

Fishery and aquaculture products: common organisation of the market COM

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This document constitutes a report from the Commission on the implementation of Council Regulation 104/2000/EC on the common organisation of the markets in fishery and aquaculture products, and is made pursuant to Article 41 of that Regulation. It is based upon stocktaking of the application of the common organisation of the markets ("the CMO"). The current CMO laid down in Regulation 104/2000 has moved away from a mere intervention system and now lays more emphasis on sustainability-supportive fishing and marketing activities. The CMO is run on the basis of 23 implementing Regulations.

Marketing Standards: the common marketing standards are essential for the proper functioning of the internal market and the intervention mechanisms. Regulation 2406/96/EC excludes products of freshness category B from financial compensation for withdrawals. A Commission working paper has confirmed that the improvement of product quality was mainly related to the decrease in landings of category B products. The observance of marketing standards varies significantly with the Member States. The implementation depends largely on the volumes of landings: in coastal fisheries with reduced amounts, fish is usually sorted using traditional practices. The application of the standards improves where producer organisations (POs) are involved in controls performed in single points like auctions. With the refinement of applicable conservation measures, the relationship between marketing standards and minimum biological sizes is an issue which may need to be revisited.

Producer Organisations: the operation of POs has contributed to the sustainable use of resources and the improvement of marketing conditions. The involvement of POs in intervention and fisheries management varies with the Member States. Four Member States applied the extension of PO's rules to non-member producers. The measures most frequently extended were catch restriction as well as a ban on landings and first sale. The observance of certain withdrawal prices was also applied in Belgium and Italy. Despite an extension of withdrawal rules, no Member State granted compensation to non-members for products which could not be marketed. The operational programmes have contributed to improve the organisation of POs' activities and their financial returns. Yet there are factors outside the control of POs which may affect their production and marketing possibilities, i.e. climatic and biological fluctuations, conservation measures. The operational programmes provide POs with anticipatory instruments and thus more responsibilities in the management of fishing and marketing operations. They also allow national authorities to follow-up the fisheries activities of the POs all along the year. Available information shows that operational programmes have been working in a satisfactory manner. The POs very seldom revised the programmes in spite of the bad market situation and increased withdrawals for certain products during 2001-2004. In order to play a more effective role on the markets, the programmes should focus more on measures to spread out supplies throughout the fishing year and the establishment of links between producers and downstream stages of the marketing chain.

Interbranch Organisations: in 2005 there were only 4 organisations recognised in 3 Member States: 2 in Spain (catch and aquaculture sectors), one in France (aquaculture) and one in Italy (catch and aquaculture). The reasons for this low number are not entirely clear and may be due to poor co-operation between the different sub-sectors of the value chain. The extension of rules to non-members has not been applied yet.

Prices and Intervention: prices for many important commercial species have not followed production cost trends in recent years. For a number of whitefish species, for example, average first-sale prices stagnated or even decreased between 2000 and the first half of 2005. The increasing share of imports on

the EU market for fish and the development of aquaculture are often blamed for stagnating or falling fish prices. However, there is no evidence for that. Actually, the contribution to reducing fishers' income is probably less important than other factors, such as the concentration of sales in big distribution chains and greater competition between fish and other food products, putting considerable pressure on wholesalers to cut their prices and profit margins. This reverberates all along the market chain but hits primary producers. The CMO has largely reduced the overall level of intervention. This is reflected in a moderate yearly expenditure between EUR 9 million and EUR 12 million for 2001-2004. These figures are significantly lower than ECU 33 million reached in the 1990s.

With regard to withdrawals, the CMO has decreased the compensation for fish withdrawn from the market. Withdrawals are intended to occasional excess production which the market cannot absorb. During 2001-2004, the quantities withdrawn accounted for less than 2% of the production of pelagic species and around 1% of the production of whitefish. Yet withdrawals of white fish species with reduced Community production increased significantly in 2002 and 2003. In the context of decreasing stocks, the withdrawal of species subject to conservation measures can be questioned, in particular if the fish taken off the market is destined to destruction.

The CMO has substantially increased the aid for processing and storage of products with a view to their reintroduction into the market. The carry-over operations contribute to reduce the destruction of fish and to enhance the returns of products. The procedures for granting the aid are more complex than those concerning withdrawals. The grant of advances is related to the aid but is not linked to the value of the stored product. In certain circumstances, the possibility of withdrawing fish permanently from the market could be more attractive to POs than the processing and storage of products.

The report comes to the following conclusions:

1. The policy to reduce the levels of intervention has proved to be effective. The expenses derived from withdrawals have decreased in accordance with the objectives of Regulation No 104/2000.
2. A steady shift from wasteful withdrawals to carry-over operations can be observed. Recourse to intervention very much differs with the Member States.
3. The operation of the CMO has confirmed the important role of POs. The introduction of operational programmes as a tool for balancing supply and demand has been well received by both Member States and POs.
4. The introduction of inter-branch organisations was no success. This may reflect an unsatisfactory co-operation between the different operators of the marketing chain.
5. Market prices have not followed trends in production costs in spite of the establishment of conservation measures and recovery plans for a number of species. This makes the balancing out of the objectives laid down in Article 33 of the Treaty even more complex.
6. The Community market is increasingly dependent on imports from third countries in order to satisfy the needs of consumers and processing industry.