Market Advisory Council

Advice

Terms of Reference of the Study on Feasible Traceability Systems and Procedures for Prepared and Preserved Fishery and Aquaculture Products

Brussels, 24 May 2024

1. Background

On 9 January 2024, the New Fisheries Control Regulation[1] entered into force. Some provisions are immediately implementable, while other provisions will enter into force after six months, two years, four years, or in 2029/2030.

Under the new Article 56a on "composition of lots of certain fishery and aquaculture products", new rules are provided on what constitutes a lot and the composition, including mixing of lots after the first sale. These new rules are applicable on 10 January 2026.

Under Article 58 on "traceability", operators must record and make available traceability information in a digital way to the next operator in the supply chain. It covers all stages of production, processing and distribution. For fresh and frozen products, the rules will be applicable two years after entry into force. For prepared and preserved products, it will be five years, following a feasibility study. For algae products, five years.

The MAC committed to provide advice to the European Commission and Member States on the market-related aspects of the new Fisheries Control Regulation.

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52020DC0380. At the time of publication of the legislative proposal, the MAC adopted advice on the matter: https://marketac.eu/eu-fisheries-control-system/.

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2. Study on feasible traceability systems and procedures

According to paragraph 9 of Article 58 on "traceability": "The Commission shall conduct a study on feasible traceability systems and procedures, including minimum traceability information, for fishery and aquaculture products falling under headings 1604 and 1605 of Chapter 16 of the Combined Nomenclature, with a view to defining detailed rules for such products. The study shall include an analysis of available digital solutions or methods which meet the requirements on traceability in this Regulation, while taking into account the impact on small operators".

The systems and procedures to be developed must allow the existing information on prepared and preserved products to be shared along the chain efficiently, facilitating the access by supply chain stakeholders, including NGOs and voluntary assurance providers, as well as by consumers to clear and truthful information, in respect of the necessary business confidentiality to comply with EU competition rules. The revision of the Fisheries Control Regulation aimed to create a level-playing-field, so it is therefore key that this objective is also applied to the traceability of fishery and aquaculture products. As minimum traceability information on processed fishery and aquaculture products is already required for health requirements, technological solutions should be built on. The transmission of truthful information along the supply chain is crucial for all operators and must avoid the transmission of erroneous or fraudulent information along the supply chain. At the same time, a balance is needed in the list of new obligations to be implemented, in order to avoid discouraging fishing and aquaculture activities due to administrative burden and lack of technological solutions.

In the view of Conxemar, Oceana, Europêche, FEDEPESCA, Good Fish, EJF, WWF, EAPO, and ETF, when conducting the study on feasible traceability systems and procedures for the products under headings 1604 and 1605 of Chapter 16 of the Combined Nomenclature, the consultant must take into account the existing legal requirements and operational difficulties for products

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under Category 03 and apply these requirements for producers under headings 1604 and 1605 to comply in a similar manner. All fishery and aquaculture products (03 and 1604/1605), competing for the same markets, need to be subject to the same traceability requirements, in order to ensure that the EU citizens are provided with fully traceable fishery and aquaculture products and to guarantee the level-playing-field between different commercial operators.

In the view of ANFACO-CECOPESCA, PACT'ALIM, ANCIT, and Unione Italiana Food, the study should exclusively focus on exploring the most efficient methods for products falling under headings 1604 and 1605 and, as per the intention of Article 58 on "traceability", to find the most suitable methodology, technically wise and economically wise. They understand that the requirements for products under Chapter 03 and Chapter 16 are different, which is also recognised by the European Commission under the final text of the revised Fisheries Control Regulation. Due to the destructuring of the muscular meat, this would be even more relevant for products classified under CN 160420xx (meaning products other than whole or in piece, including spreadable, fish balls, and ready to eat surimi).

2.1. Compatibility between systems to be developed and systems already in place

The study should analyse the compatibility between the systems and procedures to be developed as well as compatibility with the systems already in place in the value chain, while accounting for the varying scales of operations.

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The study could explore existing digital traceability solutions for processed seafood products[2]. Plus, the study should also focus on data standardisation to allow for easy communication between software[3].

The study should provide meaningful guidance on how to digitalise and handle lot information in a correct and reliable way, e.g. by means of smart technologies, image recognition and AI, as part of the exploration of existing traceability solutions available on the market.

The study should analyse the risks associated with the digital transmission and storage of traceability information and shall provide guidance towards cyber-security requirements against unauthorised access.

2.2. Potential benefits of improved systems and procedures

The study should consider the costs and benefits of the minimum traceability information (i.e., species name, catch area) to be inserted in digital traceability systems in the supply chain for prepared and preserved fishery and aquaculture products[4], such as a tool to enhance labelling possibilities, reduce the risks of possible erroneous labelling in the HoReCa sector, reduce the risks of IUU fishing products entering the EU market, or better track human rights issues in the supply chain, including forced labour.

The study should explore how and at which cost digital traceability for prepared and preserved products could empower end-of-chain actors, such as hotels, restaurants, and mass caterers, as

[2] An example is SharkTrace, a mobile application designed for tracking shark products. It can be used in processing factories to verify (via Radio-Frequency Identification tags and QR codes) and record all stages of processing and repackaging of landed shark products.

[3] The Global Dialogue for Seafood Traceability and the EPCIS 2.0 of GS1 are examples of initiatives driving interoperability.

[4] In that sense, see the factsheet "From Net to Plat: Gaps and Benefits in Processed Seafood Traceability in the EU" published by the EU Fisheries Control Coalition, and the briefing by WWF "Seafood Traceability: Exemptions risk fuelling illegal fishing".

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well as retailers, to access and share a number of information, such as species, origin, and catch method, with their customers. Presently, this information may often not be available to be provided to final consumers by these providers, as it is not required to be made available along the supply chain.

The study should benchmark with digital traceability systems in other EU sectors with complex international supply chains where it has been witnessed[5]. The study should also consider the systems deployed in other geographies to facilitate intercontinental alignment on digital traceability[6].

2.3. Practical processing questions

The study should explore the impact of batch size on processing. The study should particularly examine the economic impact of the physical separation of raw material batches on a processing chain. When a processing plant must implement small batch sizes, a physical separation that leads to line stops at each batch change would be devastating for productivity and manufacturing costs. The study should consider to what extent is feasible to keep track of traceability information when many small batches are merged into a new lot. Such developments could encourage manufacturers to move away from small batches from small-scale fisheries and instead towards large baches from industrial or imported fisheries.

The study should investigate the issue of products undergoing significant processing with destruction of the muscle flesh of fish and shellfish, such as rillettes, terrines, mousses, fish balls, and surimi.

[5] For example, the EU has developed a digital traceability system for tobacco that includes processed cigarettes; also beef products are traced digitally, sourcing from national databases tracking every movement of cattle across the EU.
[6] For example, the systems deployed by the USA, via NOAA and the FDA (FSMA 204), and by Indonesia.

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The study should also examine and provide recommendations on a threshold for the fish content of aquatic products below which traceability to fishing or aquaculture batches does not bring added value (without prejudice to the traceability mechanisms in place resulting from the "hygiene" regulations).

2.4. Field visits

In the context of the study, the external contractor selected by the European Commission should be required to visit processing plants to gather knowledge on the practical implications of the rules on lot composition and traceability. To better understand the marketing chain, including procedures and timeframes, the contractor should also be required to visit a wholesaler at origin and another at the destination.

Amongst the membership, PACT'ALIM (ex ADEPALE) volunteered to organise a visit to a fish cannery that processes several species (e.g., tuna, sardines, mackerel) from industrial and artisanal fisheries, which is located in the department of Finistère (Britanny, France). CONXEMAR and ANFACO-CECOPESCA volunteered to organise visits to various processing plants in Spain.

The participation of DG MARE officials in the mentioned visits is also encouraged.

3. Recommendations

The MAC believes that, under the Terms of Reference for the study on feasible traceability systems and procedures for prepared and preserved fishery and aquaculture products, the European Commission should:

a) Consult all interested stakeholders of the fisheries and aquaculture value chain, particularly via the MAC, to faithfully represent the state-of-art of the available digital solutions;

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b) Assess the feasibility, practicability and costs of the proposed minimum information requirements and procedures, including potential economic impacts on the different actors of the chain as well as potential benefits for others in the supply chain in comparison with the economic and management effort that all chain operators will need to undertake for all the other fishery and aquaculture products also obliged to implement digital traceability, while ensuring a level-playing-field for the traceability of fishery and aquaculture products;

c) Analyse the compatibility between the systems and procedures to be developed as well as compatibility with the systems already in place in the value chain, while accounting for the varying scales of operations;

d) Explore existing digital traceability solutions as well as data standardisation solutions for processed seafood products, assessing their (cyber-security) and capacity for smart digitalisation, while also drawing lessons from other non-EU countries;

e) Consider the costs and potential benefits of the minimum traceability information (i.e., species name, catch area) to be inserted in digital traceability systems, such as a tool to enhance labelling possibilities, reduce the risks of possible erroneous labelling in the HoReCa sector, reduce the risks of IUU fishing products entering the EU market, and better tracking of human rights issues in the supply chain (forced labour included), plus for the empowerment of end-of-chain actors (hotels, restaurants, mass caterers) in the transmission of information to their customers;

f) Consider the similarities and difference with digital traceability systems in other EU sectors, where it has been implemented;

g) Cover technical and economic aspects of various practical processing questions, such as the impact of batch size on processing, physical separation of small batches on processing chains, arrangement of different species into batches, mixing of batches from species from the same geographical area, significant processing with destruction of the muscle

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flesh, and threshold for the fish content below which traceability of batches is not required , and their impact on processing costs and consumer costs at retail stage;

h) Require field visits by the selected contractor to processing plants and wholesalers – DG MARE officials should also participate in the visits.

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