Policy options for strengthening the competitiveness of the EU fisheries & aquaculture sector

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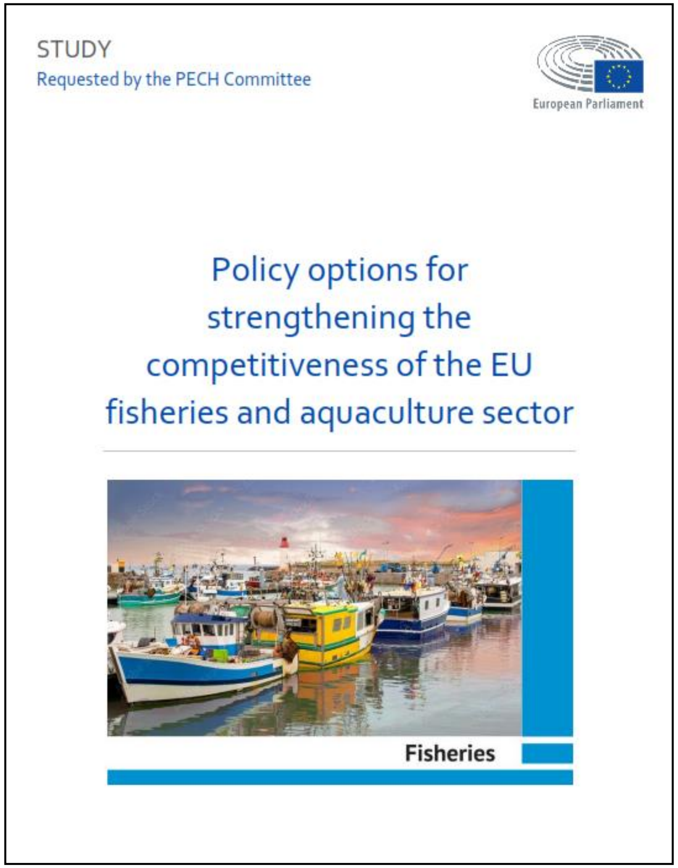
Objectives of the study



- Identify the **internal** (EU) and **external** (non-EU) **factors** leading to the state of competitiveness of the EU fisheries and aquaculture sector.
- Provide **policy recommendations** for action at **internal** and **external** level that could improve the competitiveness of the sector.

Structure of the Presentation

1. Conceptual aspects
2. Evolution of self-sufficiency
3. Extra-EU imports
4. Case Studies
5. Factors affecting competitiveness
6. Policy recommendations

1. Definitions

Competitiveness

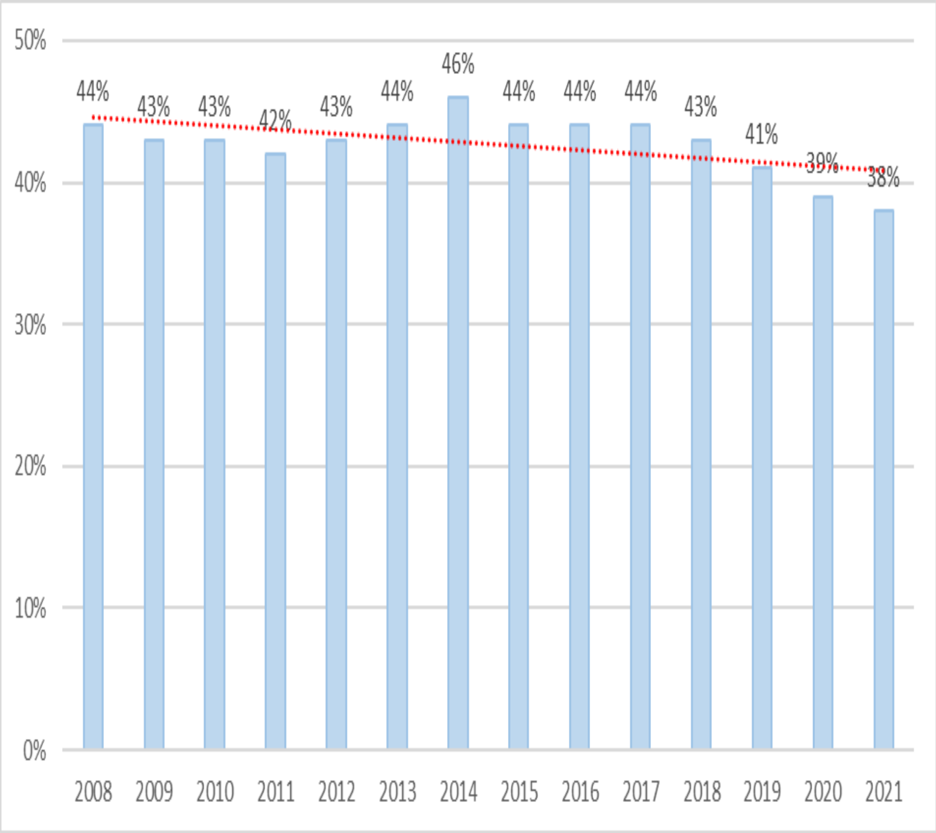
- *"Degree to which a country can produce goods and services under open market conditions that **meet the test of foreign competition**, while maintaining and increasing domestic income."*

  Jombur and Babu (2016)

Self-sufficiency rate (SSR)

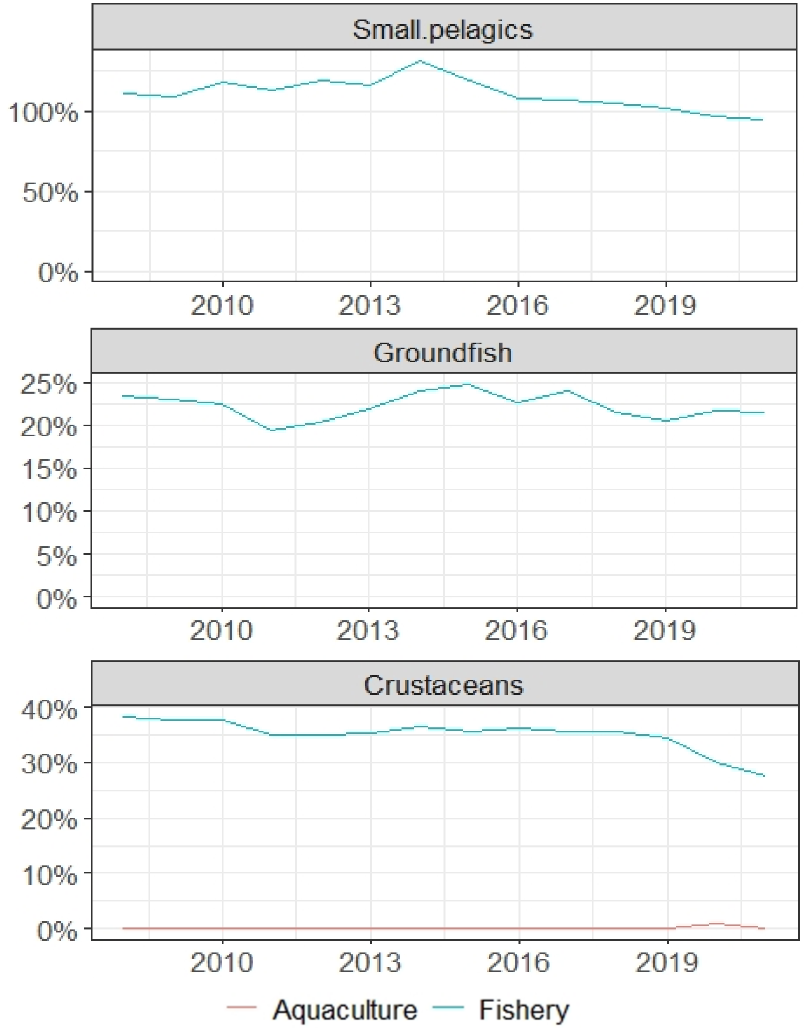
- A widely accepted indicator for measuring the competitiveness of the fisheries and aquaculture sector. It measures the ability of the EU fisheries and aquaculture producers to meet internal demand. **SSR = EU production / EU apparent consumption**

2. Evolution of self-sufficiency (I)



- EU production covers **only 38% (2021)** of the internal demand: thus, it is highly dependent on imports.
- A share of imported FAPs **may not have been produced according to the strict requirements** imposed on EU operators.
- **No level-playing field** between EU producers and many of their competitors.

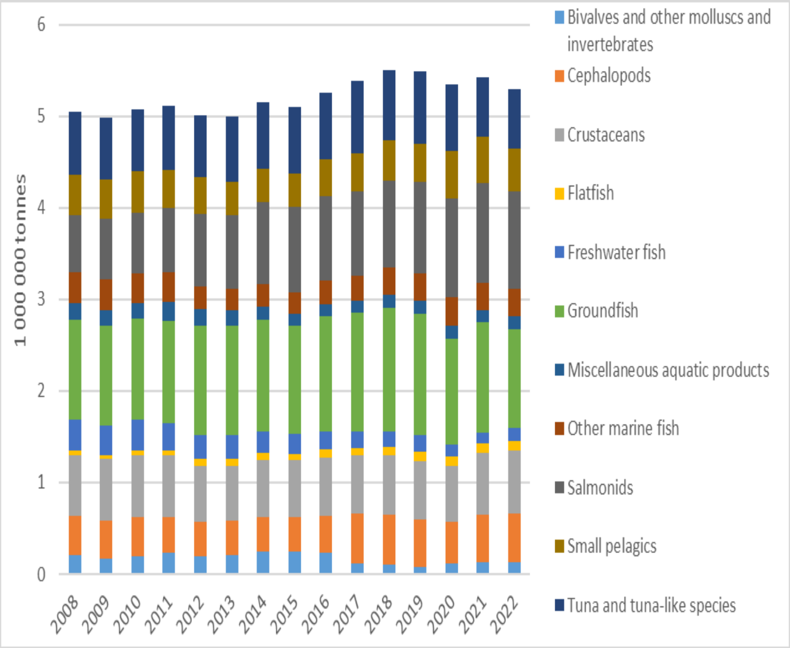
2. Evolution of self-sufficiency (II)

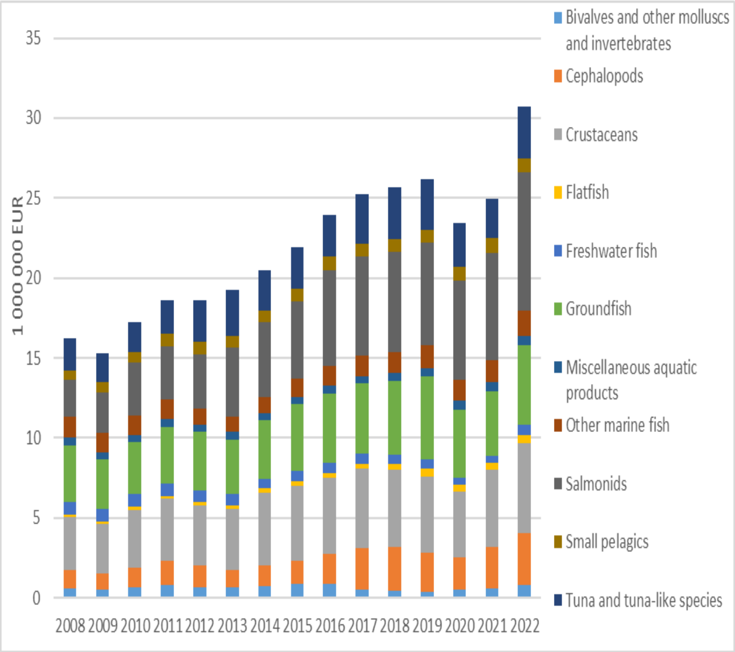


- EU is highly **self-sufficient** in **small pelagics**.
- The EU market is highly **dependent** on **foreign** producers of **groundfish**, **crustacea**, **salmonids**, and others**.**
- **Groundfish:** Changes in **abundance** due to situations of overfishing leading to strict CMMs may partly explain **low self-sufficiency**.
- A share of the **crustacea imports** are coming from countries where alleged **lack of sanitary measures**.

3. Extra-EU imports (I)

- EU imports of FAPs appear to be **fairly stable** in terms of **volume** (+ 5 %) in 2008 – 2022.
- In terms of **value,** the **increase** in EU imports is much **higher** (+ 89%) compared to 2008.





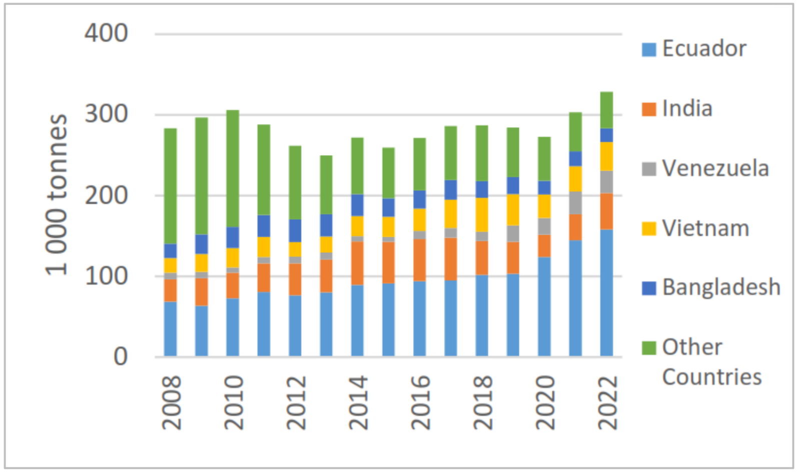
3. Extra-EU imports (II)

- Increasing presence of some suppliers questioned due to non-sustainable practices: **China** (labour), **Ecuador** (labour), **Vietnam** (pangasius production), **Morocco** (cephalopods, sardines). In other countries **IUU** fishing is taking place or/suspected. These include **Ecuador** (EU yellow card in 2019), **India** and **Argentina** (squid fishing). Two examples are provided below:

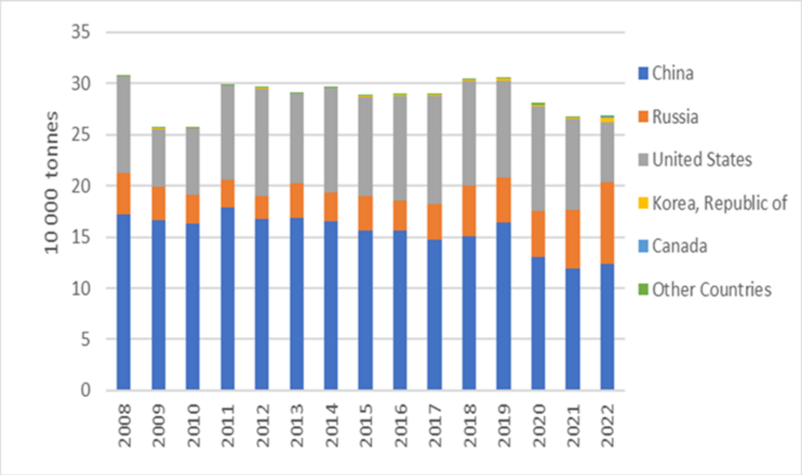
- **Crustaceans**: There are **safety concerns** about Vietnamese and Indian warm water shrimp.

- **EU whitefish** products face **competition from low-priced** imported **substitutes** (Alaska pollock, mostly from Russia), which puts pressure on prices. Demand reduced due to increase in prices (inflation).

Extra-EU imports of warm water shrimp in 1 000 tonnes, 2008-2022



Extra-EU imports of Alaska pollock in 10 000 tonnes, 2008-2022



4. Lessons from case studies

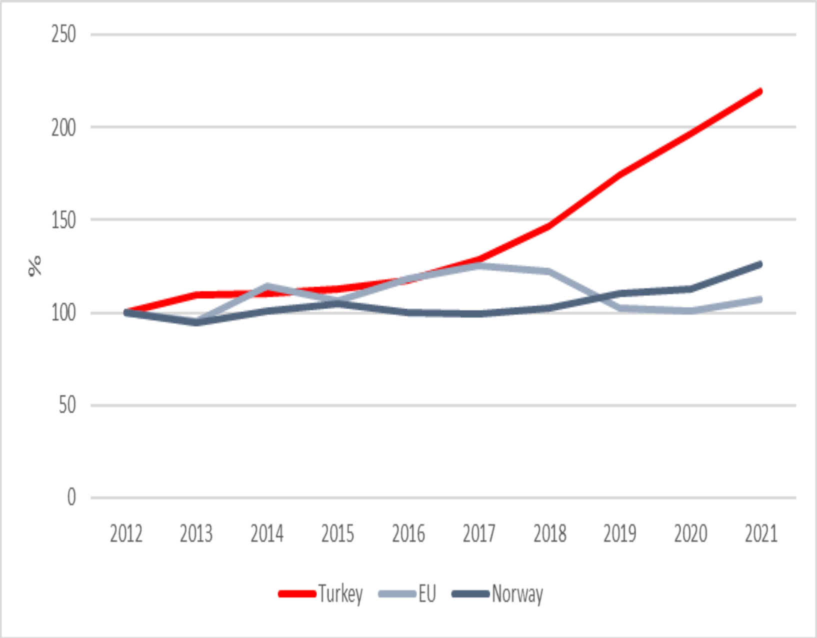
CS1: Whitefish (NWW), CS2: small pelagics (North-sea),
CS3: Brexit, CS4: Norway as a competitor

- As part of the **EU-UK TCA**, significant **reductions in fishing opportunities** are planned for **whitefish** and **small pelagic stocks** (2021 – 2025); the situation **after 2026** is unknown.
- The **British Overseas Territories** are not covered by the TCA, which affects the competitiveness of EU producers dependent on imports (Falkland Islands).
- **Norway** is becoming a **competitor** in the EU market for **organic aquaculture** products.
- **Unilateral decisions** on small pelagics quotas (IS, FI, GRL). This may lead to overfishing and loss of fishing opportunities. **Small pelagic** fisheries could be considered **unregulated** due to the **lack of cooperat**ion in quota setting, which may affect **fishing opportunities** in the future.
- The **aquaculture licensing** system in **Norway** could provide useful **policy lessons**.

5. Factors affecting competitiveness

- A **large body of legislation** besides CFP, trade, food safety, labour and environmental regulations.
- Increasing **restrictions** on access to **marine resources for fishing and space for aquaculture**, and **increasing costs** affect the competitiveness of the EU fleet vis-à-vis external operators.
- **Lack of effective customs controls** in some MS, which would allow "forum shopping".
- Some countries exporting regularly FAPs to the EU, do not fully observe **resources sustainability, labour, quality** and **hygiene conditions;** while **subsidising** their sectors
- Aquaculture production in **Turkey** is growing fast due to **subsidies** and lower production **costs**.

Growth of EU aquaculture production compared to Norway and Turkey (2012-21)



5. Factors affecting competitiveness

- The EU can do very **little to promote sustainable practices in non-EU countries**.
- The EU sector can hardly **compete on prices** with non-EU countries.
- **Low generational replacement** negatively affects competitiveness, particularly in the fishing activity.
- Leadership in **international ocean governance** obliges the EU to lead by example.

6. Policy recommendations

Access to the EU market (I):

- Ensure greater uniformity in the **application of customs** controls in all Member States to prevent access of **non-EU products** that do not meet EU standards.
- It should also be made **compulsory to label FAPs** with the name of the non-EU country under whose flag the vessel operate.
- Strengthen coordination between **the EU's trade and fisheries policies**, in particular when negotiating trade agreements.

6. Policy recommendations

Access to the EU market (II):

- The programme of **inspections in non-EU countries should be improved** by increasing the number of inspections.
- Improve the **collection of trade data** from non-EU countries for traceability purposes.
- Investigate production methods in **non-EU countries** .
- Strengthen food safety and **hygiene measures for pangasius** and similar non-EU products.

6. Policy recommendations

International agreements and relations (I):

- **New Sustainable Fisheries Partnership Agreements** (SFPAs) should be signed to reduce the dependence on imports.
- It is essential to analyse the **economic and social** impacts of Free Trade Agreements (FTAs) on the sector.
- Consider whether small pelagic **species** should be excluded from **ATQ schemes**.

6. Policy recommendations

International agreements and relations (II):

- **Renegotiate access to UK waters**, particularly in the light of the post-2026 situation.
- Member States should be signatories to all international agreements on **decent working conditions** in the sector.
- Strengthen cooperation with China through the **Blue Partnerships** and the fight against IUU fishing.
- **Benchmark** the experience of **Norway** with **licensing schemes** in aquaculture.

6. Policy recommendations

EU's structural support to competitiveness:

- Encourage the comprehensive use of **EMFAF resources** to enhance the competitiveness of the sector in terms of human capacities, markets, and added value.
- Maintain some **state aid framework** to adjust to the ongoing geopolitical unrest due to the level of energy prices.

Thanks very much!