



**EU Fish Processors and Traders Association**  
**Association des Industries du Poisson de l'UE**

**EU Federation of National Organisations of Importers and Exporters of Fish**  
**Comité des Organisations nationales des importateurs et exportateurs de poisson de l'UE**

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## **AIPCE-CEP position on CMO Reform**

The EU market for fishery products has undergone huge changes since the first CMO was put in place by Council Regulation 2142/70. But, the main features of the current CMO reflect its 1970s origins and seek to address issues that are no longer relevant some forty years on. Consequently a revised CMO must reflect the needs of the 21<sup>st</sup> century. In particular:

- We are facing an increasingly international market.
- The fishery products' market is complex and must take into account both prices and production costs.
- Any analysis of the fishery market must consider the competition fishery products face from other protein products as well as different product presentations, price formation, supply chains (which differ considerably between fresh, frozen, smoked) and origin.
- The market players' situation has changed dramatically - retailers' concentration plays a key role in the formation of prices. Their presence in the market has become so important that their role cannot be overlooked.
- In reality processors rely heavily on third country imports to supply European consumers with enough healthy, sustainable fish products. The EU fleet cannot supply consumer demand either in terms of volume or of the species that modern consumer tastes demand.
- Global trade in fish products helps developing third countries to improve their standards and to foster local employment.
- Third country imports have to observe the same hygiene standards as those produced in EU facilities. AIPCE member companies also take their social responsibilities seriously and the employment standards in their third country suppliers are as high as any employers in those countries
- Due to all of these complexities a market observatory may help capture market trends and act as an instrument to provide information. It will not however provide a basis for decisions because in practical terms the complex functioning of the market cannot be captured accurately.



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- Sustainability has become an ineluctable factor in the market. Presenting a clear framework of minimum standards for sustainability will enhance informed consumer choice and provide further market stimulus.
- The lack of flexibility and complexity/overregulation has resulted in higher costs and made some parts of the marketing chain less competitive.

As regards **the management of external supply**, it is of utmost importance to make the following remarks:

- Import tariff policy should be more flexible to allow a stable supply with a view to maintaining a strong and economically viable fish processing industry in the EU.
- Maintaining an efficient EU processing industry brings benefits not only through direct employment by processors, but also from its wider contribution to local economies e.g. through employment in allied industries, providing markets for catchers etc.
- In order to ensure a steady and competitive supply of raw materials for processing the current system of tariff suspensions and autonomous tariff quotas (ATQs) should be maintained and applied when EU production cannot meet processors' needs. Without this, processing activity will be transferred to third countries and larger volumes of fully processed product will be imported into the EU. Restricting supplies of raw material will not provide additional market opportunities for EU catchers as they are unable to meet consumer demand.
- The ATQs system:
  1. Does not adequately address permanent structural supply deficits. ATQs are time limited and subject to quantitative limits and this makes long term business planning difficult.
  2. Generates uncertainty which leads, due to the fear to not have a sufficient supply, to buy fish when it is not really needed.
  3. Is often determined by many factors, for example the prevailing political and market situations at the time they are negotiated and do not reflect real long term market need.



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- Therefore, more flexibility in the current system will be required: Where there is a demonstrable structural supply deficit for raw material, tariff suspensions should be introduced.
- Those tariff suspensions provided in Annex 6 to Council Regulation 104/2000 should be maintained and for those species for which residual tariffs still apply (surimi, blue grenadier) a total suspension (to 0%) should be applied. Applying low duty rates offers no “protection” to the EU market and only serves to add to consumer prices as well as adding to importers’ administrative costs.
- At the same time, there are cases where a product should be changed from the ATQs system to suspensions: e.g. squid.
- The price of the raw material makes a great difference in the cost breakdown of fishery products.

When it comes to the **organisation of the sector**, we would like to stress the following:

- POs can play an essential role in the Common Market Organisation through fisheries management and encouraging fishermen to match supply with demand more effectively so satisfying market requirements in terms of supply quantity, quality and regularity.
- POs should meet performance indicators on matching supply to demand and on sustainability if public funds are to be allocated to them. In this context, Member States have an important role to play to ensure the efficient use of funds by ensuring that POs meet their obligations under the CMO.
- The implementation of an activity in the chain should be made by those players which can make it most efficiently – for example fishermen are not experts in product development. Existing market structures can address these issues and there should be no duplication of structures or public funds for innovation or marketing activities.
- Interbranch Organizations, which should be promoted under the CMO Reform, could also address these issues by developing promotion campaigns for consumers, innovations and product development projects.



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As for **price and intervention mechanisms**:

- POs must meet strict criteria to be able to use intervention mechanisms. Intervention mechanisms should not be used to finance a structure for POs – they should become competitive.
- The intervention and carry-over systems entail significant administration costs while having little impact on the market. Most of these mechanisms should be abolished as they cannot function effectively in the present global market for many fish species. Furthermore, some are wasteful of scarce resources and are contrary to sustainability objectives. In this context, a minority point of view within AIPCE/CEP recommends to maintain only the subsidized carry-over mechanism and the compensatory allowance regarding tuna for processing (by increasing the triggering threshold or implementing other mechanisms, such as the private storage aid). Further, AIPCE-CEP proposes a study to examine whether a system of income support to primary producers could better meet the social objectives.
- If an intervention system like a subsidized carry-over mechanism is maintained, it should be based on up to date - and reliable data.

As to **consumer information**, we consider that the current mandatory requirements are sufficient. Expanding these requirements to other products or to indicate more detailed information is not advisable since :

1. Before considering further regulation, proper enforcement of existing legislation is the best way to achieve the sought goals.
2. More detailed information is being already requested under Control Regulation 1224/2009 - the implications for the sector of the traceability provisions laid down in the Control Regulation will be a considerable increase of costs.
3. Current discussions on food information to consumers are already taking care of the information to consumers – already covered as a horizontal issue.
4. For certain products now excluded it would be not feasible to implement.
5. Not all information is of relevance to the consumer.



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Therefore the scope of Article 4 of current CMO Regulation should not be enlarged; however legislation setting minimum requirements for voluntary information may be a good option.

In particular, if an operator desires to indicate a more precise area on a voluntary basis in place of a more general description, a list providing for specific areas could be given in the legislation.

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