écolabel dans la filière des produits de la pêche maritime : <http://www.ofimer.fr/Pages/Ofimer/Publications.html>

<sup>49</sup> FAO – Globefish Research Programme “*Ecolabels and marine capture fisheries: Current practice and emerging issues*” Volume 91 - April 2008 : <http://www.globefish.org/dynamisk.php4?id=4516>

Ofimer - Étude de faisabilité de la mise en place d'un écolabel dans la filière des produits de la pêche maritime : <http://www.ofimer.fr/Pages/Ofimer/Publications.html>

OECD/FAO Round Table on Eco-Labeling and Certification in the Fisheries Sector: The Economics of Standards-Certification-Quality Signalling in Fisheries (Julie A. Caswell -University of Massachusetts Amherst and Sven M. Anders - University of Alberta); The Consumer Perception (Nielsen)

[http://www.oecd.org/document/48/0,3343,en\\_2649\\_33901\\_43351152\\_1\\_1\\_1\\_37401,00.html](http://www.oecd.org/document/48/0,3343,en_2649_33901_43351152_1_1_1_37401,00.html)

[http://www.oecd.org/document/42/0,3343,en\\_2649\\_33901\\_42026282\\_1\\_1\\_1\\_37401,00.html](http://www.oecd.org/document/42/0,3343,en_2649_33901_42026282_1_1_1_37401,00.html)

<sup>50</sup> MSC does not yet certify fishmeal

<sup>51</sup> excluding fisheries undergoing confidential pre assessment: some 20 to 30

on fisheries certified according to their standards but the two previously mentioned are the most prominent on the EU market.

Fish production from EU fisheries amounted to 5.4 million tonnes in 2008. A rough estimate indicates that in 2009 **some 6% to 8% of EU fisheries are certified**<sup>52</sup>. The potential for development of certification of EU fisheries is demonstrated by the growing number<sup>53</sup> of EU fisheries currently under assessment. It is mainly important for pelagic fish whose European production remained constant (some two million tonnes) in the last 10 years when it decreased overall by 30% due to availability and quota reduction. Other fisheries and species are being assessed some on a large scale (saithe<sup>54</sup>) and others on a more local basis and for higher value products (mussels, oysters, nephrops...). The range of species from EU fisheries to be engaged in certification process is expanding<sup>55</sup> which addresses one of the constraints often raised by retailers and restaurants engaged in selling certified products.

Nevertheless the EU industry has to face some constraints linked to the weak or fragile state of stocks in various EU fisheries (over 80% being overfished) which, in the short, run would exclude them from this voluntary market based tool. The EU sector may also suffer from limited experience in standards and certification. Additional constraints appear for fresh products, which is a large and high value segment of European fisheries, since the obligation of certifying the chain of custody means that retail shops must also be certified.

### Consumption and demand

Consumption of certified fisheries is concentrated in North America, the EU and more recently in Japan<sup>56</sup>. There is very little data available on consumption per region or country. As certification of EU fisheries started only recently, so far the EU consumed certified fish products imported from some of the world largest stocks (Alaskan pollock, Alaskan salmon, herring, hoki...).

In terms of **demand for certified “sustainable fishing”** products it appears, according to a study conducted by the Commission<sup>57</sup> that a majority of consumers in the EU are willing to be informed on sustainability of the fisheries products they purchase. The main source of information in that context is reported to be labelling. Nevertheless there is a wide heterogeneity of interest in environmental considerations concerning fish products in the EU:

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<sup>52</sup> Currently in the EU, some 10 fisheries are MSC certified. This concerned to a very large extent pelagic fish in DK and NL (herring 160,000 metric tones), and UK (mackerel 140,000 metric tones). saithe (DE - 10.000t and FR-5-10.000t). Other species are also concerned but for a more limited volume: sea bass, nephrops. Friends of the Sea certified Albacore Tuna in Ireland, mackerel and sardines in Portugal (no figures on volume available).

<sup>53</sup> There are over 20 EU fisheries currently officially reported under assessment process by the MSC in UK, FR, NL, PT, DE...: Sardines in PT and FR (Bretagne – 15000 t), UK (Cornwall); Mackerel (IRL, DK-Feroe); Herring UK; Nephrops: UK ; Saithe: FR, UK; Haddock (Scotland); Shrimps, Mussels (SP – Galicia). Some (pre) assessments remain confidential.

<sup>54</sup> In the case of saithe for example, sustainable fishing labelling can be an opportunity for such products that do not exhaust, and sometimes by far, its annual TAC and suffer from a rather negative image, to improve its market penetration and stimulate investment in quality and marketing.

<sup>55</sup> First and main species certified in the EU were pelagic fish, and more recently haddock, hake, saithe, sea bass, sole, nephrops, scallops

<sup>56</sup> MSC is extending its network of offices in the world (Netherlands, France, Germany, Japan, ...)

<sup>57</sup> Image survey on the perception of fishery and aquaculture products, July 2008 - [http://ec.europa.eu/fisheries/publications/studies/survey\\_sector\\_image\\_summary\\_en.pdf](http://ec.europa.eu/fisheries/publications/studies/survey_sector_image_summary_en.pdf)



relatively strong in Northern Europe, limited up to recently in Southern Europe and weak in Central and Eastern European countries<sup>58</sup>.

Still, it can be considered that the development of “sustainable fishing” labels in the EU is **demand driven**. Commitments and communication by some of the main market makers (processors, retailers, catering) indicate that the steady increase observed in the last five years is very likely to continue<sup>59</sup> meaning consolidating in most advanced markets and developing in other EU markets. Large processing and retail companies which are driving the process, are operating in most EU Member States.

Based on this dynamic demand, it can be considered that certified production of EU fisheries, representing some 3% of total consumption of fisheries and aquaculture products in the EU<sup>60</sup>, is entirely absorbed by the EU market. Considering imports of certified products in the EU, a very broad estimate leads to a share of sustainable fishing certified products between 5% and 10% in the EU. Sustainable fishing labeled products are now sold in all 27 Member States. Nevertheless, the UK<sup>61</sup> and Germany represent over 80% of total EU consumption for certified products. Market penetration of sustainable fishing labels is also dynamic in the Netherlands, Sweden, France and Italy<sup>62</sup>.

**Potential and expected benefits** are: price premiums, access to new markets, securing, consolidation or expansion of market share in existing markets, product differentiation, and longer-term advantages from improved sustainability and availability of resources, contributing to economic and social sustainability of the captured fish industry.

Consumers in the EU do not consider sustainability of fisheries to be their prime responsibility but one of their governments and the fishing industry<sup>63</sup>. They may also need more information. Nevertheless, labelling does influence purchasing decisions. It is reported that US certified Alaskan Pollock is sold on average 10% more than the same product from Russian waters. This together with market opportunities probably pushed part of the Russian fleet to start assessment in view of certification. Some European processors indicated that in order to secure access to certified resources they were ready to accept a price difference. This appears to be a strategic policy to lead the market niche of certified fish products. In addition, fishermen involved in sustainable fishing labelling schemes report better predictability and less price volatility<sup>64</sup>.

**Costs, duration and access.** Cost of certification can vary between 5,000 USD and over 100,000 USD for more complex assessments with multiple units of certification. The use of a

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<sup>58</sup> Public and private promotion campaigns are taking place or have been announced (in the UK especially) and media coverage is increasing in all countries. The starting point is a limited (but growing) level of awareness of EU consumers on sustainable fishing and a very low knowledge of existing labels.

<sup>59</sup> Sainsbury's, Marks & Spencer, Carrefour, Metro, Dutch retail association, Asda, Aldi, Lidl, Edeka (DE), Dansk (DK), catering Sodexo, Compass and processors: Princes (UK), Friedrich (DE), Birdseye Iglo, Youngs UK, Findus ...are all committed to expand their range of certified products and in many cases set ambitious targets and timeframes.

Similar trends are observed in the USA and Canada: Walmart announced that 100% certified fresh and frozen seafood by 2011

<sup>60</sup> EU consumption of fisheries and aquaculture products: 12 million t for a value of € 55 billion (2008).

<sup>61</sup> Sales in the UK increased from US\$ 30 million to US\$ 150 million between 2006 and 2008

<sup>62</sup> The number of referenced MSC labelled products tripled in France between 2008 and 2009

<sup>63</sup> Nielsen survey March 2009: The consumer's perspective <http://www.oecd.org/dataoecd/52/38/42691624.pdf>

<sup>64</sup> Conclusions of the OECD Round Table on Eco-labelling and Certification in the fisheries sector - <http://www.oecd.org/dataoecd/17/43/43356890.pdf>

logo varies from fees plus percentage of sales<sup>65</sup> to standard yearly fee<sup>66</sup>. Pre-assessment may last from between one to nine months with a full evaluation from five to 24 months. On the production side (catch) companies operating in the EU are **mainly SMEs**<sup>67</sup> which have so far little experience of certification. Public authorities (EU, national, regional) are supportive to this development and co finance assessment process<sup>68</sup>. Development of certification takes place in a difficult economic context in the last 2-3 years (fuel crisis, access to credit, decreasing resources...). Profitability is, on average, lower than in the agriculture sector and investment capacity is down.

**Non financial impact:** Further development of sustainable fishing certification should lead to increased investments in traceability systems, an increase in the variety of available tools and technology and reduction costs. This is expected to have very substantial spill-over effects in the overall fish sector<sup>69</sup>.

Certification contributes to improve credibility and the image of the sector that has been strongly affected in recent years by suspicion of non compliance and difficulty to get value and communicate on good practices. Market differentiation, positive communication and information to the public are the first benefits for European fisheries. Certification and labelling of sustainable fishing represent a way to secure markets and access new markets in the EU particularly in Northern Europe.

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<sup>65</sup> MSC: 250- 2000 USD + 0.5% of sales

<sup>66</sup> Friend of the Sea: Standard Yearly fee 3.000 Euros per product with same origin (5.000 Euros on first year - including Audit Costs).

<sup>67</sup> In the EU among the few certified fisheries, there are several small scale fisheries (herring from the River Thames, sardines à la bolinche de Bretagne...)

<sup>68</sup> The European Fisheries Fund, as well as national administrations (UK, DK, SW, NL, DE, FR..) support certification of European fisheries. The Dutch government allocated €1 million to support certification. DEFRA-UK is also co-financing MSC "fish and kids programme": <http://www.fishandkids.org>

<sup>69</sup> Traceability in the fish sector has been lagging behind compared to other food industry sector. Together with improved technology (electronic auctions, sales notes, electronic log books...), the logistics of the sector and the changing regulatory framework (Regulation against Illegal Unregulated Unreported fishing, new control Regulation ...) traceability is widespread very quickly. Labels on sustainable fishing will both benefit from this development and stimulate it while developing.

<b>ANNEX 8: European markets Observatory for fisheries and aquaculture products</b>
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*Summary of the ongoing Preparatory Action*

Since early 2010, the European Commission is implementing a preparatory action for a European Market Observatory for fisheries and aquaculture products. This important project is carried out as a result of a decision made by the European Parliament to allocate 4 M€ to the European Commission following a communication of the Commission on the consequences of the economic crisis for the EU fishing industry, in July 2008<sup>70</sup>.

The aim of the European Market Observatory is to improve market intelligence of all stakeholders and decision makers such as the Commission, Council, Parliament and MS. The Market Observatory will be of major importance for the fisheries and aquaculture sector and, as such, constitute one of the cornerstones of the reformed Market Policy. It will be developed in relation to the ongoing food price monitoring exercise which is being carried out by the Commission under the leadership of DG AGRI.

More specifically, the objective of the European Markets Observatory service will be to provide harmonised economic information allowing stakeholders, administrations and regional fisheries organisations to have a global overview of European markets and to compare different local or regional market situations within the European Union.

To reach this objective, the European Market Observatory will collect and harmonise market data all along the supply chain of fisheries and aquaculture products in Europe. Moreover, it will produce relevant charts and tables, as well as ad hoc market analyses and ensure an adequate dissemination of this information to all users concerned.

The steady information on prices and products which will be made available both at EU and Member State levels will help stakeholders and decision makers to develop adequate marketing strategies and public policy.

A couple of concrete examples are provided below to illustrate the services to be provided by this market analysis tool.

A first example refers to the market crisis which the fisheries sector was faced with at the beginning of 2009, in particular due to the important landings of cod and haddock all over Europe. For the future, it will be possible to have recourse to the European Market Observatory to swiftly retrieve weekly information on prices for cod, haddock and other competitive species in the main landing ports, not only in the EU but also in Iceland and Norway. To get an overview of the situation, price information on these same species may also be found at wholesale and retail levels. This will allow detecting any abnormal evolution in price formation and consequently to be able to rapidly and effectively tackle the situation and launch appropriate policy or marketing initiatives in a timely manner.

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<sup>70</sup> COM(2008) 453 final / Communication from the Commission to the European Parliament and to the Council on promoting the adaptation of the European Union fishing fleets to the economic consequences of high fuel prices / Brussels, 8.7.2008

A second example refers to the impact of the impressive development of Pangasius production in Vietnam on the European fisheries and aquaculture sector. This issue is frequently raised by private operators, Member State administrations or the European Parliament. Adequate and reliable sources of information are needed to analyse it. The European Market Observatory will collect and analyse market data at different levels of the supply chain, i.e. first sale, whole sale, extra EU and intra EU trade, processing and retail. It will be possible to make swift assessments based on reliable and precise data of the evolution of the market-share of Pangasius on the different EU markets. It will be possible to identify the species and the market segments on which Pangasius has the biggest impact and to regularly monitor the import and retail price of Pangasius in view of taking appropriate measures.

### **State of Play**

In preparation of this project, DG MARE conducted, in early 2009, a preliminary consultation of MS and stakeholders which confirmed a strong interest in a European Market Observatory. They provide useful indications of the main expectations.

Mid 2009, DG MARE launched an open call for tender<sup>71</sup> in view of finding a suitable expertise to pave the way for the establishment of a turn-key European Market Observatory. Following established procurement rules, a team of consulting companies led by COGEA was selected to carry out the preparatory action<sup>72</sup>. The contract was signed at the end of January 2010, subsequent to which a kick-off meeting was organised to establish contact and launch the process. A Steering-Group composed of representatives of DG MARE, DG AGRI, DG TRADE, DG ESTAT and JRC-Ispira will follow the work all along the duration of the project.

### **The way forward**

In order to carry out this preparatory action to establish a European Market Observatory, three successive steps are planned:

- In phase 1, which will last for around 6 months, the contractor will be requested to examine the availability of fisheries and aquaculture data all along the supply chain, identify gaps and suggest solutions where appropriate. Final results of this state of play phase will be available before the end of 2010.
- In phase 2, starting at the end of 2010 and ending at the end of 2011, the contractor will design the structure and functioning of the European Market Observatory.
- In phase 3, as a final step, the contractor will test the model for the aforementioned purposes and ensure a hand-over to the European Commission for the third quarter of 2012.

On the basis of the outcomes and evaluations of this preparatory action the European Commission will analyse the relevance of setting a permanent European Market Observatory for Fisheries and Aquaculture Products which would contribute to the objective of the reform of the Market Policy to provide tools for all stakeholders to improve market intelligence in fisheries and aquaculture products.

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<sup>71</sup> Open call for tenders n°MARE/2009/06 published in the Official Journal of the European Union S/146 of 01/08/2009 (ref. 2009/S 146-213226). See annex 1 of the present note.

<sup>72</sup> Contract award notice published in the Official Journal of the European Union S/31 of 13/02/2010 (ref. 2010/S 31-043487).