

Mr. Guus Pastoor
President
Market Advisory Council

Vigo, May 5, 2020

**Subject: EU autonomous tariff quotas for certain fishery products for the period 2021 - 2023:
ANFACO-CECOPESCA position for tuna loins quota**

Dear Mr. Pastoor,

I am writing to you in relation of the new set of autonomous tariff quotas (ATQ) that will replace those established in Regulation 2018/1977, in order to adapt it to the challenges for the period 2021-2023. ANFACO-CECOPESCA represents the Spanish fish canning industry, and also provides technical studies to the EC in order to help the development of new regulations attained to the sustain and progress of the sector.

In this sense, **taking into account the position paper sent by Europêche**, we would like to communicate you **the ANFACO-CECOPESCA's position for tuna loins' tariff quota (order no. 09.2790)**. After considering all the factors involved, we estimate that should be provided for **an amount never less than 55,000 tonnes per year (0% tariff) for the canning activities**. Concretely, we adequate this quantity based on the ATQ general frame:

Added value

With an average annual production of more than 350.000 tonnes, the EU canned tuna industry only supplies 46% of the EU market (730,000 tonnes), with Spain (67%), Italy (21%), Portugal (6%) and France (6%) as main producers. Despite being in a non-dominant market position, it actually provides 20,140 direct jobs and 60,660 indirect jobs in the EU, as an essential economic activity for certain coastal areas, like the Galician one. The added value of the canning industries and its competitive processing has been remarkable until now, only needing enough raw material to, at less, sustain the socio-economic beneficial impact as it is now, thanks to a strong R&D and innovation investments year after year.

As a comment, the EU market penetration would even increase if a higher ATQ than demanded is provided. The ANFACO-CECOPESCA position is only asking by estimation to sustain the actual volume activity due to global tuna flow market changes and its restriction access.

Utilization rate

Taking into account that **requests submitted by operators were exceeded in the first assignment** (3rd of January), asking for more than 49,000 tons (allocation percentage was 61%), it is clear that the quota is insufficient for the industry needs. This same pattern was also produced in 2019. Therefore, in practice, no EU operator will be able in 2020 to benefit from the “0” duty foreseen by the 2018/1977 Regulation, which remains pure theoretical for the industry.

Producers economic sustainability

Tuna is a limited resource that depends on the catches of the different fishing areas and the fishing available on each season. The tuna market is a global one closely related to high seas management, consequently the **EU fleet is exporting around 60% of their catches** (EUMOFA 2019 report) in a free market having good revenues and profits.

Autonomous tariff quotas will allow EU producers to maintain its economic sustainability without damaging their viability. The data extracted from the **STECF 2019 Fleet economic performance report, shows a positive tendency of the net profit benefit** for 2017 of the long distance tuna-related extractive sector, being more than 23% for Spanish tuna purse seiners, while the STECF 2019 processing economic report shows that EU canning industry is suffering, with net profit benefits close to 3% due to the actual globalization.

The EU industry only demands an ATQ of 55,000 tons (less than 10% of the processing needs for total EU consumption of canned tuna) to survive in this free market, mainly because there isn't competitive raw material availability in traditional sources.

Current trade agreements

The existing EU trade agreements, do not permanently respond to the global competitive framework of the sector. **Third countries develop their own canning industry, reducing access to supply**, as a country strategy to promote their own GDP growth. Even worse, countries with trade agreements are selling their non-originating tuna loins through the ATQ while using the canned products under their originating raw material, by EU fleet supplied in some cases. In addition, we must consider the recent imposition of yellow flags to countries such as Ecuador, Panama or Vietnam, which will entail prohibitions by EU retailers which do not preventive want products of such origins. Countries, like the PNA (Parties of the Nauru Agreement) of the Western Pacific, in whose waters 50% of the world catches are captured, link the access to fleet licenses to the download of the tuna in the area to its transformation therein. And, for non-originating quotas like Mauritius, Madagascar or Seychelles, we observe their low use by the country protection strategy. As an example, in 2019 the non-originating quota of tuna loins was used only in 10% for them, while the one for canned tuna was used in 40%.



Complex years will come, **European processing industries respect and promote the EU legislation** and go further developing audits on suppliers in order to ensure a responsible supply, so they need to continue diversifying the origins in new countries mainly by the intrinsic changes in tuna agreements, licenses, catches, etc. Lack of enough supply will harm their economic viability and is risking their EU future placement and investment. **If the EU processing industry is forced to close, the EU fleet would have less demand from EU processing side**, being a contradiction with the hypothetical producers' interests that would end downloading close to the fishing areas factories (highlighting the Indian or Pacific Oceans) and re-importing then to the EU. No added value will remain.

ANFACO-CECOPESCA trust in the dialogue and consensus for the common sake. Therefore, and analysing all the argumentation exposed under ATQ decision scheme, we hope that MAC will take all this into account, defending the EU global interests and processing industry relevance as a guarantee of achieving better global standards in future sustainability fishing policies and ocean governance.

Yours sincerely,

A handwritten signature in black ink is written over a circular blue official stamp. The stamp contains the text "ASOCIACION NACIONAL DE FABRICANTES DE CONSERVAS DE PISCADOS Y MARIPOSA" around the perimeter and "ANFACO CECOPESCA" in the center. Below the signature, the name and title are printed.

Juan M. Vieites Baptista de Sousa
Secretary General