



EU Register of interest representatives ID No 37744161541-37

CFP Reform
Directorate General for Maritime Affairs and Fisheries
European Commission
B-1049 Brussels
Belgium

9th December 2009

Dear Sir,

Reform of the Common Fisheries

The Green Paper on the CFP raises important questions on the future operation and development of Europe's fisheries and the fishing industry. Our member's livelihood, and that of the producers which they serve, is directly affected by these issues and accordingly the policies that are decided upon and their consequences are of fundamental concern. As the body representing the primary shore activity (fishing ports) and 'first sale' organizations (auctions) for Europe's fish catch our perspective is pragmatic and commercial. Thus we thank you for this opportunity to make the following comments that are founded on pan-European member experience and considered opinions.

We trust that they will be of value in drafting the final proposals and our Board would, of course, be pleased to further discuss and expand upon any aspects therein.

1. Vision for European Fisheries by 2020

This declaration of faith and broad statement of objectives is laudable. However certain of the goals set out therein are based on what appears to be an imperfect understanding of the parlous state that the industry (catching and its support sectors) and the complex nature of the market for fish and fish products. Goals should be realistic and achievable.

Given the predicted rise in consumer demand for fish over the next decade it remains likely that mainland Europe (the EU as presently constituted) will continue as a significant net importer. This being so it is important to maximize the value of the catch from the EU fleet (and incidentally that of our EEA partners). Improving first sale prices is the challenge for the future - not simply increasing volume. Although improved catch levels derived from MSY is certainly important this benefit is eroded if it is at the expense of unit prices.

The impact of decommissioning schemes over successive years coupled with diminished earnings by fishermen has resulted in crew shortages – these are not readily replaced.

Many small scale fisheries actually supply distant, not local, markets and whilst at the local community level may comprise of a few small 'inshore' boats the overall fishery (i.e. targeted species) may well be significant in value if not volume. The assumption that 'industrial' fishing will, by its scale, become efficient and viable is tenuous.

Fishing is transnational and its 'local' market pan-European.

2. Introduction

It is indisputable that the catching capacity of the EU fleet exceeds the resources available. Actions to improve stock levels as well as capacity reduction address this but there are economic factors at play creating pressures on the producers and these translate into contributory actions such as high grading. The fact that a high proportion of the fleet, even after draconian decommissioning, is not viable is partially due to catch limitations but also high operating costs and, possibly more critical, low prices. This aspect is one that we are particularly concerned with and on which we have previously submitted a number of proposals.

Our experience is that increasing overall catch levels may not produce the expected benefit as without appropriate market initiatives the unit price may simply readjust downwards. The cycle of TAC reduction coupled with fleet number reductions and increased efficiency of modern (larger) fishing vessels producing more unpredictability in EU landings has undoubtedly led to substitution imports. This globalization of the market creates immense challenges to the European operator and there is a recognition from our members (which are responsible for the first sale of fresh fish) that they need to address these and hope that a revised CFP will support them in that aim.

Whilst the nature of fisheries creates the need to manage its exploitation at the (European) Community level it has proven difficult to establish effective marketing actions at the same level given that development funding is through individual member state programmes.

3. Current CFP

The current CFP, with its strengths and weaknesses has been widely debated. Further reductions in fishing capacity may improve the lot, marginally, of a reduced pool of producers but this will also further impact on the supply sector and elements that cannot downsize and often carry extensive fixed costs.

We concur that artificially maintaining excess capacity or subsidizing operational activity is not in the long term interest of the (catching) industry. However a future policy setting realistic objectives for the affected sectors may need funds to ease the social change that will ensue: not just downsizing but from associated restructuring within a pan-European dimension.

4.1 Fleet Overcapacity:

The attractiveness of self regulation if the fishing rights are 'owned' by 'fishermen' holds considerable danger for the social fabric of fishing communities as it invites the accumulation of these rights by purely commercial interests. This can lead to exploitation of the true producers and there is also little evidence that the market would regulate supply or consumption except to maximize profits – often in the short term to satisfy shareholder expectations (world banking crisis). Fishing is not immune to corporate greed – are PO's not currently charged with regulating production within preset levels? The proposed revision of Control Regulations already addresses this issue.

- Capacity should be limited – and planned: both reductions and increases. As stock health improves Europe's fleets need to be capable of catching the MSY without distorting established relative stability i.e. there should not be a 'bonus' for member states that failed to downsize capacity through fleet reduction.

- Experience has shown that fleet capacity adjustment is an iterative process. As such a 'one-off' scrapping fund only solves the immediate crisis. In practice the least efficient vessels tend to be scrapped.
- 'Transferrable Rights' has been debated over many years. Only when the rest of the CFP is in place – particularly the long term strategic elements of it embracing the entire catching sector: producer; shore installations; support services etc. – can it be properly considered. *De facto* the industry has rights to fisheries through the quota system – held by PO's based on member content or managed at national level for boats not in a PO.
- A level playing field is essential from net to plate – the fisheries are trans-national and the market for the catch pan-European within a globalised environment. The policies adopted that define the quality and care of fish and fish products, and the inspection levels and standards therein, should apply to all fish products entering the EU.

4.2. Policy Objectives

Whilst the current CFP regulation cannot be faulted in its objective it would, we agree, benefit from some better direction and prioritization.

The economic and social conditions have, perhaps by necessity, been overshadowed by catch control measures. We do not fully subscribe to the statement that "economic and social viability of fisheries can only result from restoring the productivity of fish stocks": this approach perpetuates the idea that the industry can only survive on high catch levels. It is possible that by achieving relatively modest price improvements at first sale – which need not result in noticeably higher consumer prices – the producer would not need to exert as much pressure on resources to achieve viability. This should be given a high priority.

This does not detract from the importance of achieving ecological sustainability but offers another avenue (not an alternative) to fishing restrictions and perhaps a means to earlier attainment of fishing within MSY.

- Equal weight should be given to achieving sustainable fish stocks and a sustainable fishing (production not processing which can be imports) industry.
 - Fishermen and their 'partner' Sales Organizations should be encouraged and assisted to develop and implement marketing and market development initiatives to raise product values (prices) at first sale.
- The CFP should firstly aim to conserve, and expand, jobs in the fishing industry based on EU/EEA catch as by definition the coastal fishing communities often have limited potential for alternative full time employment. Of course as well as preserving or expanding fishing related jobs the creation of alternative employment should be pursued as even part time jobs, seasonal or otherwise, can assist in offsetting the downturn in the primary industry of these communities.
- The establishment of indicators and targets should report events as near to real time as can be achieved. This often runs counter to the standard academic study undertaken by consultants – they can be years in production. Perhaps by involving the RAC's and the those sitting on ACFA some models reporting on real communities can be set up with regular reporting on catch levels, values, employment etc.

4.3 Decision Making on Core long-term Principles

We agree that long-term objectives coupled with core principles should be established and measures, decisions and initiatives evaluated against these. At the same time it is recognized that to ameliorate socially unacceptable or other short term consequences there may need to be interim solutions.

- There are relatively few matters in fisheries management that involve only one member state and so the practical scope for devolving to member states is limited. Even if there are not straddling stocks, or other member nation producers with historic fishing rights there is likely to be trans-national marketing issues. However if such are identified and agreed by all parties then there is no reason not to pass that matter over to the competence of the member state.
- If within a clearly defined set of criteria there could be benefits in permitting decentralised implementation on technical matters as it may permit greater experimentation and development of new techniques to be applied in particular circumstances. Formal reporting and central review would be necessary.
- The RAC's have an important role to play in this as has ACFA. These forums allow direct input from multi-national participants in the affected fisheries and industry based expert oversight.

4.4. Industry Responsibility in Implementing the CFP

We agree that the industry, and the public must support the CFP or it fails. To gain such support it should have a clear set of objectives and strategies to achieve them focused on the interests of internal producers. Positive actions and good news stories would do much to offset the negative perception that exists (with the public) on failed policies. The CFP primarily affects production from European waters and the market for fish and fish products from the EU fleet and our EEA partners. Imports are a key source of material for our processing and retail sectors but, with the exception of quality, traceability and competition matters are almost extraneous to the CFP except, of course, that they are a major factor in the market.

- To give responsibility to the industry requires that it also be given authority. Can an industry, comprising of individuals and commercial organizations and located across the member states of the EU, have authority – this rests with the member states.
- At present a large proportion of the EU fishing fleet does not belong to any PO. The recent review of the COM indicated vastly differing levels of competence between those PO's that are established.
- Self-management is a laudable objective and, through the RAC's may, to a degree, be attainable – where the management is by consensus. How are dissidents and non-participants forced to comply?
- Given the poor financial state of the catching sector (with the exception of large pelagic vessels – not tuna) it is inconceivable that they could take on additional costs.
- In this it is possible that, with central support, our members could assist as the marketplace provides a focus for all. Skill training directed at improving quality and prices should appeal to all catchers – PO member or not. Competitiveness needs better definition – it is not, as some advocate, catching more and subsequently selling for less. The EU cannot compete on price with low cost third country producers but must do so on quality, traceability, variety, product security and carbon footprint.

- There are many examples of good practice and these could be promoted more widely but there is a cost associated with doing so and paradoxically the actions that may increase (or generate) profitability are often beyond the reach of those who would most benefit. Our own organization coproduced (under the Leonardo da Vinci programme in partnership with academic and technical institutions from France, Poland, Portugal, UK and Norway) a set of practical training modules on traceability and quality with a number of practical examples of actions from different fisheries across Europe but there is a cost to setting up workgroups and professionally delivering the lectures.

4.5. Culture of Compliance

We have previously commented on this at some length.

- Data collection systems should be relevant, understandable and useful to the industry with output routinely and regularly available.
- Control systems should apply equally to all participants in a fishery. Thus there cannot be any deviation in implementation standard applied to vessels from different member states.
- It seems reasonable that access to Community Funds should be subject to compliance with Community Regulations.
- If the rules are in the obvious, agreed, interest of the fisherman and other players then self management becomes effective – except that there must be some policing or sanction that can be applied to any rogue activity.
- This would fall within the competence of PO's adding another level of discipline and 'internal' management. Whilst some PO's may well have this capability to be effective it would have to be present in every PO (of which there are hundreds)...

5. Improving the Management of EU Fisheries

5.1. Protecting small scale coastal fleets

Whilst there is a certain appeal in mechanisms that provide positive discrimination of activities such as the inshore small boat fleets there are many potential problems in so doing. The assumption that large scale fishing is capable of being self supporting whereas small scale is not may well be flawed. Many small vessels operate with artisanal crews, in local waters with static or low power gear catching high quality fish that achieve higher values. If the problem that beset the larger operators is solved then those of the small scale fishery are also likely to be dealt with.

Although previous studies have used vessels less than 12 metres as a guide there is no definition of small, medium or large enterprise as it relates to fishing vessels. As we have seen from previous rules on vessel size and power the introduction of penalties or benefits based on this leads to modification of vessels in the fleet to maximize the benefits – particularly around the margins.

5.2. Making the most of our fisheries

Achieving MSY for EU fisheries is now a medium term objective. We responded previously with comments on discards and the potential implications of a blanket ban.

- As stated in earlier comments we support the CFP moving to fisheries management, in all its aspects, away from dominance on stock management through landing regulation.
- There are dangers in adopting a two stage approach in that invariably the measures to achieve MSY stock levels, if first, would prevent the heuristic approach that the sector needs to achieve a safe and sound transition.
- The management programme for Community fisheries should be a combination of catch limitation and fishing effort coupled with a proactive programme of market development for EU captures and assistance in upgrading and developing the market mechanisms.

5.3. Relative Stability

5.4. Trade and Markets

Clearly this is of direct concern to our Association – selling fish through auctions being a primary *raison d'être*. We have been party to highlighting the stagnation, and fall in real terms, of fish prices over many years. The problems associate with this are now recognized but actions to address it are not forthcoming. Proposals on a number on pan-European initiatives have been made by EAFPA on behalf of our members and others who attended the two conferences that we have organised on the subject remain to be addressed: not as academic exercises or consultant reports but as real actions by auctions and partners.

Our comments on the CMO review (appended) are also pertinent. We do not advocate subsidy but do recognize the need to rationalise, further modernise, strengthen and develop our (selling) sector to respond to the new dynamics created by the dominance of supermarkets as the main buying groups. Although the CMO and CFP place an expectation on PO's to organise the market the fact is that it is the fish auctions that mostly act in this capacity – as far as they are currently permitted. In this respect the failure to ascribe this role to the port fish auctions currently curtails their ability to operate more effectively.

Whilst it is true that a significant proportion of the EU's consumption of fish products are imports we suggest that it is important to distinguish between fish from European waters and imports from elsewhere. The net level of non-European imports then assumes a lower importance.

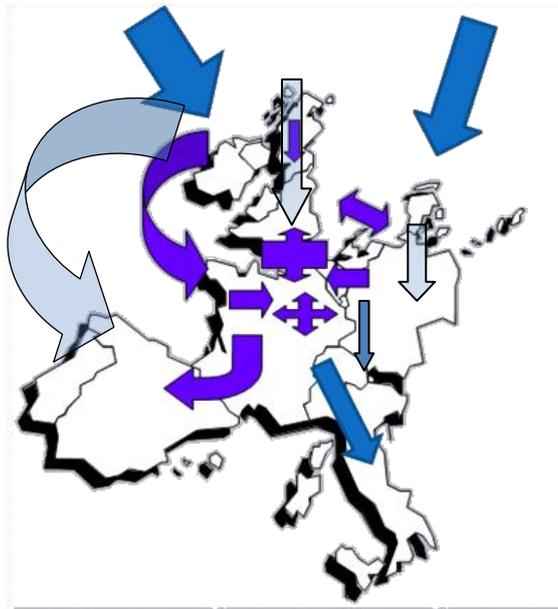
EEA Production & NET IMPORTS

Fisheries and Aquaculture

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Norway and Iceland, although not members of the EU, are close partners on fisheries albeit with some protective measures governing the landing and first sale of catch by their vessels. The symbiotic relationship of their production with the EU's consumption impacts directly on the market and it would be beneficial to better integrate this into an open and transparent EU price setting mechanisms. The coastal auctions of Iceland and Norway's sales organization are members of EAFPA and share our EU member's interest in developing a progressive, transnational 'fish exchange' as this would be mutually beneficial.



Fish capture & landing is often distant from the end markets leading to a dislocation of member state decisions & initiatives affecting production and downstream activity. A holistic approach is needed to maximize efficiencies and achieve maximum market penetration.

The issues raised in the green paper are valid and the development of a more cohesive market was a theme at our recent conferences in Cork and Bruges. These foresaw the need to ensure an integrated, open and transparent marketplace acting in the economic interests of the producer but also the processor and retailer through improved quality and supply management.

- We have previously proposed the development of a pan-European 'real time' supply and price system founded on our member auctions and supported by in house commercial analysis, market research and development.
- EAFPA would like to develop a 'responsible' port and auction certification scheme as a transnational label. This would be supported by training and validation.
- Currently the pressure to adopt eco-labels such as MSC comes from the large supermarket chains. Achieving and maintaining such certification is expensive and if the CFP achieves MSY should not be necessary. An EU certification for compliance with regulation should suffice but that requires a change in public perception and a successful CFP.
- We foresee difficulties with the concept of PO's matching production with demand as individually they only see a small part of the catch and landing pattern. It is for this reason that we proposed a system based on the auctions in which the price mechanism directly influences producer activity. Auctions are distribution centres dispatching fresh fish both to local shop and distant (often transnational) clients: this role can be extended and logistics efficiency extended.

- It is a fact that relatively small increases in supply have a disproportionate effect on price and so short term consumer gains (cheap imports) can destabilize indigenous production. Nonetheless we do not advocate trade barriers.
- Trade policy should not distort the market: it should ensure that internal and external producers are subject to the same disciplines at all stages.

5.5. CFP & IMP

Historically fishing activity was the harvester of the oceans wealth. Today it has to share that space with mining, the energy sector (oil, gas, wind and wave power schemes), aquaculture, leisure activities and environmental considerations. These place added pressures on fishing sector and create the need for ongoing dialogue at all levels. Consultation on all maritime related proposals is essential to the avoid conflict and resentments where interests (fishing or other) feel marginalized. The RAC's and ACFA can be the vehicles for processing such matters with the fishing industry: provided that it is at the earliest possible point and provides sufficient time is allowed for consideration and input to the decision making process.

5.7. Structural Policy and Public Financial Support

We agree that financial assistance will be needed to promote and facilitate the restructuring and modernization of the European industry. However there is a clear requirement for some of this to be managed at the European level – the industry is transnational and the achievement of certain effective structural elements must be addressed through pan-European initiatives and actions. This is particularly so in our area of activity with catching and landing in one (or more countries) country becoming sale, delivery, processing and consumption in (several) others.

- Restructuring the catching sector and its support industry requires both downsizing and consolidation. To achieve this in a reasonable timeframe the players must be encouraged and facilitated to exit, merge with others or, in some cases, expand their areas of activity.
- This is certainly true with regard to fishing ports and local auctions – both of which are highly specialized and often in the public sector. There has been no decommissioning scheme for ports or auctions many of which, given the fleet reductions that have occurred over past decades, are no longer viable (but still fulfill a social and operational need).
- There is a need to create a consolidated and seamless European marketplace (i.e. sales forum or fish bourse) for captured, and to a lesser degree, farmed fish and so establish a dynamic that can influence first sale prices. Auctions and their sales organizations form the nucleus of this at local and in some member states are grouped at national level but the areas that require investment are considerable and to be effective need to be applied as pan-European actions.
 - With the pan-European demand market dominated by a small number of retailers a supply counterweight (first sales) is needed.
 - With fish from Norway and Iceland so tightly integrated into the EU's fish supply process it is important to incorporate this into market operations.
 - A European fund available to operators affected by cross borders issues (e.g. the market) is required to allow players to engage in marketing and sales development initiatives that would provide the stimulus to address these issues. Obviously we believe that our sector, perhaps through EAFPA, could take a lead role on programmes that are identified.

- We believe in a free market and as such do not support permanent subsidies in any field. Nonetheless we recognize that a form of subsidy is often necessary to counter the rapid or unforeseen events. Care must be exercised that they do not distort competition, particularly if a subsidy is made available to one group of fishermen and denied to another.

5.8. External Dimension

Where community vessels fish outside of the EU's EEZ it is expected that they will be subject to EU regulations. As a major importer of fish the EU has a duty of care with regard to third country fisheries, particularly if their catch is exported to the EU.

- The core objectives of the CFP should be applied to external fishery considerations.
- To enable a fair comparison of all cost factors involved in fish consumed in the EU the carbon footprint of imports should be established – 'food miles' is a valid concern.
- The CFP itself should not take on any responsibilities for global governance of the sea.
- Who would be the beneficiary of any 'tax' on fishing international waters? Would EU fisherman pay an international waters 'fishery tax' whilst other flagged vessel would fish for free?
- The establishment of joint ventures and similar activities in third countries should be encouraged, unless it would lead to the export of jobs, but funding for such ventures should be carefully considered against what a similar level of investment would achieve in EU waters.
- FPA's, in the main, provide benefit to a small group of large enterprises.
- EU operators in third countries should receive no greater subsidy than they would if operating within the mainstream European fishery.
- Support for third country fisheries, in various forms, seems to be more appropriate as a matter of economic development, trade and foreign policy rather than integral to the CFP which should concentrate on addressing the many problems that exist for the European industry. Of course the impact of third country exports on the EU market must be monitored and, if necessary, corrective action taken.

5.9. Aquaculture

Aquaculture is an important aspect, both internal production and as the generator of the vast tonnage of (usually) cheap fish that is imported into Europe. It affects the market by offering substitute species and therefore should be considered within the CFP.

6. Next Steps

The fishing industry is constantly responding to events at all levels and, being based on a variable supply of a perishable product, must often respond very rapidly. This can be a problem within the operation of a policy document and so provision to do so within its scope would be beneficial. Concurrent with the CFP review are a number of subjects both related and evolving.

Reforming Control Policy: we have previously commented on this.

IUU fisheries: actions in place and our Norwegian members in particular are monitoring this.

Discard elimination: previously commented on.

Integration of CFP within IMP: a reality therefore the CFP must be a self supporting core element.

Aquaculture: what is the potential for growth within the EU given 3rd country operating costs?

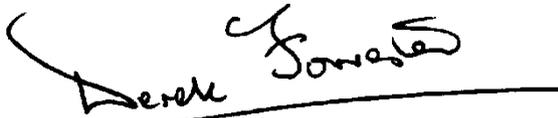
Long Term Management: evolving.

Enhanced Transparency: an aspect that we support but it must apply to imports too.

Carbon Footprint: work should be done to establish holistic comparisons between food products and sources – price is not the only factor.

As you will gather from the above comments we wish to establish a sustainable European (EU and EEA partners) fishing sector based on the economics of the market. To achieve this requires a stable supply of fish and the move to MSY is accepted as the key to this. At the same time it is imperative that the price obtained for fishermen is maximized through improved market management and other measures, including a more proportionate distribution of value in favour of the producer. We therefore ask that a revised CFP (and CMO) include provisions that shall enable our sector, at the trans-national level, to play its full part in achieving this.

Yours sincerely

A handwritten signature in black ink, appearing to read "Derek Forrester", written over a solid horizontal line.

T. Derek FORRESTER
on behalf of the
EAFPA Board