EU fisheries policy – latest developments and future challenges

Topic 2: Common Market Organisation

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   - Case study 6: Improving the profitability
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1. Objectives of the CMO

Selected wording from Regulation (EU) No 1379/2013

- strengthen the **competitiveness** of the Union's fishery and aquaculture industry, in particular **producers**;

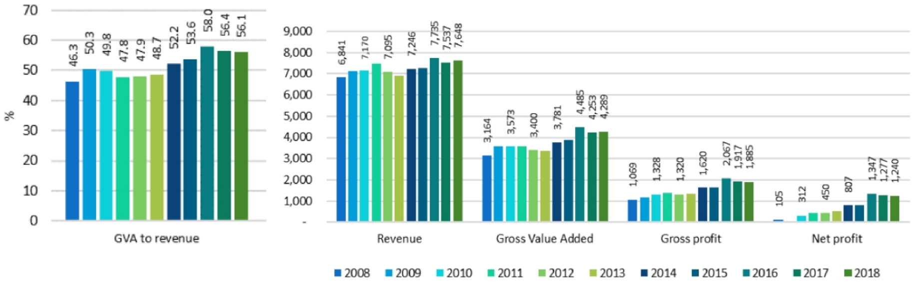
- improve the **transparency** and **stability of the markets**, in particular as regards economic **knowledge** and **understanding** of the Union markets for fishery and aquaculture products along the **supply chain**, ensure that the **distribution of added value** along the sector's supply chain is more balanced, improve **consumer information** and raise awareness, by means of notification and labelling that provides comprehensible information;

- contribute to ensuring a **level-playing field for all products** marketed in the Union by promoting sustainable exploitation of fisheries resources;

- contribute to ensuring that consumers have a **diverse supply** of fishery and aquaculture products;

2. Latest developments

- Better adjustment between the fishing opportunities and the **fishing capacities**
- IUU Regulation: Levelling the playing field (*NB about timing issue*)
- End of the so-called 'price withdrawal' scheme (**market** dynamic)
- Development of Production and Marketing Plan (PMP) → aligning production and **marketing dimensions**



3. Future challenges

Case study 4: Ensuring fair competition (I)

- Ensuring **fair competition** between EU and non-EU producers, especially in the case of custom unions and Free Trade Agreement
- Verifying that all aspects of EU sustainability standards are respected
- Recital (4) of the CMO Regulation: "[…]. When trading in fishery and aquaculture products with third countries, the conditions for **fair competition** should be ensured, in particular through respect for **sustainability** and the **application of social standards** equivalent to those that apply to Union products".

3. Future challenges

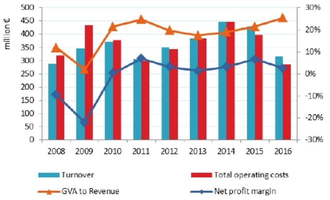
Case study 4: Ensuring fair competition (II)

Table 1: World production of farmed seabass in tonnes (2007-2016)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU 28	60,494	60,443	58,656	65,180	69,052	63,929	63,875	62,825	69,763	81,852
Turkey	41,900	49,270	46,554	50,796	47,013	65,512	67,913	74,653	75,164	80,847
Egypt	598	4,383	5,381	16,306	17,714	13,798	12,328	15,167	14,343	24,498
Tunisia	793	788	1,370	1,466	2,832	1,999	1,968	1,869	2,802	2,564
Other	689	570	571	580	665	784	687	840	1,059	1,243
Total	104,474	115,454	112,532	134,328	137,276	146,022	146,771	155,354	163,131	191,004

Source: FAO

Economic performance indicators for seabass and seabream aquaculture over the period 2008-2016



3. Future challenges

Case study 4: Ensuring fair competition (III)

- A possible strategy could be to **replicate the example of the IUU regulation**, e.g., to make sure that sustainability, in every aspect, is respected. This could apply, among other things:
  - to **environmental aspects**, including (some) aquaculture production systems (feeding; antibiotics);
  - to **social aspects**, especially regarding working and safety conditions (+ ethical – feeding again).

3. Future challenges

Case study 5: Finding the route to a market for all EU species (I)

Products[27]	Per capita (kg)	% wild	% farmed
Tuna	2,78	99%	1%
Cod	2,33	100%	0%
Salmon	2,19	5%	95%
Alaska pollock	1,59	100%	0%
Shrimps	1,56	62%	38%
Mussel	1,27	20%	80%
Herring	1,23	100%	0%
Hake	0,96	100%	0%
Squid	0,72	100%	0%
Sardine	0,69	100%	0%
Mackerel	0,58	100%	0%
Surimi	0,58	100%	0%
Freshwater catfish (including pangasius)	0,50	1%	99%
Trout	0,42	1%	99%
Scallop	0,35	84%	16%
Others	6,59	84%	16%
Total	**24,33**	**76%**	**24%**

- 5 first species → 43% of EU consumption
- Mostly imported

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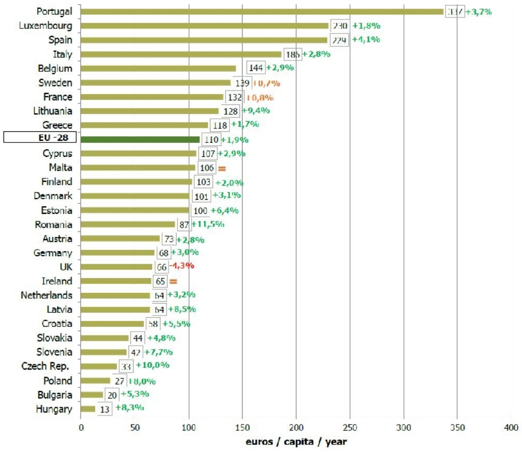
3. Future challenges

Case study 5: Finding the route to a market for all EU species (II)



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3. Future challenges

Case study 5: Finding the route to a market for all EU species (III)

- It is necessary to find **new ways of informing** about products and **production methods**. Information about the functioning of the seafood value chain should also be provided, together with the origin of the product, especially for **processed products**.

- Efforts should particularly be made for species that are less known by EU consumers **where substitution is partly possible**.

- Some initiatives might be taken in **institutional restaurants** (school, hospital, army, ministry, etc.) to maintain and promote a **diversified supply** of seafood products, including local ones

3. Future challenges

Case study 6: Improving the profitability (I)

- Especially in mixed–**shared fisheries**, because of the **competition** between various fleets and **fishing practices** to access the resource (dependency vs. opportunistic)

- ***Case Study 6*** reveals major differences of **economic performance** indicators (cost structure and productivity) in the different fleets.

- Important in the context of **Article 17** of the CFP (allocation of fishing opportunities by MS).

3. Future challenges

Case study 6: Improving the profitability (II)

- Differences in prices:

Fleet	Ex-vessel price (€/kg)
Hook fleet	14.0
Polyvalent fleet	11.9
Netter fleet	9.0
Demersal trawl fleet	8.6
Pelagic mixed trawl fleet	8.0

Source: Daurès and Nourry 2017

Seabass: freshness, quality, low impact on the ecosystem

Scallops:

	2011	2012	2013	2014	2015	2016	2017
France	2.43	*	2.32	2.50	2.70	3.12	3.18
UK	2.08	2.15	1.89	2.06	2.36	2.78	2.87
Price difference	0.35		0.42	0.44	0.34	0.35	0.30

3. Future challenges

Case study 6: Improving the profitability (III)

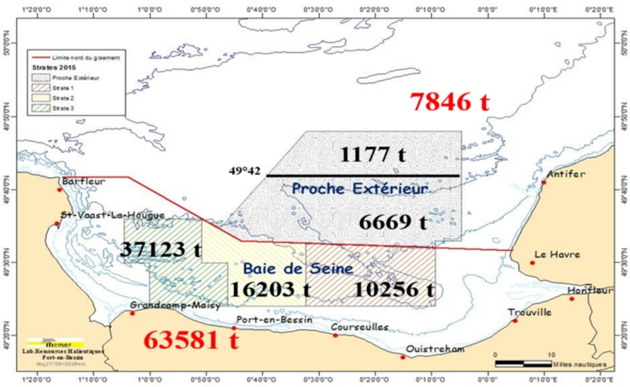
- **Turnover to GVA ratio** for several **dredge segments** (DRB) in France and the UK between 2008 and 2016

Member State	Dredge segment	2008	2009	2010	2011	2012	2013	2014	2015	2016
France	VL0010	64%	58%	67%	62%	56%	55%	54%	51%	59%
France	VL1012	51%	49%	58%	47%	40%	42%	46%	56%	50%
France	VL1218	45%	43%	51%	36%	33%	41%	42%	47%	46%
UK	VL0010	41%	39%	39%	32%	44%	25%	32%	31%	32%
UK	VL1012	35%	40%	38%	32%	47%	27%	38%	34%	31%
UK	VL1218	36%	45%	41%	36%	41%	33%	38%	36%	35%
UK	VL1824	39%	43%	47%	50%	42%	39%	35%	43%	38%
UK	VL2440	36%	43%	48%	50%	41%	38%	37%	43%	37%

3. Future challenges

Case study 6: Improving the profitability (IV)

Also differences in **stock status**



4. Conclusions

- Some ***promising progresses***
- Still scope for improving the ***economic*** outcomes of the EU seafood sector (for companies AND staff)
- In **aquaculture**, the development is limited due to high regulation standards in the EU and unlevelled but globalised competition.
- In **fisheries**, not all the fleets are obtaining high economic returns, and some promising fishing practices can be threaten by other activities due to stock interaction.
- In some cases, low economic returns are due to the **difficulty of obtaining a good price for less-known species**, despite their sometimes abundant supply.

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5. Recommendations

- Protection against ***unfair competition***: making sure that all aspects of sustainability are respected.
- ***Promotion of less-known*** EU species, including through public procurement (institutional restaurants).
- Pursuing the development of ***effective management systems,*** including through empowering the Producers Organisations with strong economic / market knowledge.