AIPCE CEP view on the Regulation on Autonomous tariff quotas for certain fishery products

The autonomous tariff quota for certain fishery products is part of a general European Union tariff quota system that covers various EU industrial sectors. Only seafood that is processed within the EU in accordance with present conditions that guarantee that added value and traceability requirements are met, can benefit from the autonomous tariff quota.

Tariff quotas are approved on the basis of Article 31 of the Treaty of the Functioning of the European Union and "*constitute an exception to the normal state of affairs since they permit, during the period of validity of the measure and for a limited quantity, the total (total suspension) or partial waiver (partial suspension) of the normal duties applicable to imported goods*."

The fundamental role of the autonomous tariff quota is to stimulate economic activity of Union industries, improving their competitive capacity, creating employment, modernising structures, and providing for an equal footing with seafood processing outside EU.

For any open ATQ, consequential damage to any new production or any manufacturing capacity is carefully studied and taken into consideration by legislators.

In the case of fishery products, the ATQ and suspension regulations have for the past 21 years helped ensuring an adequate supply of raw material to the Union processing industry. At the same time, they have guaranteed a level playing field for the Union producers, taking into consideration the sensitivity of individual fishery products on the Union market.

This is an important tool for the EU processing industry as it provides supply which is not burdened by administrative costs like duties, which is also reflected in the final price paid by the EU consumer. The ability to rely on a continuous, sustainable supply of raw materials is a key factor in maintaining and allowing expansion of employment and trade opportunities generated by this industry in Europe. Reliance on domestic supply only, would leave a much smaller industry and limit the scope for both growth and innovation.

The tool was thoroughly evaluated in 2015. In a retrospective evaluation analysis of the effects of the ATQ regulation on the EU processing industry and EU producers, the **Report**[1] concluded that this tool is **relevant, consistent, effective and efficient**:

- the regulation helps to remove uncertainties in relation with the implementation of the trade agenda of the Union,
- prices paid to EU producers are not impacted by ATQs,
- the regulation is broadly efficient with the foregone custom duties (EUR 220 million) supporting creation of EUR 540 million value-added by the EU fish processing industry, meaning that every EUR 1 custom duty foregone generates between EUR 2.5 and EUR 3 value-added by the industry,

[1] Final Report for STUDY ON THE POSSIBILITY TO ENSURE A SMARTER SUPPLY POLICY FOR THE PROCESSING INDUSTRY AND EVALUATION OF THE EU REGULATION N° 1220/2012 - Specific Contract N°7

- depending on simulations, it can lead to the creation of additional jobs and provide significant additional added value,
- if the ATQ regime was not in place, and therefore costs of raw material increased by EUR 175 million, the contribution of the EU fish processing sector (i.e. the GVA) to the EU economy would be 3% lower,
- for the main whitefish species covered by ATQs and landed by the EU fishing fleets, the EU production represents a relatively low proportion of total market needs (cod, hake, cephalopods and shrimps),
- for species not exploited by the EU fishing fleets, and which represents a substantial amount of quantity utilised (Alaska pollack and hoki - blue grenadier), imports are the only way of supplying the market,
- the main conclusion is that the EU market remains dependent on imports to satisfy the needs of consumers.

These messages can be found in the **AIPCE CEP Finfish studies**[2]. The studies deliver information on actual performance and future trends of the trade in fish and exemplify the need for imported seafood in the production of added value seafood within Europe.

One of the key messages of Finfish studies is **the industry's dependence on imports and the EU seafood market dependence on imported raw material**. Since the formation of EU25/27 in 2006, the dependence of the EU on imported materials for its markets has been very consistent remaining within the range **of 63% +/- 1%.** The study shows that for some items the EU measures a 75% - 100% dependency on raw material.

The study also provides data that show that the EU domestic supply cannot fulfil the EU consumer demands on its own, in either volume or species diversity, and that the ATQs do not damage the Union producers.

Our experience and the data gathered along the years, clearly shows that the system providing for the ATQs leads to creation of **additional** jobs and provides significant **additional** added value. The regulation gives a positive contribution also to maintain fish processing plants inside the EU, avoiding delocalization of, for example, the EU canneries to third countries. It has been **crucial to the EU industry in terms of supporting its investments, innovative production, growth and competitiveness globally.**

Furthermore, the importance of the ATQs is that they are product specific. Third country supply of relevant products for the EU processing industry are not always guaranteed (eg. due to changes in quotas), which requires flexibility to source from alternative resources. ATQs allow for this without losing the beneficial tariffs. The EU trade agreements improve bilateral relations, increase trade and remove unnecessary trade barriers between the EU and partner third countries. They are however, of variable importance for EU processing industry as fish resources are constantly moving and changing.

Competition for fish and seafood has always been on a global stage. The sector represents one of the largest sectors of all in international food trade and certainly outstrips other proteins. Within the EU market, seafood has to compete with other proteins, both animal and plant based. The need to conduct this trade responsibly has never been greater and within AIPCE CEP, we have been engaged in several

[2] Finfish studies have been published since 1992 and provide a unique record and commentary of our industry. Year after year, they provide key figures on the developments in the EU seafood market and exemplify the need for imported seafood in the production of added value seafood within Europe.
Finfish studies can be downloaded from AIPCE CEP website.

initiatives to ensure our role in this is properly fulfilled and understood. Imports are the lifeblood of the industry and fulfil an essential role.
The European Fish Processors Association - AIPCE and the European Federation of National Organisations for Importers and Exporters of Fish - CEP account for more than 3,500 enterprises, 120,000 jobs and 27 billion € in turnover. **According to STECF evaluations**, within the EU fishing and aquaculture sector, the processing sector measures the highest contribution to the EU economy as a whole, creating the gross value added almost twice as much as the gross value added generated by the EU fishing fleet.

If the MAC undertakes an evaluation activity on this tool, it needs to take the broader picture into consideration. In addition, we also propose that it considers the impact and the implications Brexit will have on this regulation – the implications of Brexit on the EU sector being one of the MAC's priorities and deliverables for the current working year.

The MAC strives to provide independent, constructive opinions based on the consensus of its stakeholders. They should be based on analyses of the overall market situation, and not driven by any single interest position.

Single interest positions are better placed with the individual stakeholders, as the MAC's mission is not that of a lobbyist organization in this respect.

Finfish Study 2019 is attached to this note.

AIPCE (EU Fish Processors and Traders Association) and CEP (European Federation of National Organizations of Importers and Exporters of Fish) were established in 1959 and collaborate on the basis of a Co-operation Agreement, creating AIPCE-CEP.

The association represents 20 EU National Associations and 2 Associations in Third countries, for a total of nearly 3,500 companies, the majority of which with 20 employees at most, for total employment of around 120,000 persons. The overall value of the output of the industry represented by AIPCE-CEP amounts to around EUR 27 billion, or three times the turnover of the catch sector.
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