

Advice

Trade Policy Instruments and Impact on the EU Market for Fishery and Aquaculture Products – Improvement of Data

Brussels, 30 March 2022

1. Background

The EU market for fishery and aquaculture products is heavily dependent on imported supplies to meet consumer demand¹. According to EUMOFA, the EU self-sufficiency ratio, which measures the capacity of EU Member States to meet demand with their own production, was 41,2% in 2019. Self-sufficiency has followed a negative trend reflecting the downward trend of EU catches and the increase of imports².

Under its Work Programme, the MAC committed to contributing to public consultations launched by the European Commission as well as the provision of advice on an *ad hoc* basis. The MAC further committed to adopt advice on the impact of the EU's trade policy instruments on the market. In the context of this work, the MAC has continuously monitored developments on offensive and defensive opportunities in relation to the various ongoing EU negotiations with third countries on possible new (or revised) trade deals³. There are also other policy instruments that affect the market, such as the Generalised Scheme of Preferences (Standard GSP, Everything but Arms, GSP+), Economic Partnership Agreements (EPAs) and the ATQs Regulation.

¹ AIPCE-CEP had calculated a 68,7 pct. EU import dependance in its Finfish Study 2021.

² EUMOFA publishes yearly editions of "The EU Fish Market" report, providing an economic description of the market. See: <https://www.eumofa.eu/en/the-eu-fish-market-2021-edition-is-now-online>.

³ Latest in the form of advice on the renegotiation of market access under the EU-Ukraine Deep and Comprehensive Free Trade Agreement, adopted on 18 October 2021: <https://marketac.eu/eu-ukraine-fta/>.

On January 2021, the MAC established the Initial Focus Group on Trade⁴ to catalogue the relevant trade policy instruments with their importance on the market, including, for each instrument the species/products covered, the degree of preference and relevant conditions for market access, the import volume of the relevant commercial species/products, the country of origin, the overall relevant for the EU market, and the trade flows of raw material and processed products.

The Focus Group decided for a report structure divided in three parts: first part to describe the EU market for seafood and the food balance for the overall seafood group and for 11 species given priority; second part to group and map all current EU trade instruments affecting import; and third part to demonstrate how individual trade instruments are utilised and affect imports in total for the 11 selected individual species (*tuna, salmon, herring, cod, Alaska pollock, shrimp, herring, squid/octopus, mackerel, sea bass, sea bream and trout*)⁵.

2. Conclusions

In the development of the report, the MAC faced limitations in the information, data, and statistical sources available. The following conclusions were reached:

- a) The official EU trade statistics do not allow the establishment of trade balances for the EU market for fishery and aquaculture products, because the import categories would also need to be based on “live weight conversion factors” or “whole fish equivalents” (WFEs). Conversion factor value can be prone to inconsistencies, sometimes leading to incorrect “live weight” measurements, especially if they are not regularly assessed and re-evaluated.

⁴ The Terms of Reference, adopted by Working Group 2 (EU Markets) are available online: <https://marketac.eu/wp-content/uploads/2021/11/WG2-ToR-FG-on-Trade-20.01.2021.pdf>.

⁵ The report of the Initial Focus Group on Trade is available here: <https://marketac.eu/wp-content/uploads/2022/03/Initial-Focus-Group-on-Trade-Report-21.03.2022.pdf>

- b) EU trade data does not allow for differentiation between aquaculture and wild caught categories.
- c) The sourcing of seafood from EU vessels' fishing activity outside EU waters and within Sustainable Fishing Partnership Agreements (SFPAs) and its role in supplying the EU market cannot be found in any data source⁶.
- d) There are limits to demonstrating the exact significance of individual trade instruments on the import and supply of specific products as well as possible market impacts.
- e) DG TRADE's yearly report on implementation and enforcement of EU trade agreements does not provide specific analysis of fishery and aquaculture products.

3. Recommendations

In order to facilitate the collection of information and the description of existing trade policy instruments and their significant for the EU market for fishery and aquaculture products, the MAC believes that the European Commission should:

- a) Apply and base all trade balances on WFEs for all input data sources, to ensure that WFEs reflects the newest production technologies, and that the same factors are applies for all calculations and data sources;
- b) Consider how the EU tool for classifying goods, the Combined Nomenclature (CN), could be adapted to allow for separate classification of aquaculture and wild caught categories;
- c) In relation to Sustainable Fisheries Partnership Agreements (SFPAs), try to monitor trade flows of landings from the EU fishing fleet outside EU waters and the ways and the amounts thereof going back to and supplying the EU market. Tuna could be a relevant case in point;

⁶ For further details on the MAC's views on SFPAs, see the Advice on the Roadmap on the Evaluation of the Sustainable Fisheries Partnership Agreements (SFPAs), adopted on 9 March 2021: <https://marketac.eu/evaluation-of-sustainable-fisheries-partnership-agreements/>.



- d) Establish a method to provide data for each trade instrument – how they are applied and utilised for each species of importance to the EU market and what are their relative importance (e.g., ranking trade instruments “a, b, c” for individual species and products);
- e) In DG TRADE’s yearly report on implementation and enforcement of EU trade agreements, add a section dedicated to fishery and aquaculture products, including not only export, but also an analysis of the role of trade agreements for supplying the EU consumer and the need for input to the EU industry;
- f) Establish a dialogue with the MAC to improve the available data statistics on fishery and aquaculture products.

The MAC believes that an improvement of available data, by contributing with clear and factual information, would provide an informed basis for future work on policy advice concerning the impact of existing trade policy instruments on the EU market for fishery and aquaculture products, particularly when it comes to the demonstration of how individual trade instruments are utilised and affect imports.