



# WORKING GROUP 2 – EU MARKET

Pierre Commère

Chair

Zoom

Tuesday, 2 April 2024

# AGENDA (CET TIME ZONE)

- 09:30 Welcome from the Chair, Pierre Commère
- 09:35 Adoption of the agenda and of the last meeting's minutes (30.01.24)
- 09:40 Actions points
- 09:45 Trade Agreements & Trade Policy Instruments
- 10:15 Fisheries Control Regulation
- **11:00 *Break***
- 11:15 Security and Freedom of Navigation in the Red Sea
- 11:45 Place of China in the Global Supply Chains of Fishery and Aquaculture Products
- 12:30 Risks and Vulnerabilities in the EU Food Supply Chain
- 12:50 AOB
- 12:55 Summary of actions points
- 13:00 *End of the meeting***

# ACTION POINTS (30 JANUARY 2024)

## Trade Agreements & Trade Policy Instruments:

- Agreed draft advice on the negotiations of EU – Thailand Free Trade Agreement to be put forward to the Executive Committee for consideration and potential adoption
- Advice adopted on 31 January 2024

## Risks and Vulnerabilities in the EU Food Supply Chain:

- Presentation of the study to be rescheduled for the next meeting
- Presentation scheduled (12:30)

## European Year of Skills

- Presentation of the EU Talent Pool and other new measures on skills and talent to be rescheduled for the next meeting
- Pending

# TRADE AGREEMENTS & TRADE POLICY INSTRUMENTS

- **Presentation on the call for evidence on better protecting sharks through sustainable fishing and trade**
  - **Kinga Malinowska-Facci (MARE B3)**
    - Call for evidence: 22 February 2024 – 16 May 2024
      - No new action
      - Unilateral EU trade measures
      - Bilateral agreements
      - EU ban on loose shark fins within the EU market and for international trade
      - International prohibition of trade in loose shark fins
    - Public consultation: 12 March 2024 – 4 June 2024
- **Exchange of views**
- **Way forward**

# FISHERIES CONTROL REGULATION

## ➤ Presentation of new rules of lot composition and traceability of fishery and aquaculture products

### ▪ Anne Gautrais-Le Goff (MARE D4)

- Entry into force: 9 January 2024
- Article 56a (Lots): 10 January 2026
- Article 58 (Traceability):
  - Fresh and frozen products: Two years after entry into force
  - Prepared and preserved products: Five years, following a feasibility study
  - Algae products: Five years
- Questionnaire on preliminary input: 29 February – 14 March 2024
  - UMF, Oceana, ADEPALE, EuroCommerce, FEDEPESCA, FruCom

## ➤ Exchange of views

## ➤ Way forward

BREAK

➤ **BACK AT 11:15**

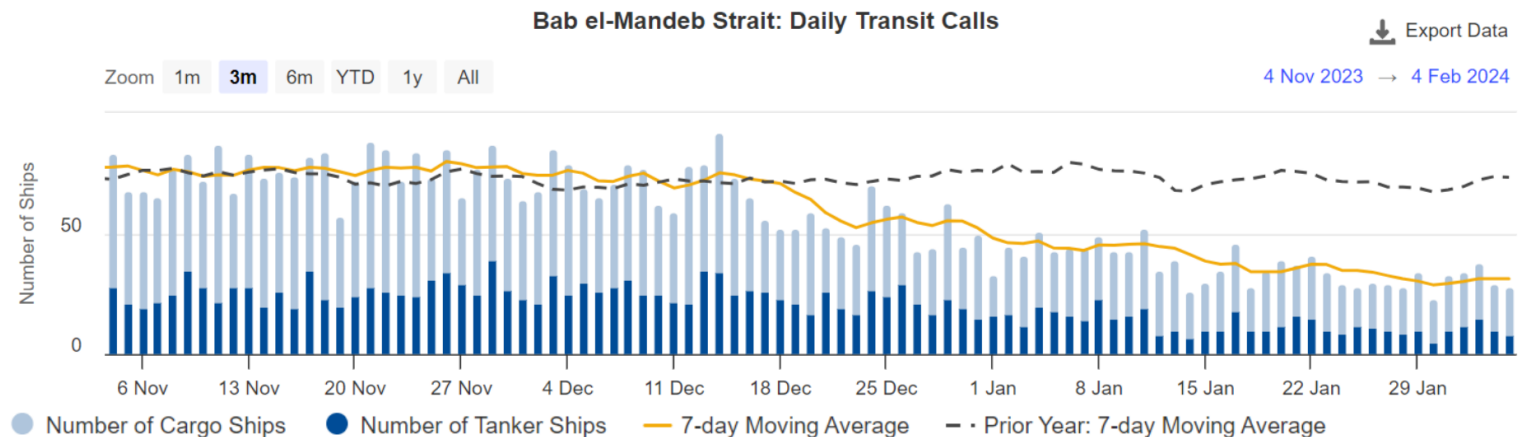
# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- **Presentation on recent Houthi attacks on commercial vessels, including monitoring of possible impacts on fishery and aquaculture market**
  - **Christophe Vande Weyer (MARE A4)**
  - Operation ASPIDES (19 February 2024)
    - EU naval presence (defensive mandate):
      - Situational awareness, accompanying vessels, protection against multi-domain attacks at sea
    - Main lines of communication in the Baab al-Mandab Strait and the Strait of Hormuz, international waters in the Red Sea, the Gulf of Aden, the Arabian Sea, the Gulf of Oman, and the Gulf

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

## Significant traffic disruptions over the red sea since December 2023



Sources: UN Global Platform; PortWatch

- Significant reduction in traffic: -58% transit calls at end January 2024 compared to end January 2023.
- Stronger reduction in volume transited: -70% reduction in metric tons transited at the end January 2024 compared to end January 2023



# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

## ■ Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

### Additional costs due to rerouting...

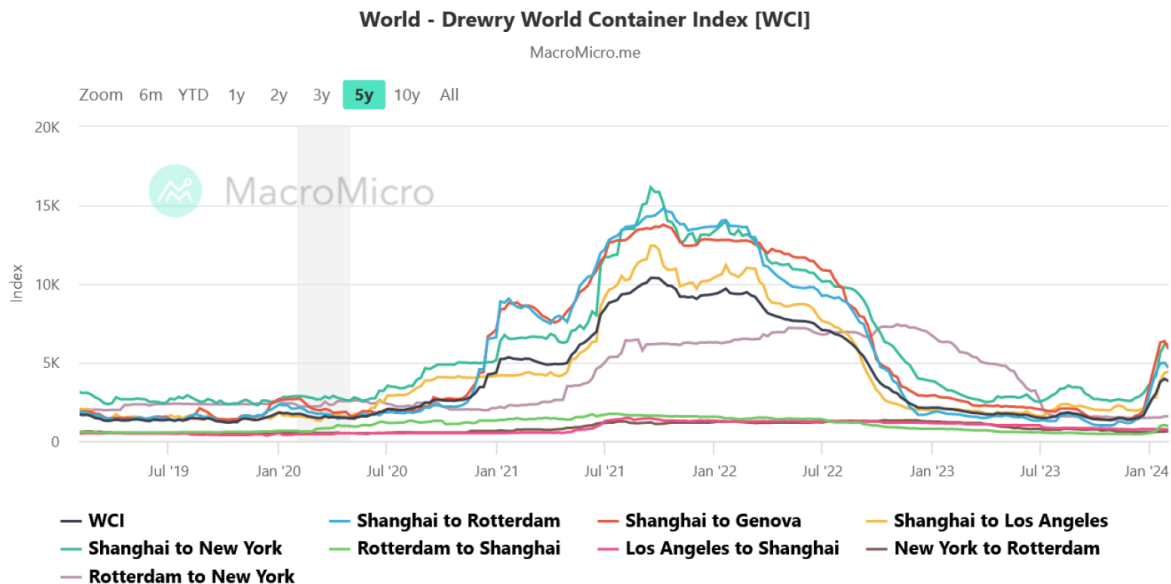
- Significant increase in travel time, particularly for Asian markets;
- Reported surcharges of 1000-1500 USD per container;
- Mediterranean ports affected by the disruption;
- Potential increase in vessel speed to reach destinations would require additional fuel, thus increasing emissions;
- For agri-food, delays possibly affecting perishable goods.



# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

Container freight rates more affected than dry bulk rates, however not as bad as in 2021



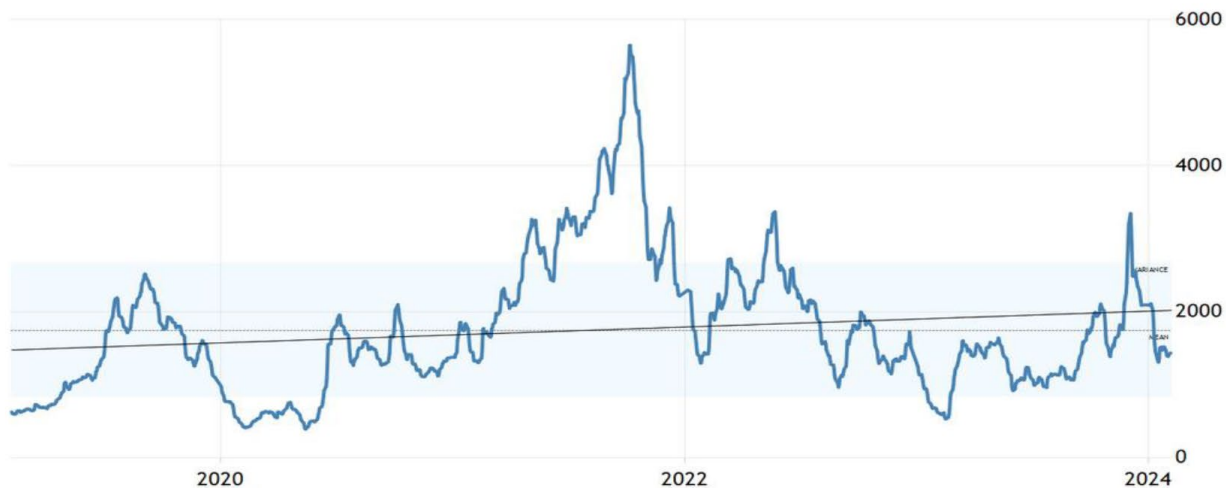
- As of 1<sup>st</sup> of February, container rates seem to have peaked to values around 3 800 USD for a 40ft container, higher for the affected routes.

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

## Dry bulk rates do not seem particularly affected

**Baltic Exchange Dry Index**



- Despite a jump in December 2023 to a value of 3 300 USD, prices went back down to 1 400 USD.
- Compared to container transport, dry bulk seems more capable of absorbing disruptions.

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

**For the time being,** no noticeable effects on oil prices

**Brent Oil Prices (USD/barrel)**

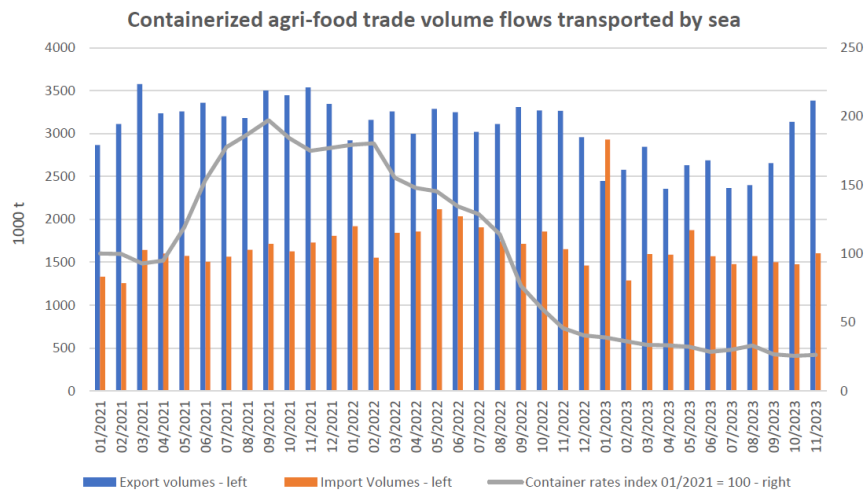


- There has been a small jump in January 2024 to around 82 USD/barrel, but prices are now below 80 USD/barrel, still significantly below the levels of September 2023 when the conflict between Israel and Hamas started, driving oil prices above 90 USD/barrel.

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

## How did agrifood trade perform during the 2021 container crisis?



- Trade data does not show an immediate effect of the 2021 container crisis on agrifood containerized transport, however customs data would not fully reflect logistical issues such as perishability, delays and other costs.

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

- Expert Group on the European Food Security Crisis Preparedness and Response Mechanism (7 February 2024):

What is the importance of the EU agri-food flows crossing the red sea?

<u>Estimated</u> agri-food containerised trade <b>export</b> value passing by the red sea	Trade value in 2022
Meat, raw hides and skins and meat products	7 909 080 084 €
Other food products n.e.c. and tobacco products	7 721 176 150 €
Beverages	6 383 346 664 €
Dairy products and ice cream	5 697 830 128 €
Fruit and vegetables, processed and preserved	2 242 711 768 €
<b>Total Containerised</b>	<b>35 091 568 192 €</b>
<i>As % of total agri-food export value</i>	<b>15.8%</b>
<b>Total (Containerised and non-containerised)</b>	<b>52 086 492 842 €</b>
<i>As % of total agri-food export value</i>	<b>23.4%</b>
<u>Estimated</u> agri-food containerised trade <b>import</b> value passing by the red sea	Trade value in 2022
Other substances of vegetable origin	4 323 430 487 €
Other food products n.e.c. and tobacco products	2 591 243 148 €
Fruit and vegetables, processed and preserved	2 338 655 880 €
Grain mill products, starches, starch products and prepared animal feeds	1 475 835 161 €
Meat, raw hides and skins and meat products	1 120 626 721 €
<b>Total Containerised</b>	<b>14 308 343 722 €</b>
<i>As % of total agri-food import value</i>	<b>8.8%</b>
<b>Total (Containerised and non-containerised)</b>	<b>34 370 528 701 €</b>
<i>As % of total agri-food import value</i>	<b>21.2%</b>

# SECURITY AND FREEDOM OF NAVIGATION IN THE RED SEA

## ■ EUMOFA Reports (23 February 2024 – update very two weeks)

### **Main findings:**

- The dependency of EU imports of FAPs on the Suez Canal route is estimated around 20% (with higher dependency for freshwater fish and tuna). Based on 2022 data.
- The analysis of weekly import data on a selection of relevant combination of products and origins shows significant decreasing volumes in the first weeks of 2024 compared to the same period in 2023. However, in terms of import prices, it is not possible to conclude on a visible impact at this stage.
- According to analysts' reports, freight costs have been rising but most of the turbulence is already behind us. The situation is likely to normalise once carriers have adapted to the rerouting and backlogged inventory has been cleared.
- Although a slight increasing trend was observed in January and February for marine fuel prices, there is not enough evidence to link it with the situation in the Red Sea.

➤ Exchange of views

➤ Way forward

# PLACE OF CHINA IN THE GLOBAL SUPPLY CHAINS OF FISHERY AND AQUACULTURE PRODUCTS

## ➤ Exchange of views about the Commission's reply to the MAC / LDAC Advice

- **MAC / LDAC Advice "Addressing China's global distant water fleet activities implications for fisheries governance" (13 December 2022)**
  - Transparency: clarify fleet size, scale of operations
  - Capacity building: strengthen human & financial resources of DG MARE & EFCA
  - IUU: strengthen import controls, public disclosure on China's performance
  - SFPAs: strengthening of sustainability & transparency in access conditions of third countries + public details on access agreements & list of licensed vessels + increased coordination & support
  - Subsidies: investigate subsidies to IUU fishing & activities outside of jurisdiction
  - Trade & Social Rights: reduce import dependency, ensure policy coherence, no preferential market access linked to IUU & serious labour abuses, use directive on corporate sustainability due diligence, promote decent work & ILO conventions
  - Development cooperation: better monitoring & reporting on allocation & implementation of development aid, link support to commitments on sustainable fishing



# PLACE OF CHINA IN THE GLOBAL SUPPLY CHAINS OF FISHERY AND AQUACULTURE PRODUCTS

## ➤ Exchange of views about the Commission's reply to the MAC / LDAC Advice

### ▪ **DG MARE's Letter of Reply (16 February 2024)**

- Transparency: information in China's Fisheries Statistics & FAO Global Record (insufficient reliability & consistency), promotion of transparency in international channels & RFMOs + promotion of genuine link in beneficial ownership
- IUU: close cooperation with MS on implementation of catch certification scheme + EU-China IUU Working Group & Ocean Partnership + positive development in the cooperation (more proactive approach & transparency still expected)
- SFPAs: non-discrimination is a cornerstone of SFPAs + closely working on sectoral support, formal & informal dialogues, support for regional projects + sustainable fisheries chapters in FTAs + assessment of ATQs regime
- Subsidies: calling for ratification of WTO agreement, establishment of WTO fisheries funding mechanism
- Trade & Social Rights: relevance of Corporate Sustainability Due Diligence directive, proposal to ban products from forced labour, promotion in international fora
- Development cooperation: monitoring & evaluations of development aid + cooperation in RFMOs & support to partner countries
- Capacity Building: allocation of staff to meet COM's priorities & obligations

# PLACE OF CHINA IN THE GLOBAL SUPPLY CHAINS OF FISHERY AND AQUACULTURE PRODUCTS

- Presentation of investigations on China
  - Joe Galvin (The Outlaw Ocean Project)

- Exchange of views

- Way forward



# RISKS AND VULNERABILITIES IN THE EU FOOD SUPPLY CHAIN

## ➤ Presentation of study

- **Prof. Simone Severini (University of Tuscia)**
  - Mapping and analysis based on a stakeholder survey
  - Published on 21 November 2023

## ➤ Exchange of views



# AOB, ACTION POINTS, END OF MEETING

- **AOB**
- **Summary of action points**
- **End of meeting**