

## REPORT

Meeting: **The resilience of the fish processing industry and the EU food security: Global competition for an important protein**

Parties: **AIPCE CEP (host), stakeholders**

Date: **26 June 2023**

Location: **MS Teams**

Moderator: **Katarina Sipic**

Rapporteur: **Kateryna Urbanovych**

### 1. Welcome and introduction

The webinar was hosted by AIPCE (EU Fish Processors and Traders Association) and CEP (European Federation of National Organizations of Importers and Exporters of Fish), representing the EU national associations of fish processors and three third countries (UK, Norway, and Morocco). The objective of the event was to emphasize the significance of trade instruments, specifically free trade agreements (FTAs) and autonomous tariff quotas (ATQs), in terms of ensuring the EU sector's competitive position through proper sourcing of fish and fishery products.

Poul Melgaard Jensen, Chairman of AIPCE CEP Trade WG and Director of Danish Seafood Association, gave a brief introduction of the event. Jensen mentioned the [latest Finfish Study](#) by AIPCE CEP, where it was calculated that more than 65% of EU's total supply is accounted for by imports from third countries, while 35% are domestic production. With the increasing import share in recent years, it is crucial to recognize that trade instruments facilitating free and unrestricted sourcing, devoid of tariff barriers, for the European Union market and its processing industry are not only beneficial but essential. These measures are necessary to maintain the competitiveness and attractiveness of the European Union industry as a global trading partner within the seafood supply chain. Other benefits of trade instruments include meeting the ambitions set in the [European Green Deal](#) and improved food affordability, sustainability and security for the EU, guaranteeing ensured supplies to counteract any possible future disruption.

Two presentations were held focusing on the processing industry in the South and in the North of the European Union. Subsequently, a discussion ensued regarding the presented topics, and with a focus on the role of imported fish products in achieving the goals outlined in the Green Deal.

## 2 Focus on the industry in the South of the EU

Yobana Bermúdez, the Director General at CONXEMAR (Spanish Association of Importers, Exporters, Wholesalers, Traders and Processors) and board member of AIPCE CEP, presented on the processing industry in the South of the EU and emphasised its need for ATQs. Although Bermúdez highlighted that the EU has made significant efforts in designing FTAs in the last decade, which are welcomed by the industry, still around 44% of seafood imported to Spain, Italy and Portugal is subject to import duties.

The market variety in the South is vast, with 900 marketable seafood species. The value of the raw material does not exclusively depend on the specie but on the production method as well (e.g. different fishing gear, extensive/intensive aquaculture, frozen on board/on shore, other). Due to the limited availability of the majority of products in EU waters in significant volumes, the raw material requirements of the southern EU market are not met by the EU fleet alone, making the South dependent on input. This stresses the importance of increasing available trade instruments such as ATQs and FTAs. The majority of the raw material used in the processing industry in the South come from countries with whom there is no agreement on imports (no signed FTAs). However, this raw material is key for the industry, that only in Spain generates 32 000 jobs and a turnover of 14.156 M €. Hence, the ATQs scheme plays a pivotal role as the sole available mechanism for these countries to sustain their industries and preserve employment within Europe, preventing deindustrialization.

Bermúdez proceeded to outline several instances where ATQs exist for the import of certain species but encounter various challenges. One such example is the Squid *Loligo gahi*, where the designated ATQ is excessively high, necessitating industry adjustments to fully utilize the quota allocation. On the other hand, the Shrimp *Pleoticus muelleri* presents an ATQ that is too low and quota for this species is exceeded every year because the industry demand is high.

## 3 Focus on the industry in the North of the EU

Krishan Kent, Director at Fiskbranschens Riksförbund and board member of the AIPCE, commenced by presenting the consumer demands prevalent in the northern region of the EU. He then delved into the significance of aligning FTAs with these consumer needs and emphasized the importance of the establishment of ATQs. Kent underscored how, despite the EU being a relatively young (only 70 years old), the consumer patterns of nations have evolved over a much longer span. The longstanding trade of cod and herring by the Vikings has established a preference for white fish in the northern region, thereby explaining the contrasting consumer patterns between the North and the South.

ATQs are crucial for maintaining a balanced internal supply of fish within the EU and ensuring predictability in terms of having the appropriate quality for each specific product at the required time. Maintaining the variety of seafood on the EU markets today is of essence to satisfy the need of the consumers. The ATQs allow for reliability, and protection from the seasonality of fishing, since they grant access to the preferred size and quality of raw material, which is something that internal supply is not able to do.

Kent used the example of herring (in which different species of herring and different parts of the same species allow to cover various parts of the market) to show that through the predictability and availability allowed by the ATQs, the market can be supplied with a variety of different products, therefore adding value to the EU market and the society.

Kent also emphasized the sustainability aspect of the EU market, noting that major supermarkets have implemented their own sustainability frameworks. These frameworks include requirements such as 100% ASC or MSC certification, avoidance of red-listed species according to WWF, adherence to ICES advice for fishing, and timely implementation of credible Fishery Improvement Projects (FIPs).

#### 4 The Green Deal and the importance of cooperation to achieve sustainability

After the presentations, a debate on the discussed topics took place. The moderator directed the discussion towards the topic of the European Green Deal, and particularly towards the role played by imports, in terms of fish products, in reaching the Green Deal goals.

Bermúdez, Kent and Melgaard agreed that the processing industry must take part in the Green Deal, but that an increase of inclusion of the industry points of view is needed. Moreover, it is essential to obtain clear and explicit guidelines regarding the sustainability criteria before demanding compliance from raw material suppliers. Failure to provide such clarifications can have detrimental effects on the processing industry.

A representative of the Commission present at the meeting, pointed out that sustainability principles and objectives will be applied to imports, as they are applied to food production in general. Currently, how exactly the import issue will be tackled within the sustainable food system framework is being explored.

Ultimately all debaters agreed that there is great need of inclusion of the processing industry in the Green Deal. The Commission representative extended an invitation to the representatives of the processing industry, inviting them to actively engage in discussions regarding the ongoing energy transition.

#### 4. Closing - final remarks and future trajectory

Guus Pastoor, the President of AIPCE and President of the Dutch Visfederatie, draw the final remarks of the webinar and summarized the analysed points. Pastoor highlighted how, though the Southern and Northern markets differ per marketable species and consumer demand, the overall priorities of the industry are the same in both cases. The primary goal is to maximize seafood processing within Europe, thereby generating added value within the region. The ability to achieve this goal depends on the availability of raw materials, which is crucial for the industry's sustainability and the competitiveness of the EU processing sector. By securing a reliable and sufficient supply of raw materials, the EU processing industry can maintain its competitive edge and enhance its overall attractiveness as a key player in the global seafood market.

Pastoor underscored the fact that Europe won't be able to achieve self-sufficiency in seafood production without imports, both presently and in the future. This highlights the criticality of trade instruments. Furthermore, relying solely on FTAs is insufficient for sustaining the industry, as they do not encompass all potential sources and lack the necessary flexibility. In contrast, ATQs provide the required flexibility and coverage of various origins, making them indispensable for maintaining a robust and resilient seafood industry in Europe. ATQs serve as a mechanism to regulate and optimize the availability of fish, enabling the industry to meet the demand for high-quality products in a timely manner.

Finally, Pastor emphasized the importance of establishing unambiguous and auditable criteria for the sustainability principles of the processing industry and defining a clear trajectory for the future. By providing clarity and specificity in sustainability criteria, the processing industry can uphold responsible practices and set the stage for a sustainable and resilient future.