Common organisation of the markets in fishery and aquaculture products

2011/0194(COD) - 13/07/2011 - Legislative proposal

PURPOSE: to revise the objectives and instrument of the common organisation of the markets in fishery and aquaculture products.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: a Common Market Organisation (CMO) for fisheries and aquaculture products has been in place since 1970. It is one of the pillars of the Common Fisheries Policy (CFP). Its current legal basis is Regulation 104/2000, adopted in 1999.

Since 2008, the Commission has been carrying out extensive evaluations and consultations to assess the performance of the current legal framework.

Analyses led to identify **five main problem areas** found, which may be summarised as follows:

(1) EU Common Market Organisation did not sufficiently contribute to sustainable production.

(2) EU producers are facing limited or decreased production opportunities (fisheries and aquaculture). The production side is fragmented due to the number of species, landing and selling sites, whereas the demand side is strongly concentrated. EU production also lacks competitiveness in an increasingly globalised market.

(3) EU producers to a large extent do not anticipate market demand in their production planning. This leads to a high volatility of first sale prices.

(4) Potential is largely untapped.

(5) The implementation of the Common Market Organisation is being held down by a cumbersome, overly complex framework.

The reform of the Common Fisheries Policy provides an excellent opportunity to review and possibly revise objectives and instruments of the Common Market Organisation for fisheries and aquaculture products.

IMPACT ASSESSMENT: different policy alternatives options for the reform have been considered:

- **continuing the current Common Market Organisation** for fisheries and aquaculture products;
- **revising the current Common Market Organisation** for fisheries and aquaculture products by reducing intervention mechanisms to a single storage aid for fishery products destined for human consumption and making other instruments more simple, appropriate and flexible (marketing standards and information to consumers);
- **enhancing the Common Market Organisation** for fisheries and aquaculture products by empowering Producers Organisations and Inter-Branch Organisations with new objectives and granting them financial support to draw and implement sustainable production and marketing plans;
- **deregulating the current Common Market Organisation** for fisheries and aquaculture products.

The Commission supports enhancing the Common Market Organisation so as to accompany the fisheries and aquaculture sector while it shifts toward sustainable production practices. The impact assessment concluded that, considering the new objectives and instruments of the CFP, a **far-reaching reform** of the Common Market Organisation was necessary: market-oriented instruments should contribute, directly or indirectly, to meeting the main CFP objectives.

LEGAL BASIS: Article 43(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the main objective of the reform of the Common Fishery Policy is **promoting the sustainable management of fishery resources** through an economically viable sector, which in turn is to be increasingly empowered with its own management. In this context, the proposal for a reform of the Common Market Organisation focuses on the following objectives:

Upgrading market incentives to support sustainable production practices: EU producers (fisheries and aquaculture) within Producers Organisations are on the coal face of production, day to day resource management and market issues. Their role, responsibility and mandate need to be reviewed in line with the objectives of the reform of the CFP in order to direct production activities towards sustainability. Other operators upstream in the sector should also be targeted so as to become more committed and responsible for sustainability of their sourcing.

Improving the market position of EU production: addressing market imperfections, high information and transaction costs, as well as organisational matters, leads to focus on production activities (grouping supply and better marketing at first sale), increase competitiveness of EU production (quality, innovation and added value), reinforce bargaining power of producers and ensure level playing field conditions for all products marketed in the Union.

Improving the connection between EU production and EU structural market changes and short term fluctuations should be better reflected in producers' strategies: increasing transparency along the marketing chain of markets should facilitate supply meeting demand and enhance policy decision making. The volatility of first sale prices can be reduced by improving conditions for placing POs' products on the market and by ensuring that production is planned and adjusted to demand in terms of quality, quantity and presentation.

Enhancing the market potential of EU products: the comparative advantages of EU production (freshness, local, variety etc.) could be better exploited with more differentiation and merchandising. In addition EU consumers have the right to be informed with more precise and reliable information to reinforce confidence in fishery and aquaculture products.

Supporting better governance, reduction of administrative burden and simplification of the legal framework: the existing provisions and instruments should be reviewed, simplified and clarified. The Common Market Organisation should be supported in the context of a new financial fund to be implemented within the reformed CFP.

To address overfishing and unsustainable practices and move away from production strategies based solely on volume, the new Common Market Organisation will support:

- the empowerment of producers organisations and their co-management of access rights as well as production and marketing activities;
- market measures that increase the bargaining power of producers (in fisheries and aquaculture) improve prediction, prevention and management of market crisis and foster market transparency and efficiency;
- market incentives and premiums for sustainable practices; partnerships for sustainable production, sourcing and consumption; certification (ecolabels), promotion, information to consumers;

- additional market measures on discards.

BUDGETARY IMPLICATION: this proposal has no budgetary implication for the Union budget.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.