

Working Group 2: EU Market Minutes

Wednesday 3 June 2020

10:00-12:30

Interactio online meeting

Welcome from the Chair, Andrew Kuyk

Adoption of draft agenda and minutes of last meeting (29.01.20): adopted

The Chair explained that the Executive Committee agreed that the COVID-19 pandemic was a relevant topic for all WGs. There have been huge disruptions for civil society, food supply chain, the HORECA sector, and shopping patterns. There are issues connected with the economic support for the industry, but WG2 will likely be more concerned with the medium and long-term support. There is a general expectation of a significant recession across Europe and higher levels of unemployment. Disposable income will be under pressure. In the UK, there were significant changes in the way people shop. There was a large shift towards online shopping and delivery. The patterns of consumptions are far from normal. Retail sales spiked in the first weeks, now these are going back to almost normal. Consumers have changed their shopping days with more purchases during the week. For the long-term, there are open questions, particularly it will return to pre-COVID levels in the retail sector. There are also large open questions for the HORECA sector, which is a significant segment of the seafood market. This is very relevant in terms of demand and supply as well as future routes for the seafood sector. Fish is the most internationally traded food commodity, while the pandemic had significant repercussions, impacting global supply chains. There will be difficulties for the EU to source its needs.

Sean O'Donoghue (Killybegs Fishermen's Organisation) explained that WG1 looked at the financial backdrop of the crisis, but it is necessary to look at the other aspects. They expressed particular interest in the EUMOFA studies relevant for WG2. It would be important to discuss if there are additional studies that should be considered in relation to the crisis. They called to consider the EMFF provisions on marketing issues and support for marketing campaigns. A recession is likely to be experience. Therefore, it is necessary to look into general campaigns on EU fish.

The Chair expressed some concern with the potential time lag with requesting advices from EUMOFA. There will be real-time developments, which, by the time, EUMOFA presents the data, it might not be relevant anymore.

Control Regulation



- **Presentation by MEP Clara Aguilera, EP PECH Committee Rapporteur**

The Chair recalled that the MAC adopted an advice on the Control Regulation, at an earlier stage, but the legislative process was not completed before the last European Parliament's elections. Therefore, the process has restarted in the Parliament.

Clara Aguilera MEP explained that she prepared a report with 91 amendments to the Commission's proposal. From the different political groups, 1129 amendments were submitted. They have started working with the political groups and the shadow rapporteurs, so they hope to hold technical meetings in June and a political meeting at the end of June, in order to reach the first compromise agreements. The main objective is to reach approval in October/November. They hope that a vote will take place in the EP PECH Committee in October. The inter-institutional negotiations would take be launched in the first trimester of 2021. This is a very important regulation, so should not be delayed even further. An adequate harmonisation of control in all Member States is needed. Until now, each Member State has different practices and different models of sanctions. More coordination and harmonisation is required. This reform comprehends 5 regulations and is quite complex. The proposal includes different aspects and the entry into force would be a 5 years process for adaptation. It includes elements of digitalisation and introduction of new technologies as a fundamental basis. This implementation will not be easy, but administrations will need to adapt as well as the sector. The value chain will also be influenced and will need to adapt.

Ms Aguilera emphasised that the entire sector must be included, including recreational fishing and artisanal fisheries. It does not mean that everything will be treated the same. Nevertheless, there must be an adequate system that takes into account the size of the vessels. In Andalusia, the government made a significant effort with green boxes for geolocation of the fleets. It is important to know the data of recreational fishing. This is a competence of the Member States and it generates possibilities of employment. Still, it must be taken into account when considering the available resources.

Ms Aguilera underscored that traceability is a very significant element. The entire value chain must be involved. If it does not start at the beginning of the chain, then it would be very difficult for the retailer to correctly identify the product without the adequate and timely information. The entire value chain should be sufficiently digitised and able to provide information to consumer. Digitalisation might be difficult in the beginning, but it is fundamental to have digitalisation system with support from the Member States. These systems will lead to the incorporation of digital technologies in vessels to provide information. This must be covered by the future EMFF. This system should receive financial support to allow more information and better control.

Ms Aguilera recognised that the most controversial element of the Commission's proposal is the introduction of CCTV on board. The MEP has taken into account public opinion and has discussed with the different stakeholders of the value chain. The fishing sector expressed concerns with the introduction of this technology, which raises doubts in matter of privacy. The MEP also read the scientific report on the difficulty of the proper implementation of the landing



obligation without the introduction of CCTV. According to her proposal, a proportion of cameras should be introduced in vessels identified as high-risk, meaning the vessels that national administration know are of high risks of non-compliance with the landing obligation. Therefore, CCTV would not be applicable to all vessels. This would require the agreement of all political groups, so it is not clear that her proposal would be adopted.

The Chair stated that the outlined work will require some time to be completed. COVID-19 has demonstrated that it is possible to make considerable steps forward in terms of technology. Digitalisation of information and interoperability of systems is very important. When considering the Farm to Fork Strategy and improvement of consumer information and traceability, digitalisation has a very important role to play. Ensuring consistent implementation of rules across the EU is very important. The Chair opened the floor for questions, but emphasised that WG2 is dedicated to market matters, such as definition of lots and consumer information. In the process of co-legislation and potential vote in October, the Chair wanted to know how the MAC could contribute to the process. A formal opinion on the original proposal was submitted. The MAC is not part of the legislative process, but it is ready to contribute to specific questions in a process of further engagement.

- **Exchange of views on latest developments on the review of the regulation**

Pierre Commère (ADEPALE) emphasised that the topic of control is paramount and that the draft regulation is very important. They highlighted the interaction of the Control Regulation with the product after landing. There are only two articles that cover the traceability system and the definition of lot. It is fundamental to know what information must be transmitted to consumers. The supply chain already has a system of traceability and of organisation, which is connected to sanitary matters. The articles of the modified regulation presented raises issues in the definition of lots and of traceability. There is a second parallel traceability system from landing to the supermarket, which is problematic, because it creates a double system and double work. The regulation was relevant before for the control at sea and at landing. The existing system was effective already. In order to know what information to provide to consumers in supermarkets, it is necessary to trust consumers to have some control. Otherwise, there is a confusion between traceability and information to consumer. The Council is considering this dimension. They will wait to see the final text regarding Articles 56 to 58, particularly if it takes into account the food industry.

Aurelio Bilbao (Federación de Confradías de Pescadores de Bizkaia) highlighted that they followed with great attention the EP PECH Committee meeting of 12 November 2019. One of the participants stated the EU institutions should talk more often with the fisheries sector, which he agreed with, because there is a lack of concrete meetings. In relation to the report, traceability is always thought of from the perspective of fresh products. They expressed trust in the retailers and wholesalers that it can be improved. Still, they wondered why processed products not covered. In relation to Article 4(35), they believe that the processing industry should be included. Canned seafood needs traceability too. Consumers should know where the canned products come from. Article 14 covers information provided by the fishers, which should be information at the end of each work day. In certain fisheries, it is not possible to provide



information at the end of each capture. On Article 14(1), it is necessary to change the tolerance margins for pelagic species and tuna species. It is not possible to constantly justify with landings, even if there can be errors in calculations. The margins must be increased. Article 17(1) on the prior notification, this should be modified, because some fleets operate close to the coast. If more inspectors are needed, then they should be hired. One hour would be enough. There are certain fisheries for which transshipment should be allowed for efficiency reasons. For example, due to the COVID-19 crisis, there were supposed to be less vessels traffic, but this was impossible. On Article 58 on catch date, they highlighted that there are certain fisheries that cover a range of dates, for example “bonito” tuna fishing can take three weeks. Therefore, it should be adapted for certain fisheries and seasons.

María Luisa Álvarez Blanco (FEDEPESCA) emphasised that information to consumer is a part of the traceability system. Without a proper transmission connected to lot numbers, it will be impossible to transmit information to consumers. They agreed that, for certain processed products with one main fish ingredient, origin is important for consumers. It is also important to take into account the interoperability of the actors in the seafood value chain.

The Chair asked MEP Aguilera for the most appropriate manner for the MAC to provide assistance in the upcoming months.

Clara Aguilera MEP stated that, after holding the first meeting with the shadow rapporteurs, at the end of June with the shadow rapporteur, it would be positive to hold a meeting to analyse market and traceability issues. The feedback would be very important to hear different views and to be closer to reality. It would be good to fix a date between July and September. The debate on the Farm to Fork Strategy has also started, which will have a significant impact to fisheries.

In relation to ADEPALE’s comments, Ms Aguilera stated that it is important to identify the data that is relevant to be transmitted. There are concerns of a potential double system with the General Food Law, which should not take place. The Parliament has worked to ensure that the General Food Law works with the Control Regulation. Recognising that there could be difficulties, but work has been done to ensure alignment between the regulations.

In relation to Federación de Confradías de Pescadores de Bizkaia’s comments, Ms Aguilera recognised that there are issues with labelling of processed products. It is necessary to have adequate labels for fresh and processed products. It is not possible to know the origin of tuna products. The Commission has announced that provisions on labelling will be presented in another proposal this year. The MEP is in favour of changing the current labelling system. In relation to interactions with the fisheries sector, the MEP emphasised that she held many meetings with the sector organisations. Therefore, she remains open to meeting those who request. As for Article 17, the margins have been increased, but she remains open to discuss it. The MEP expressed openness to meeting the sector and with the MAC.

The Chair thanked MEP Aguilera for the comprehensive overview. Subject to the views of the Executive Committee, the Chair suggested for the Secretariat and MEP Aguilera’s team to work



on finding a suitable date for a meeting in the Autumn. The Chair proposed an open workshop, instead of trying to find a consensus view of the MAC, since there will be different currents of opinion. An open discussion would be the most efficient way of proceeding.

Sean O'Donoghue (Killybegs Fishermen's Organisation) agreed with organising a workshop, but added that it would be important to spend time reaching a consensus in the MAC on the Control Regulation. These should be fully explored at the workshop.

The Chair suggested for the Executive Committee to take a view on the topic. Reaching a consensus can be quite difficult in the MAC. The purpose of the workshop would be to explore the issues. There is willingness of the Parliament to engage with the MAC and there are technical issues to be explored. There are procedural issues to take into account, for example, a preparatory meeting for the workshop.

IUU Regulation

- **Exchange of views on legislative developments**
- **Way forward**

Georg Werner (Environmental Justice Foundation) recalled that, at the previous WG2 meeting, there was presentation on the report produced by the IUU Coalition. The report is a comparative study of the KDEs aiming at tackling IUU in the top three seafood markets (EU, USA, Japan) for imported seafood products. The report issues a number of recommendations for closer alignment on basis of best practices, which will improve seafood traceability and prevent IUU fishing from entering the market. It also helps establish a seafood level playing field. The discussion at the previous agreement showed there was agreement to align control processes. EJF would like to put forward a draft for an advice by the MAC at the next WG2 meeting. This would also connect with comments by the Commission representative (Desiree Kjølsten) who said informing that the Commission already exchanges on the different approaches to import controls speaking with US authorities. It would be a good sign from the MAC and the businesses in the value chain to have an advice showing that market operators believe that a harmonised system for imported products would be beneficial.

The Chair stated that it was very constructive suggestion.

Pawel Swiderek (European Commission) recognised that it would be positive to have more harmonised rules, but that interoperability of different digital systems is more realistic. More harmonised rules would mean harmonisation of different national legislations, which is currently not the case and is challenging in general. The Commission is already having dialogue with the USA and Japan. Harmonisation of the rules aiming to eliminate IUU fishing from international trade must take place in the context of the voluntary guidelines adopted in 2017 at FAO's level. This is an internationally recognised set of recommendations. With reference to previous intervention, he emphasised that anti-fraud measures, which are wider in scope and more complex, should not be mixed with anti-IUU fishing measures, including catch



documentation schemes that ensure compliance with conservation and management measures.

The Chair emphasised the importance of an ambitious approach. Achieving would not be easy, but it is still important to set an aspirational target.

STECF's The EU Fish Processing Sector Economic Report 2019

Click [here](#) to access the Commission's presentation.

- **Presentation by Commission representative**

The Chair explained that the FTA has been signed and is under provisional application. The Chair highlighted that Vietnam is a very important player in the global supply chain, expressing hope that the FTA will help improve supply chains.

Javier Villar-Burke (European Commission) presented the EU Fish Processing Sector Economic Report 2019. They provided an overview of the new Commission's renewed priorities and overarching umbrella initiatives, such as the European Green Deal and the Farm to Fork Strategy. The strategy involves several DGs, including DG MARE, DG AGRI, and DG SANTE. The strategy will make sure that all imported fish products comply with social, environmental and sanitary EU standards. Fisheries and aquaculture are important for coastal and rural areas and can contribute to a just transition that does not leave anyone behind. These sectors create synergies between different actors, maximising the benefits of the blue economy. The strategy aims to develop a coherent forward-looking food policy, while taking into account all actors in the food chain as well as the socio-economic and environmental aspects. The CFP has led to significant progress in developing the sustainability of European fisheries. Thanks to the CFP, fisheries pressures continues to decrease in the Northeast Atlantic. This year, more than 70% of stocks have been set in line with MSY. The biomass has also increased.

The Commission representative provided an overview of the support package to address the impacts of the COVID-19 pandemic. The lockdown in the EU has had and will have a significant impact in the economy. The measures include the temporary state aid framework, the Coronavirus Response Investment Initiative, the SURE scheme, specific EMFF measures, and the Next Generation EU proposal. In relation to the overall EU economy, the representative highlighted that ECFIN forecast a 7.4% decline of GDP in 2020, followed by a recovery of 6.1% in the EU as a whole. The impact of employment is expected to be 2.4% in 2020 with a recovery of 1.4% in 2021. It is still unknown if there will be a second wave, how profound, what will happen to the Brexit deal, etc.

Moving specifically to fish processing, within the seafood sector, processing has significant importance due to its size, employment and added value to the raw material. It provides opportunities in land for coastal communities, particularly for women.

The Commission representative explained that the STECF report demonstrates an expansion in



employment since 2012, reaching 131.000 employees and 118.000 FTEs with some stabilisation in 2017. Average annual wages have been stable at about €30.000. There has been a decline in the number of companies. In the one hand, there is an increased concentration in the sector with larger companies. At the same time, there is an increase in companies with fish processing as a secondary activity. The specialisation in fish processing seems to be declining. The revenue of the sector has continuously increased since 2009, reaching €33.9 billion in 2017. In terms of total income per Member State, the first eight countries represent more than 80% of the revenue. The expansion of activities comes in parallel with increased costs. The purchase of fish and raw material accounts for 68% of the costs. The EU processing sector generates €6.8 billion of GVA. In terms of profits, there is a mixed picture. In 2017, the vast majority of Member States achieved positive results with only Sweden and Malta reporting losses. 2017 had positive results with €3.0 billion gross profit. Changes between 2016 and 2017 show there might be several firms concealed under pressure to remain profitable.

In terms of main messages, the Commission representative highlighted that the European fish processing sector will be strongly influenced by the decisions taken under the European Green Deal and Farm to Fork strategy. Companies in line with these principles will be strengthened, while others will have to adapt. The fish processing sector remains highly dependent on the impact of raw material and international developments in the markets, such as prices. The consumer is located in the internal EU market. The industry is an important contributor to the blue economy, adding significant value for raw fish and is a source of employment, particularly for women. The latest available structural figures show positive developments in the economic performance of the sector. However, the sector will not be spared of the impact of the COVID-19 crisis, but will participate in the support measures.

The Chair highlighted that the presentation was a timely reminder of the importance of the processing sector in terms of added value for raw material and for employment, particularly female employment. Plenty of that employment is widely dispersed across the EU and not only in coastal areas. The presentation demonstrated the relevance of imported material to respond to consumer demand in the EU, representing the need for FTAs and access to raw materials at competitive prices. It is clear that COVID-19 crisis and the emerging themes of the Farm to Fork strategy that the processing sector will be very much at the centre of these developments.

Pierre Commère (ADEPALE) underscored that there was one point missing in the summary slide, which is the profitability of the industry. A factor that weights a lot in the profitability is the relationship with the distribution sector and the war of prices between distributors in some Member States, which damages the industry. There is a strong commercial pressure as well as a strong concentration of distributors. There is a high number of processors, but few distributors, which is negative for profitability. This is a structural problem that will need to be solved in the next few years. Otherwise, there will not be enough profitability for investments, research, and higher quality products. It is a risk on the rest of the chain.

Roberto Alonso (ANFACO-CECOPESCA) emphasised that the STECF report is fundamental for the sector, since it provides a basis of public data. In relation to the final messages, the dependency of the sector of imports is significant. Imported raw material is needed to subsist. Besides these



imports, the sector also requires stability. Therefore, they wanted to know the origin of the data. The 10% of profitability for the Spanish sector depends of the commercialised products. The mentioned percentage is quite high. There is a great variety of products in the Spanish market, this is not the reality. The sector competes with technology, creativity, innovation, but there is still a need to continuing buying, in order to be competitive. Even with these restrictions in access to raw materials, the European industry remains world leader.

Sean O'Donoghue (Killybegs Fishermen's Organisation) highlighted that there is a timing issue with the forecasting. The report is based on 2017 data, while the discussion is taking place in 2020 among a COVID-19 crisis. Therefore, they wanted to know if STECF had intentions to develop a yearly report for the processing sector, similar to the fleet report. They wanted to know if STECF has worked on forecasting, which was introduced to the fleet report recently.

The Chair recognised that the economic reporting is impacted by a time lag. In normal circumstances, it would not be as significant, because there would be identifiable trend lines, which would work as reliable basis of projection. The COVID19 is a crisis is a shock to the system, in terms of supply, demand, and availability. Therefore, it is necessary to think about how to get more timely information to monitor the changing developments. The Commission should make every effort to have a real-time way of monitoring developments, even if less formal. Processing companies will have some information in real time, based on their profitability data. There should be a reasonable overview, while protecting normal commercial confidentiality.

Arnault Chaperon (FEAP) wanted to know if the report covered aquaculture producers, particularly for oysters and fish. There are companies that are producer companies, but already involved in some level of processing.

Javier Villar-Burke (European Commission), in relation to ADEPALE's comments on the distributors and the price wars, recognised that the concentration of supermarkets and large distributors do take that strategy with processing sector. The report partly covers that issue and the Commission is aware of it.

In relation to ANFACO-CECOPESCA's comments on the Spanish percentage, the Commission representative explained that the report is published on the STECF's website. The data comes from the Member States. The companies provide data to the national authorities and these provide to the Commission for analysis by STECF. There is a small problem with Spain, which represents a significant portion of the EU's portion, but not all variables are transmitted to the Commission. The 10% gross profit margin refers to the European average, but Spain is not providing all of the information. They are unsure if the information is not provided by the companies to the Spanish authorities or if it is Spain that does not transmit it to STECF. These report is fundamental to take decisions and know the reality of the sector. Therefore, they encouraged the Spanish sector to try to solve the issue of lack of data on profitability, in order to have a better vision of the situation.

In relation to Killybegs Fishermen's Organisation's comment, the Commission representative



stated that, for the time being, the report is biennial and includes only structural data. It does not provide day-to-day monitoring and reporting. The Commission has been improving the report. There were some problems with the data in the beginning. This year, the Commission tried to resolve some data gaps to have a better view of the EU's aggregate. The report on processing alternates with the aquaculture report. For the aquaculture report, nowcasts are already foreseen. Even if the data is one or two years old, the Commission asked the experts to provide an opinion on the present situation. The timing needs to be improved, but by necessity data are usually collected from the past.

In relation to FEAP's comments, the Commission representative explained that the report has two parts. The main part is dedicated to companies for which processing is the main activity. For firms which undertake processing as a secondary activity, the Commission collects only turnover and employment data. There are more than 1000 such companies. Companies having aquaculture as the main activity but also undertake some processing are included in the aquaculture report. Enterprises partaking in several activities are taken into account depending on the share of the activities.

Guus Pastoor (Visfederatie), in relation to profitability, stated that different markets should be distinguished, between the fresh market and processed products. The averages does not provide much information. Products are processed in different ways and reach different markets. The profitability will be quite different between the two groups. The share of sales in supermarket is increasing, while the share of the profits is decreasing. In the context of the Farm to Fork strategy, it will be interesting to assess how the seafood sector competes with other sectors in terms of research, innovation, product development, particularly how the parameters will compare. They wondered about how to keep processing in the EU as much as possible. Looking at the sector, the position is very different from other protein sectors with much larger scales, so with a larger potential for innovation under the Farm to Fork Strategy.

The Chair highlighted that, due to the COVID-19 crisis, the HORECA sector is still substantially closed and there is a focus on retail. The volume is holding up well, but that is not the same as value. In the dairy and meat sectors, there is a loss of value across the supply chain into retail, even though the volumes are holding up. This demonstrates that the value is under pressure.

María Luisa Álvarez Blanco (FEDEPESCA) explained that, in Spain, the sector remained open during the COVID-19 crisis. In Madrid, there were three deaths in the sector. In March, the situation improved with the provision of individual protection equipment. Traditional fishmongers developed online and phone services to take the products directly to the consumers' homes, which reached 80% of the sales. The time allocated to each client doubled. The retailers with license can sell 20% of the products to the hospitality sector, but these sales were lost. Volume is not the same as value. Once the crisis is over, it will be necessary to assess the overall profitability.

Fragkiskos Nikolian (European Commission) stated that these comments would be considered when discussing with STECF on how to improve the report. In relation to Spain and the accuracy of data, when companies are asked to provide data, they do. The data must be sent and be



available, in order to be analysed. They urged operators to submit data to the national authorities under the data collection framework. At the appropriate opportunity, the improvement of the report and the impact of the crisis will be considered. In terms of volume and value, the whole image will be reflected in the data. The measurements of the negative and positive impacts of the measures taken by the Commission. The implementation will also require time.

The Chair emphasised the importance of volume. The market share of fish is very difficult to recover, if it is lost to other forms of protein.

Javier Villar-Burke (European Commission), regarding the differentiation between fresh and processed products, recognised that the report focused on the processing sector products, but that the distribution in supermarkets is also important. This is a different problem. There are statistics for the sales in fishmongers, because they are specialised. When fish is sold in supermarkets, the variables are aggregated, so it is difficult to gather the data. The Commission is aware of the problem. In relation to research and innovation in processing companies, the report has a general structure and special chapters tackling specific issues. This could be considered in the next report. There are open invitations for volunteers to participate in STECF by presenting a CV and motivation. Any members with sector knowledge would be welcomed to provide expertise. It is necessary to understand the reasoning behind the number.

Trade Agreements

- **Presentation by Commission representative on state-of-play**
- **Exchange of views**
- **Way forward**

João Nunes (European Commission), in relation to Chile, explained that it is a modernisation of the agreement. In the previous week, there was a negotiation round. For fisheries, the focus was on the trade and sustainable development chapter. The main difference is on aquaculture. Chile is reluctant to have a mention of responsible aquaculture. Chilean authorities claim that they have proper laws and regulations, but these were never placed in international agreements. The Commission is keen to continue insisting on this, particularly since most of their exports are from aquaculture. For fisheries, the same global ideas are shared, but there are different ways of expressing them. Both sides want to refer to good fisheries management, cooperation in RFMOs, to fight against IUU. The EU has standard texts on sustainable development. Chile has signed the transpacific partnership and want to keep their other agreements as close as possible. It is more a matter of finding common language, since the ideas are shared, and progress is being made.

In relation to the agreement with Eastern and Southern African countries, it is a modernisation of an existing one with Mauritius, Seychelles, Madagascar, Comoros, and Zimbabwe. The next



round will be on 6 to 10 July by videoconference. This is the first round where fisheries will be discussed. Though negotiations are expected. These agreements have trade, but also development components. The EU does not have much to gain in terms of trade. The most controversial issue is that the African countries are expected to request derogations of rules of origin. The position of the EU is to uphold existing rules with other countries, ensuring consistency. In terms of trade and sustainable development, the Commission will try to follow the MAC's advice on that topic and will aim to include strong provisions. The current agreement has a chapter on fisheries, so the Commission is looking into how to articulate this chapter with the sustainable development provisions.

Eva De Bleeker (European Commission), in relation to Vietnam, the National Assembly will only ratify the FTA on 8 June, meaning an entry into force on 1 August. In relation to Indonesia, the last round was in December and the following round was expected in March, but it was cancelled due to COVID-19. It is now foreseen that a digital round will take place in June. The rules of origin do not seem difficult. It is the chapter on trade and sustainable development that is most difficult, since Indonesia wants to introduce some specific issues in the fisheries article that the EU does not normally introduce related to crime and fisheries. The Commission believes that it goes beyond FTA topics, so they hope to focus the chapter on sustainable fisheries management.

In relation Australia and New Zealand, the Commission representative explained that these are completely different negotiations. For Australia, the 7th round, a digital round, took place the previous week. For fisheries, the rules of origin is a difficult chapter, particularly the vessel conditions. This will require further discussions and new solutions. For New Zealand, the problems are the same. For the EU stakeholders, vessel conditions are very important, such as flag, registration, and ownership. In Australia and New Zealand, for specific kinds of fisheries, they do not have their own vessels in the fleet, meaning that they charge the vessels. Therefore, the ownership requirement is not met for the EU. On the trade and sustainable development chapter, these countries are very ambitious.

In relation to Thailand, the Commission representative explained that the partnership agreement is being finalised. This could stimulate the beginning of the FTA. There are some informal talks, but nothing official. Trade and sustainable development will be very important. The COVID-19 crisis is expected to cause some delays.

Autonomous Union Tariff Rate Quotas for Certain Fishery Products

- **Presentation and exchange of views on:**
 - **Previous Council Regulations and evaluation study**
 - **Canary Islands Regulation**
 - **Timeline for the next Council agreement**
 - **Perspectives of the MAC members**

Eva De Bleeker (European Commission) explained that the current ATQ regulation will conclude



at the end of 2020. For the next regulation, which is currently being prepared, the Commission is foreseeing a regulation valid for three years. The initial analysis of the utilisation of the current ATQs regime and the requests from Member States and operators is now finalised. The Commission is going through the procedure. The Commission received a high number of inputs from stakeholders, including producers and processors, which were taken into consideration. Due to the COVID-19, the Commission was not able to meet as many interested parties, but digital submissions by most stakeholders were received.

In terms of methodology, the starting point is the utilisation rate in current period. There are different categories. A low utilisation rate would normally lead to deletion. A considerable utilisation rate would lead to maintaining the existing rate. A high utilisation would lead to an increase in the next period. The Commission took additional factors into account, which can lead to a deviation of the rule, such as the level playing field between EU and non-EU producers. Sustainability is a very important factor, but also the value added of the processing of imported products, the foregone duties, and the existence of other duty free products from other agreements. Brexit was also taken into account. For a number of species, many of the ATQs were imported into the UK.

The proposal has gone through the hierarchy of DG MARE. It is at the Commissioner's level. Afterwards, it sent to inter-service consultation, which takes ten days, meaning mid-June. This might represent some small changes in the legislative language. Then, there is an adoption by the Commission in third or fourth week of June, which is followed by translation. The proposal is expected to be presented to the Council in the first or second week of July. The aim was to have it before Summer, the COVID-19 crisis impacted the analysis. There will be a first presentation of the proposal and first comments by the Member States. Then, the Member States have the entire Summer to consider it. In September and October, the negotiations will take place in the Council. This would allow companies to adjust their production lines before 1 January.

- **Preparation for a potential advice on the eventual Commission's proposal**

The Chair recalled that WG2 was supposed to hold a standalone discussion on ATQs last April, but that was inevitably cancelled due to COVID-19 crisis. The Commission would likely have had more engagement sessions with stakeholders. Effectively, the various consultations and various inputs from different parties have been evaluated. The proposal has been formulated and is going through final clearance. Ahead of this discussion, there were papers from a few MAC members giving views on various aspects of the proposal. In relation to the potential development of an advice by the MAC, the Chair highlighted that there were time constraints, plus that it would be too late to influence the proposal. This decision is purely for the Council. It will be only for the Member States to debate and decide on the merits of the proposal. Taking into account the divergence of views, it could be more appropriate for the different interest groups to make direct representations to the Member States. The situation would be the same for the Canary Islands regulation. There is no immediate consensus among the MAC's membership.

Eva De Bleeker (European Commission), in terms of procedure, explained that the Commission's



proposal will not be changed, unless the Commissioner disagrees with it. The debate in the Council is a proper discussion. The Commission tried to develop a balanced proposal, but might have missed some arguments. If it can be done and there are papers prepared, the Commission can take these into consideration for the discussions in September at the Council, particularly if there are significantly new comments.

The Chair recognised that the previous statement was an invitation from the authors of the papers to transmit these to the Commission. Taking into account the papers, it would not be easy for the MAC to reach a consensus view. Nevertheless, it is good that the Commission is open to receiving the different positions from the MAC. If the range of opinions can be communicated through a direct route, then it could be a way forward.

Roberto Alonso (ANFACO-CECOPECA), in relation to the contingents, recognised that there has been an antagonistic perspective between the different relevant stakeholders. They thanked the Commission for the openness to receive contributions from the different stakeholders. Taking into account the structure of the MAC, dialogue should be developed in topics where there can be progress. The MAC can discuss the ATQs regulations and the management, but this is a commercial topic. The objective of the MAC is not to discuss net profits and income. The members have sent their positions to the Commission. In the Council, each Member State will defend the position of their industries and not of the MAC. They urged the ACs to focus on other topics for which progress can be made.

Sean O'Donoghue (Killybegs Fishermen's Organisation) agreed that it would not be relevant for the MAC to discuss this topic at the present time. Going forward, the overall situation must be looked at, in terms of preferential tariffs coming into the EU. This discussion needs to be held at a future WG2. It should be dealt with in a more holistic approach in a future meeting.

Jacinto Insunza Dahlander (Federación de Confrades de Pescadores) emphasised the importance of addressing the issue of ATQs. His organisation opposes an openness and general increase of ATQs, especially for tuna, prawns, and calamari. Processing plants should continue to work without affecting the EU's production. The ATQs should not affect the prices of the European products and without impacting employment.

Daniel Voces (Europêche) argued that the MAC should not miss the opportunity to discuss this topic, which is very important for the whole chain. They agreed with the position of the previous speaker. The MAC has already reached an agreement on this topic. When considering the MAC's advice on the level playing field, which was adopted by consensus, there are some interesting messages that can be used for a future advice. For example, that the ATQs must be solely used when there is not sufficient seafood supply for the EU's market and cannot be intended to import non-sustainable products nor put pressure on EU producers' prices. Therefore, it would be possible to reach a general advice without trying to reach an agreement on specific species. These messages should be used to create a new advice to the Commission and the Member States.

Fragkiskos Nikolian (European Commission) emphasised that the Commission values the



contributions from the ACs. The Commission has observed a difficulty since the creation of the MAC due to the bringing together all of the supply chain. The Commission prefers to receive recommendations based on consensus and compromises. However, if there is no consensus, these differences can be expressed in the advice submitted. The Commission's proposal is not expected to change, but there is time for discussion in the Council and to produce a recommendation that will support the added value and reputation of the MAC.

The Chair stated that the MAC can produce an advice to the Member States, even though it will not influence the Commission's proposal. As mentioned by Europêche, it would be difficult for the MAC to reach a consensus on individual products or quantities. There is the general position in the advice on the level playing field. There are general principles connected with the Commission's message of adding value where the raw material supply does not exist. The Chair took note of the Killybegs Fishermen's Organisation's argument that the MAC should perhaps look more broadly at the question of preferential agreements. There are practical issues with time and the organisation of virtual meetings, which might make it difficult to gather the main messages. This does not preclude the individual MAC members from making their own opinions known directly or adding an annex with opinions.

The Chair called for guidance from the Executive Committee on the way forward. If members would be satisfied with drawing out from the previous consensus on the level playing field, looking at the previous STECF report on added value and employment creation, and the comments on the dependence of the EU market on imported products. Going forward, the MAC wants to maintain and build on the market share of seafood. The data from STECF and also from AIPCE's Finfish study demonstrates that the EU is a deficit market in fish and is a leading importer. An exchange of draft papers would lead to a protracted and contentious process. It would be important for the Executive Committee to discuss how to bring together the different strands. This would be to build on the consensus from the previous advice, while the individual members could make their own direct representation to Member States.

Guus Pastoor (Visfederatie) stated that it is not up to the MAC Chair to decide. If the MAC initiates something, it should be clear from the beginning what will be produced. They agreed with checking at the Executive Committee's level, but it is also important to have a proposal of how it would look like. If it is just a repetition of the level playing field, then there would be doubts of added value. They agreed with the Killybegs Fishermen's Organisation's suggestion, but this would require more time. They expressed openness with whatever solution decided by the Executive Committee, as long as it is clear on the content and timeframe. The MAC should avoid political discussions that individual members want to have with their own Member States.

The Secretary General informed that the next Executive Committee should take place in the next three or four weeks.

The Chair concluded that the Executive Committee will decide and that WG2 will reconvene to carry out that decision.



AOB

None



Summary of action points

- **Control Regulation:**
 - Workshop with MEP Clara Aguilera – MAC Secretariat to discuss with the MEP's team to find a date for a possible workshop in the Autumn. Possibility of workshop to be discussed at the next Executive Committee, including potential preparation.
- **IUU Regulation:**
 - New draft advice – EJM to put forward a new written proposal of advice at the next WG2 meeting.
- **Autonomous Union Tariff Rate Quotas for Certain Fishery Products:**
 - Potential draft advice – Executive Committee to decide on way forward, particularly the possibility of a draft advice to the European Commission and to the Member States with a general message.



List of attendees

Representative	Organisation
Andrew Kuyk	AIPCE-CEP
Anna Boulova	FRUCOM
Anne-Marie Kats (observer)	Pelagic Advisory Council's Secretariat
Arnault Chaperon	FEAP
Béatrice Gorez	CFFA-CAPE
Carla Valeiras Alvarez	EuroCommerce
Catherine Pons	FEAP
Christine Absil	Good Fish Foundation
Clara Aguilera MEP	European Parliament
Daniel Voces de Onáindi	Europêche
Daniel Weber	European Fishmeal
Eduardo Míguez	Puerto de Celeiro S.A. – OPP77
Emiel Brouckaert	EAPO
Eva De Bleeker	European Commission
Fragkiskos Nikolian	European Commission
Georg Werner	Environmental Justice Foundation
Guillaume Carruel	EAPO
Guus Pastoor	Visfederatie
Haydeé Fernández	CONXEMAR
Jacinto Insunza Dahlander	Federación de Confradías de Pescadores
Javier Villar-Burke	European Commission
Jens Mathiesen	Danish Seafood Association
João Nunes	European Commission
José Carlos Escalera Aguilar	Federación de Cofradías de Pescadores de Cadiz (FECOPESCA)
Juan Manuel Trujillo Castillo	ETF
Julio Criado	Federación de Confradías de Pescadores
Katarina Sipic	AIPCE-CEP
Katrin Vilhelm Poulsen	WWF



Representative	Organisation
Laurence Cordier	European Commission
Matthias Keller	Bundesverband der deutschen Fischindustrie und des Fischgrosshandels e.V.
María Luisa Álvarez Blanco	FEDEPESCA
Maria Luisa Sevilla Andrada	European Parliament
Merja Söderström	EuroCommerce
Mike Turenhout	Visfederatie
Nicolás Fernandez Muñoz	OPP72
Pawel Swiderek	European Commission
Pedro Reis Santos	Market Advisory Council
Pim Visser	VisNed
Purificación del C. Fernández Alvarez	OPPC-3
Quentin Marchais (observer)	ClientEarth
Roberto Carlos Alonso Baptista de Sousa	ANFACO-CECOPESCA
Rosalie Tukker	Europêche
Sean O'Donoghue	Killybegs Fishermen's Organisation Ltd
Sergio López	OPP LUGO
Stavroula Kremmydiotou	Market Advisory Council
Vanya Vulperhorst	Oceana

