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COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

THE FUTURE FOR THE MARKET
IN FISHERIES PRODUCTS IN THE EUROPEAN UNION:

RESPONSIBILITY, PARTNERSHIP AND
COMPETITIVENESS

Contents

	Page
I. Introduction	1
II. Objectives to be attained if the Community market is to operate under optimum conditions	2
A. Responsible fishing and trading	2
B. Greater involvement of operators in the management of the market	2
C. Encouraging competitiveness among Community producers	2
D. Promoting market transparency and integration through cooperation between the various parts of the industry	3
E. Keeping the market open to international trade in a context of fair competition	3
F. Promoting quality in the field of fisheries products	4
III. Changing and renewing the legal framework of the market	5
A. The common organization of the market	5
1. Marketing standards	5
2. Producers' and inter-branch organizations	6
3. Intervention	9
4. Market transparency	11
B. Trade arrangements with third countries	12
1. Equivalent conditions of competition	12
2. Adjustments to trading arrangements	14
C. Verifying the application of the rules	14
1. Internal checks	15
2. Verifying the rules applicable to imports	15
IV. Fostering an integrated market based on quality	16
A. Speeding up market integration	17
B. Searching for and promoting quality	17
1. Principles	17
2. <i>Acquis communautaire</i>	18
3. Additional guidelines	19
V. Conclusion	20

I. Introduction

The purpose of this communication is to bring about a debate involving the Community institutions, the Member States and the industry so that, on the strength of the broadest possible consensus, guidelines can be defined that will best ensure optimum operation of the Community market in fisheries products. In 1998, once that debate is over, the Commission will put forward formal proposals.

On the face of it, the operation of a market essentially depends on the initiative shown by the players concerned. In this particular context, however, the authorities have major responsibilities in terms of organization, regulation and compliance with the rules of competition on a market in fisheries products that appreciably affects production and has to take into account the constraints arising from the conservation of stocks.

This communication will accordingly put equal emphasis on what, in terms of the operation of the market, comes under the heading of the goodwill of economic operators and on regulatory machinery, infrastructures or public incentives that can give the fishing industry the impetus it needs in the context of an evolving market. This communication will also deal with responsible fishing and trading, these being of major importance to the market and the industry.

As a result of the deep and lasting repercussions of the dwindling of resources in EU waters, the Community market in fisheries products is now characterized by:

- the major changes taking place in patterns of consumption, leading to the existence of two separate markets, in fresh and processed products respectively;
- the increasingly dominant share of the retail trade in fisheries products that falls to mass retailers;
- a large and widening gap between demand and supply (see Table I);
- globalization and, in the case of the principal products, dovetailing with the international market;
- increasing integration as a result of communication/information technology and the reduction in transport costs;
- the fact that consumers are becoming more and more demanding in terms of the nutritional and health and hygiene requirements the products are expected to comply with.

Although limited to a regulatory role because of the economic and legal constraints under which it operates, the common organization of the market in fisheries products has proved extremely valuable to producers.

In view of the changes in the Community market the common organization of the market now needs to find new ways of operating, as well as innovatory intervention arrangements involving every echelon of the industry.

The new situation on the market also requires an unprecedented effort of adaptation on the part of everyone in the industry, be they producers, traders or processors. It is for the

authorities to guide and stimulate that effort, an effort that will have to be based on new partnerships that transcend the divergent interests that have hitherto been a major feature of the industry.

This communication will attempt first of all to define the objectives that must be attained if the Community market in fisheries products is to operate under optimum conditions, then determine what instruments will be needed to achieve those objectives.

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II. Objectives to be attained if the Community market is to operate under optimum conditions

The market in fisheries products has traditionally been characterized by competition between components of the industry, viz. producers, processors and distributors and their conflicting, not to say diametrically opposed interests. Optimum operation of the market now calls for a search for new forms of partnership and synergy in a context of responsible use of the resources available.

In this connection the objectives of the Community's policy may be defined as follows:

A. Responsible fishing and trading

Given the frailty of resources, responsible fishing requires that the steps taken to optimize the operation of the market contribute to preserving stocks. To this end, market organization machinery will have to be used as much for optimum management of resources as for market regulation.

Moreover, ensuring that products marketed have been obtained using fishing methods that conform to current Community, regional or international rules on conservation must also rank among the objectives of the Community's regulatory framework.

B. Greater involvement of operators in the management of the market

As the Commission sees it, economic operators - producers in particular - must, via the organizations to which they belong, undertake dynamic commercial initiatives that anticipate market needs in terms not only of quantity but also of quality and regularity of supply. This calls for a change in attitude and mentality as much as in behaviour.

C. Encouraging competitiveness among Community producers

For a long time the Community market in fresh fisheries products consisted of nothing more than a juxtaposition of national or not very permeable markets, thereby enabling most producers' organizations to pay little more than lip service to the need to match supply and demand. It was essentially demand that adapted to supply, the action taken remaining minimal and of a seasonal nature.

The market is now largely a competitive and international one, even in the case of fresh products. Concomitantly with this, rising demand for processed products and the liberalization of world trade have for some years resulted in sharp competition on the market in fish for processing.

These factors lead to what is, on the face of it, a paradoxical situation: the volume of withdrawals is appreciably down on the very high levels it reached during the crisis years but is still very high. This is all the more serious given that stocks are dwindling and the supply balance on the Community market shows a reduction in the share of Community producers.

Community production is to some extent at least, insufficiently competitive, in particular on the market in fish for processing, and it is essential for it to make up the leeway.

D. Promoting market transparency and integration through cooperation between the various parts of the industry

The increasing integration of the market in fisheries products requires that the Community's economic operators adopt a new strategy based on better coordination and cooperation between the various parts of the industry.

This objective needs to be defined on three levels:

- supply: the industry should, where sufficient resources are available, increase its use of Community raw materials. This should be achieved by more closely matching supply to its requirements in terms of price, quality, availability and regularity of supply;
- enhancement of product quality: measures relating to product quality can be meaningful only if they involve the entire industry;
- better coordination of the marketing of products: greater use of information technology, research, market surveys and promotion.

Such action can be effective only in the context of partnerships between the various components of the industry.

E. Keeping the market open to international trade in a context of fair competition

Community producers cannot be competitive unless flanked by a Community processing industry that is itself competitive at international level.

A protectionist approach is neither advisable, given that market requirements by far exceed the Community fisheries resources available, nor justifiable in the light of our bilateral or multilateral commitments.

The Community has already concluded agreements with, or granted tariff preferences to, a large number of third countries in order to encourage economic development and strengthen the ties that bind it and its trading partners. The trend, in the foreseeable future, will be for the present tariff protection to be reduced or eliminated altogether as part of the continuing process of multilateral

commercial negotiations under the aegis of the common organization of the market.

All the requirements applicable to imports, e.g. the rules on origin and health standards must be strictly complied with, however, and commercial safeguard instruments must, where appropriate, be utilized, in accordance with our international commitments.

F. Promoting quality in the field of fisheries products

Quality is imperative in the case of fisheries products, but it can also be a source of added value.

Consumers are increasingly aware - and rightly so - of food safety. Fisheries products, in particular those which are marketed fresh, are highly perishable and their ability to satisfy health and hygiene requirements is a key factor in safeguarding public health.

That being said, better quality provides, in a context of limited resources, the only possibility of raising average producer prices and, accordingly, of underpinning producers' incomes.

Campaigns focusing on quality and aimed at offering the consumer premium products, in particular in the case of fresh fish, etc. should therefore be encouraged in order better to enhance the potential of fisheries products.

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III. Changing and renewing the legal framework of the market

In essence, for the market to operate more effectively it is the market organisation for fishery and aquaculture products that will have to undergo change and renewal in line with the goals defined above.

That being said, other types of rules have a direct impact on the market, and it is essential that the conditions for applying them be mentioned, e.g., the rules on the origin of imports and those on health requirements.

Responsible trade practices too are a necessary extension of responsible fishing. They must be identifiable therefore and given recognition by the market in the form of added value if lack of awareness of their existence is not to constitute a competitive advantage for others; they must consequently be given an appropriate legal framework.

A. The common organisation of the market

The market organisation occupies a key position as an interface between production/catches and the market.

In addition to its traditional role of regulating the conditions of competition and supporting producers' incomes, the market organisation must also make a key contribution to efficient stock management. Its instruments and mechanisms must be applied with this two-fold aim in view.

The market organisation must encourage more responsible fishing, promote more dynamic professional organisations, and implement better adapted mechanisms. The Commission will be making proposals along these lines for amendments to the market organisation rules on:

- marketing standards;
- the way in which production is structured;
- intervention arrangements, and
- market transparency.

1. Marketing standards

It is essential, firstly, that the market organisation should prevent action that would undermine the management of stocks, and that only catches taken with due regard for the rules of conservation policy be placed on the market.

In this context, minimum biological sizes expressed by length exist, the objective being to prevent the capture of immature fish.

In parallel, to ensure transparency and homogeneous functioning of the market, minimum marketing sizes expressed by weight exist; criticism is levelled repeatedly, however, at the minimum marketing sizes, even though the Council

recently adopted, on a proposal from the Commission, a new Regulation laying down common marketing standards for certain fishery products¹.

The Regulation expressly sets out to establish the primacy of minimum biological sizes over minimum marketing sizes. Annex II contains, along with the categories that may be marketed, biological sizes, the aim being to make application simpler and facilitate checks.

The only way to rule out any likelihood of inconsistency would be to have a single minimum size which would satisfy the aim of protecting stocks and at the same time the needs of the market.

The Commission will continue to seek ways, where possible, of applying uniform minimum sizes for a given species. Where a single minimum size cannot be established, rules will have to be put forward regarding marketing possibilities either by limiting the marketing of small-sized products to the production areas or by ensuring the origin of the products across the industry. The latter approach will be considered also in the case of aquaculture products.

The Commission will also be examining the idea that, for each species, the minimum sizes expressed by weight for the categories that can be marketed should also be expressed by length and should constitute the biological size.

The question of minimum sizes arises also in the context of the trade arrangements, and the action to be taken at international level is dealt with in point B.

2. Producers' and inter-branch organisations

The producers' organisations must put in place systematically the tools needed for regulating supply and, secondly, must seek to achieve greater efficiency and competitiveness within an improved organisational framework.

* **Recognition and support for producers' organisations**

(a) **Managing resources and regulating supply**

The producers' organisations must be able to exploit to the full their key position between fisheries operations and the market. They must therefore act as the principal players in the integrated management of resources and the market.

The Commission will propose that, to obtain and retain recognition, producers' organisations will have to implement an operational programme for a fishing year, including catch plans for species covered by quotas. Also required will be arrangements for the precautionary regulation of supply of products likely to present marketing difficulties.

¹ Council Regulation (EC) No 2406/96.

The Commission believes that these measures will be more effective if producers' organisations too are responsible for the management of quotas, responsibility for the decision concerned resting with the Member States.

In return, producers' organisations would receive payment based on the number of members and the number of species marketed, over and above a minimum level.

(b) Concentration of supply

In the light of demand, the concentration of supply is now an essential requirement for Community production but continues to be inadequate in some areas of production. The conditions for the recognition of producers' organisations include showing that there is sufficient business activity, the arrangements for evaluating this activity having been revised in 1994. It is first and foremost the responsibility of the Member States, therefore, exercising the prerogatives conferred on them by Community rules, to require producers' organisations to show that they are engaged in a business activity commensurate with the market situation. The Commission considers, furthermore, that more rigorous application of the present rules by certain Member States will be needed, both for assisting the concentration of supply, and, in so doing, for enabling better structured producers' organisations to manage stocks more effectively.

The Commission would like to point out also that where a producers' organisation is sufficiently representative in a specified area, it can, under the basic Regulation No 3759/92, be recognised on an exclusive basis.

Independently of the need for new measures, the majority of the producers' organisations must take steps to study their strengths and weaknesses in the light of the new market situation, in order to be able to take effective action, and to aim for:

- concentrated and uniform supply, which could mean, in some cases, the regrouping or merger of producers' organisations;
- a sectoral approach with a view to integrating on a selective basis production, trade and processing;
- greater business effectiveness, in terms of added value for products and the search for market outlets.

The organisation of the sector

Producers' organisations themselves can and must give a boost to, and actively promote, action to consolidate their position on the Community market. This approach could, however, be assisted by new measures that would form part of the market organisation; the Commission recommends two such measures:

– *Transnational producers' organisations*

In the case of some products, taken and marketed in a regional area by producers in more than one Member State, grouping of the producers in a transnational

producers' organisation could result in improved operating and marketing conditions for the products, more consistent and concentrated supplies for buyers and more effective regulation of supply.

While the market organisation, as presently constituted, does not rule out the setting up of organisations or associations of producers' organisations of this type, a number of barriers nevertheless exist (such as recognition by different national authorities and setting-up aid).

These practical barriers should be dismantled in order to encourage organisations of this type. In the case of recognition and setting-up aid, the Commission recommends that they be granted at Community level, after the opinion of the relevant national authorities has been sought.

– *Recognised inter-branch organisations*

The Commission believes that fisheries, like other sectors, must be able to establish recognised inter-professional organisations, bringing together representatives of production, business and processing so as to carry out in a specific geographical area measures that would benefit the entire industry and take account of the interests of consumers. These measures could be aimed among other things at:

- improving awareness of production and the market and their transparency;
- helping to co-ordinate better the marketing of fishery products, principally through market surveys and research;
- preparing standard contracts compatible with Community rules;
- assisting the development of fishery products;
- providing information and research needed to adapt production more closely to market requirements and consumer tastes and aspirations, mainly as regards product quality and the safeguarding of the environment;
- developing processes and instruments for enhancing product quality;
- developing and protecting quality labels and geographical indications;
- promoting environmentally-sensitive production methods;
- drawing up more stringent production and marketing rules than those applicable under Community and national arrangements.

Most of these measures actually qualify for assistance from the FIGG.

With regard to the rules on competition and arrangements, these organisations will qualify for exceptional status on the grounds that they will be seeking to attain the objectives of Article 39 of the Treaty. They will not, however, be able to engage in production, trade or processing.

Furthermore, as in the case of the rules governing producers' organisations, the setting up and membership of inter-professional organisations will have to remain optional.

3. Intervention

In order to promote better planning of the organisation of the market and discourage the destruction of fish stocks, the intervention mechanisms should be brought up to date by adapting them to the specific characteristics of the market and its segmentation, in particular by differentiating between the market in fresh fish and that in fish for processing.

* **Fresh or chilled products**

In the case of some fresh products which are handled in large quantities on the Community market and now constitute a mainly international market (small pelagic species and the main white fish), it is becoming increasingly difficult for the traditional withdrawal mechanisms to perform their stabilising role. Withdrawals now account for a considerable volume (see Table II), and in the case of some species are even of a structural nature.

One of the main reasons for this is the inadequate competitiveness of Community production on the market in fish for processing. Substantial quantities are being withdrawn and, in the worst cases, destroyed because of the mismatch between supplies from Community production and the needs of the processing industry.

This situation is unacceptable in terms both of rational stock management and of the effectiveness of market regulation measures.

Withdrawals followed by destruction must be brought back to marginal levels, as was the case until recently, or take place - in exceptional circumstances only - when all other possibilities have been exhausted.

This goal can be attained by altering the withdrawal mechanism and, secondly, by encouraging the production and processing sectors to develop the supply of fish on a contract basis.

– *Updating the withdrawal system*

The Commission takes view that the withdrawal system is still an appropriate instrument for the day-to-day regulation of the market by the producers' organisations, provided changes are made to existing mechanisms in line with the essential requirements of responsible fishing.

Once a product is withdrawn from sale, it may be destroyed (withdrawal-destruction), stabilised then stored before being placed on the market (withdrawal-report).

With a view to encouraging greater recourse to withdrawal report, the system of withdrawals, under which carryover is at present limited to 6% of the quantity marketed, and destruction to 14% of the same quantity, should be converted to an

intervention right for which compensation would be payable on a maximum of 20% of the quantity put up for sale, with a limit being set from the outset within that 20% for withdrawal and destruction only. A producers' organisation would, in that case, and if it considered it appropriate, be able to carry over up to 20% and make no withdrawals for destruction.

Withdrawals for destruction would have to be penalised and gradually restricted at levels below the current ceilings with compensation being scaled down and greater co-responsibility introduced over a period of several fishing years. Withdrawal-carryover, on the other hand, would have to be made more attractive in terms of the amount of aid available and the requirements applicable.

– *Encouraging the delivery of supplies on a contract basis*

In order to secure a better position for Community production on the market in fish for processing, and relieve the market on a day-to-day basis, the Commission is advocating actions and measures for promoting the delivery of supplies under contract.

At this stage, without wishing to predetermine the exact nature of those measures, which would have to be a matter for discussion, the Commission emphasises that if financial incentives are to be made available, they should not consist solely of temporary measures for the benefit of producers' organisations which are modest in scale in line with the principles subscribed to by the Community as part of its international undertakings.

Furthermore, the inter-branch organisations referred to above would be an appropriate framework in which to develop the delivery of supplies under contract in that they would make it possible for Community producers to adapt more closely to the industry's requirements.

* **Private storage aid for frozen products**

Despite the simplifications introduced in 1994, the procedures for managing the private storage aid mechanisms remain complex and, because they come into play after the event, fall short of their goal.

The recasting of the market organisation will therefore have to concentrate on restoring the effectiveness of the mechanism, by transforming it into a market back-up mechanism. Instead of relying on a Commission decision to trigger the aid after the event, producers' organisations will be allowed to engage in market intervention by taking precautionary storage measures in circumstances that in some ways resemble the carryover aid arrangements.

The adoption of a dual intervention limit both on the quantities marketed in previous fishing years and on production for the current year will prevent expenditure in this area getting out of control. The fact that the producers' organisations will continue to own the stocks and that the aid will cover only the storage costs, without the value of the products stored being charged to the Community budget, means that steps can be taken to guard against a drift towards the type of structural storage which existed for some agricultural products.

The financial mechanisms of the market organisation would have to undergo an in-depth evaluation five years after the entry into force of these adjustments.

4. Market transparency

A high degree of market transparency would be an advantage both for ensuring the fairness of conditions of competition and providing consumers with sound information. There is a real need for this transparency in so far as the marketing of fresh fish is concerned. Another area where transparency is now very necessary is that of responsible fishing.

(a) Information for consumers about fresh fish

A typical feature of the marketing of fresh fishery products is the lack of proper information for consumers about essential aspects, thus hampering the growth of demand since it is very difficult to encourage people to consume a product about which they know little.

In view of the special nature of the product, it could be advisable, therefore, to consider introducing mandatory requirements for labelling/providing information for consumers, in particular with regard to the following:

- the trade name of the species, bearing in mind that rules on names must be adopted at national level;
- production methods (catches or aquaculture);
- origin (EU or third country - to be specified);
- freshness categories.

These binding minimum requirements harmonised at Community level could be supplemented, where necessary, by other information provided on a voluntary basis.

(b) Certification of responsible fishing and aquaculture

By making it possible for consumers to know that the product they are being offered has been taken or produced using a responsible fishing or aquaculture method, certification allows demand to become the arbiter and, therefore, to penalise conduct that is unsatisfactory in terms of stock conservation and environmental protection.

Certification schemes that are biased or poorly controlled can, however, have a negative impact on the fairness of the conditions governing competition and consumer information.

The Commission considers it necessary, therefore, that a legal framework be established by the public authorities in the Community which would determine the circumstances in which voluntary certification schemes, accessible without distinction to operators in the Community and in third countries, could be developed and would allow these schemes to receive legal protection and ensure that they can be monitored.

The process of devising this legal framework would involve representatives of the fishing industry generally, consumers and any other interested party.

Efforts would have to be made to take advantage also of experience gained in comparable areas, such as the Community laws on ecolabelling, or the organic production of agricultural products.

In any event, the Commission points out that the introduction of a certification scheme for fishing or aquaculture is most likely to prove successful under the auspices of the above-mentioned inter-branch organisations, for whom it would be a priority task.

B. Trade arrangements with third countries

The Community market has gradually opened up to international competition, partly because of its supply needs, and partly because of the trade and development aid policies. While this process cannot, of course, be brought into question, the Commission considers that the conditions of fair competition must be strictly observed.

In the case of fisheries, this means that the constraints imposed on fishing - arising from the need for a conservation policy - must not constitute a distortion of competition in relation to producers in third countries. Fishing and trade can be responsible only if responsibility is shared and exercised under equivalent conditions by all market operators.

Applying this principle will pose special difficulties in the case of small fish and also in the case of catches taken in international waters.

Turning to another area, trade arrangements under the market organisation will have to undergo a number of technical adjustments.

1. Equivalent conditions of competition

(a) Small-sized products

The minimum sizes applicable, under common rules, to the various species concern all products, be they of Community origin or from third countries. The effectiveness of such measures is often jeopardized by the importation and marketing of cheaper, smaller-sized products belonging to very similar species.

It is advisable, in such cases, to ensure that the consumer is given proper information, so that substitute products are not purchased out of confusion with, as a result, a risk of Community producers having to face abnormal competition and being tempted to flout the rules on biological or marketing sizes.

This problem can be resolved only through greater market transparency and better consumer information, in particular via the definition and use of the authorized designations referred to above in the context of market transparency.

Moreover, in the case of certain sensitive species, international cooperation must be strengthened with a view to arriving at multilaterally agreed minimum sizes, in particular in the context of regional fisheries organizations.

(b) Products caught in international waters

The issue of responsible fishing and trade is raised in more specific terms in the case of fishing activities which, in international waters, are the subject of conservation and management measures introduced by regional fisheries organizations. Commercial measures may be seen as the ultimate weapon when it comes to exerting pressure on those who refuse to toe the line and who put in jeopardy the measures adopted by those organizations. Their use should, however, be subject to certain rules and safeguards designed to forestall abuse and ensure that all other means of achieving the desired result have been exhausted.

The Commission accordingly feels that:

- such measures should be adopted only where a conservation programme is being fully implemented by the members of the organization concerned;
- in keeping with the openness of regional fisheries organizations, non-members should formally be invited to cooperate with or join the organizations concerned before the adoption of such measures is contemplated;
- commercial measures should apply in the case of species that are the subject of conservation or management measures whose effectiveness is being jeopardized by the activities of non-members;
- there must be a guarantee of proportionality between the measures being considered and the objectives pursued and no unnecessary hindrance to trade;
- the measures introduced must be made transparent through the adoption of suitable publicity and notification arrangements;
- objection procedures must be complied with by ensuring, where possible, that the measures are introduced by unanimous consent or on the basis of a consensus.

Defining the procedure and criteria in this way should provide a valid legal basis for ensuring that the decisions are not challenged in the context of the market organization.

[This type of approach has been followed in connection with the implementation of the recommendations of the International Committee for the Conservation of Atlantic Tuna (ICCAT) in the case of red tuna. The Commission takes the view that it should be followed in analogous cases.]

In this connection the Commission would point out that, under Article 9 of Council Regulation (EC) No 1256/96 applying generalized tariff preferences to certain agricultural products, the preferences may be suspended in manifest cases of infringement of international conventions on fisheries.

2. Adjustments to trading arrangements

A number of amendments to the present rules governing trade are needed in order to enable the Community to fulfil its international obligations under the market organization for fisheries products. In the longer term it would be advisable to take into account to a greater extent the way in which the Community market is structured, in particular in terms of the supply balance.

(a) Adjustment to the system of reference prices

Reference prices have thus far played a twofold role:

- they act as a floor price, this being the level at which measures to safeguard the market might possibly be adopted in order to deal with disruption;
- they constitute a minimum price, i.e. that required for the granting of a tariff concession.

Since the entry into force, under the market organization, of the Agreement on safeguards, the first role can be likened to a safeguard measure and should, prior to being introduced, be the subject of specific consultation and enquiry procedures. This no longer applies and must therefore be dispensed with.

The second role is vigorously challenged in the context of preferential agreements, but is still widely used in connection with autonomous tariff concessions or quotas; it must be maintained in the latter case since it is a legitimate counterpart to a lowering of tariff protection.

(b) Towards a new approach regarding the commercial policy

For some years now, the Community has unilaterally each year opened up opportunities for importing products intended for Community processors, the aim being to guarantee the industry access to primary products on competitive terms.

In the medium term, because of the growing liberalization of world trade, including that in fisheries products, the industry as a whole will have to increase its competitiveness.

Looking ahead to the possible start of a new round of trade talks, the Commission would like the debate to cover also how that competitiveness can be bolstered in the context of the commercial policy.

C. Verifying the application of the rules

Better verification of the rules governing the market organization and international trade in the fisheries sector has a major role to play in market growth.

Internally, gaps in the rules governing checks under the common fisheries policy, or even inadequacies and disparities in the checks carried out by the Member States have major consequences in terms of distortion of competition.

In the case of imported fisheries products the same can occur when the provisions in force are not applied with sufficient rigour, in particular with regard to public health standards and the rules of origin.

1. Internal checks

Even when checks applicable under the CFP are aimed primarily at ensuring compliance with conservation policy rules, the existence of gaps or shortcomings can have a major direct impact on the market in two respects at least:

- They constitute a form of distortion between producers, benefiting those who are inadequately supervised or are not supervised at all;
- They enable products to reach the market that have been brought in "under the counter" or are undersized, and thereby help to depress prices or even, in the case of sensitive or seasonal products, disrupt the market.

In the light of that situation, the Commission is examining the possibility of bolstering the rules of the common fisheries policy and would underline the advisability and complementary nature of certain measures in the light not only of market conditions but also of the interaction between responsible fishing and marketing. There are two concepts which appear to be significant in this respect:

- in the same way as existing provisions on direct landings or imports of fisheries products, the possibility of allowing fisheries products to be landed only at designated ports equipped with the necessary inspection facilities and services would serve to make checks more effective and, at the same time, contribute to concentrating supply and achieving a better balance between supply and demand;
- extending the powers of fisheries inspectors to include retail trade would underpin market transparency, in particular in connection with the official recognition of responsible fishing.

Moreover, the Commission is proposing that new forms of administrative cooperation be developed between Member States as regards verifying compliance with market rules in the fisheries sector, viz. exchanges of national inspection officers and the participation of inspectors from other Member States in national checks. This sort of cooperation is widely practised in the context of the internal market and yields positive results, in particular in terms of exchanges of experience. At all events, it is for the competent national authorities to ensure that the checks are carried out with the necessary effectiveness.

2. Verifying the rules applicable to imports

(a) Rules of origin

Non-compliance with the rules of origin is one of the most often mentioned failings of the system of preferential tariff arrangements. Since the irregularity

and fraud cases concerned are not specific to the fisheries sector, please see the Commission Communication on the administration of preferential tariff arrangements. This deals with the rules of origin from a more global viewpoint and puts forward answers in terms of uniform application of the said rules by the Member States, giving greater responsibility to operators and, where appropriate, introducing new legislation.

(b) **Veterinary and public health requirements applicable to imports**

It is generally accepted that thanks to the Community's rules on public health:

- fisheries and aquaculture products imported from third countries are, in terms of public health, equivalent to those of Community products;
- the level of checks carried out in third countries are acknowledged as equivalent to those carried out in the Community;
- proper application of that legislation can be verified on the spot, i.e. at production establishments in third countries, and at the point of entry into the Community.

The recent transformation of the Veterinary and Phytosanitary Office into the Food and Veterinary Office was accompanied by an increase in staffing, something which should enable the Commission to address more effectively its responsibilities in this field.

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The modernization of the legal environment of the Community market in fisheries products is a major task facing the Community's institutions and competent national authorities.

This will now feature an additional aspect: product quality.

IV. Fostering an integrated market based on quality

Economic operators play a key role in ensuring the international competitiveness of the industry.

Their effectiveness can, however, be bolstered by the Structural Funds and the policy on standardization and certification, which can encourage the development of partnerships aimed at a more integrated market and the drive for, and promotion of, quality.

Regarding the Structural Funds, the Commission would emphasize that the debate that will take place on the basis of this communication will be a major contribution in connection with the drawing up of proposals concerning future FIG intervention.

A. Speeding up market integration

Information and communication technology can play a key role in overcoming some of the handicaps that affect the fishing industry, viz. the distance between the place of production and the consumer, and the lack of market transparency.

The Commission has, through various schemes, encouraged the industry to use new technologies. There are instances of direct electronic data-transmission links between fishing vessels, fish markets and buyers at national and international level, some of which were introduced with financial help from the Community.

Systems of this type help to increase market transparency, facilitate the marketing of premium products, increase supply and demand to the benefit of the partners concerned and substantially reduce the time it takes for the product to be brought from the place of production to the consumer. Moreover, they help to palliate the logistical problems arising from the distance between production areas and centres of consumption. They thus constitute a key factor in increasing the integration and competitiveness of the market generally.

Promoting greater use of such technology is now a priority. For its part, the Commission is considering cooperating with information service providers to produce a Community demonstration and extension programme aimed at economic operators and covering the various uses of the technology. It invites the Member States to cooperate with it in that venture.

B. Searching for and promoting quality

1. Principles

Although it is now somewhat hackneyed, the term "quality" covers many complex aspects.

In the foodstuffs sector, it applies to:

- veterinary and public health aspects

This is in keeping with public health requirements that are applicable, under binding laws and regulations, to all products, regardless of their origin;

- harmonized standards

This concerns common marketing standards applicable to products covered by the market organizations. The standards, which are mandatory, are aimed at achieving market transparency, harmonizing the conditions of competition and improving product quality.

- voluntary quality standards

Like all other products (not just foodstuffs), fisheries products can be the subject of schemes aimed at guaranteeing a specific quality sought by the consumer or buyer in order to secure a higher price for the producer.

In the field of voluntary quality standards the role of the authorities consists solely in granting legal protection to the schemes concerned.

It is to be noted that the importance and binding nature of legislation tend to lessen as one moves away from what constitutes the public interest.

In other words, quality cannot be imposed; it is first and foremost a matter for the trade, possibly backed up by a system of incentives and legal protection.

Being foodstuffs, fisheries products have a major asset: they are natural and healthy foods. In essence their quality is a fairly straightforward matter: to preserve their intrinsic qualities and offering an outstandingly fresh product, as close as possible to the condition it was in when it was brought out of the water, and without any damage resulting from capture or from treatment/handling at sea. In practice, achieving this is extremely difficult owing to the number and nature of the operations the product is likely to undergo between its capture and its sale to the consumer.

2. Acquis communautaire

In the field of the promotion of quality the *acquis communautaire* features substantial incentives and a legal protection scheme covering certain types of quality certificate.

– Incentives

- Aid can, in the context of the FIFG, actually be granted to quality certification schemes and to campaigns to promote fisheries and aquaculture products. Aid may also be granted in respect of applications for a protected geographical indication under Regulation (EEC) No 2081/92;
- Regulation (EEC) No 3759/92 introduces, in the context of the common organization of the market, a system of financial aid for producers' organizations that draw up a quality improvement plan;
- In the field of standardization, Community aid may be granted to members of the industry to encourage the drawing up of European standardization and certification schemes, schemes which can then be recognized by Community authorities.

In the case of legal protection, the scope of Council Regulations (EEC) No 2081/92 on protected geographical indications and protected designations of origin and (EEC) No 2082/92 on certificates of specific

character for agricultural products and foodstuffs includes fisheries products.

3. Additional guidelines

While it is difficult to introduce further regulations to underpin the quality of fisheries products at Community level, the Commission would nevertheless advocate a number of initiatives in this respect.

Firstly, encouraging greater use of existing arrangements. The fishing industry has thus far made little use of the financial aid available under Community rules. Only a negligible fraction of the ECU 87 million available for 1994-99 under the FIFG for promoting quality has been used for schemes focusing on quality, viz. the promotion of quality labels.

Such a low take-up rate could well stem from inadequate information of the fishing sector and from poor adaptation of production structures to the requirements applicable under the Regulations concerned.

On the information front, the Commission intends to introduce a more effective policy aimed at making the industry aware of the Community schemes available, so as to increase the take-up rate in the case of the marketing and distribution of fisheries products.

Concerning the adaptation of structures, the Commission is of the opinion that quality certification schemes, including quality labels, can be devised and expanded in the context of the above-mentioned trade organizations.

Awareness of quality will have to be encouraged at every level of the fishing industry, the aim being to provide widespread access to Information Society tools for the purposes of continuing or life long education and the acquisition of new skills. It will have to form part of a new approach in terms of vocational training policies and methods, in particular via:

- modern concepts in the field of training quality;
- the dissemination of established or innovatory know-how in the Community by way of transnational placement and exchange schemes for young people undergoing initial vocational training and for trainers;
- the development of information and communication technologies in order to widen access to continuing education and respond to the need for new qualifications and skills in connection with industrial change and the emergence of the Information Society;
- the training or retraining of existing fisheries industry workers so that they can become technicians in departments specializing in quality in fishing undertakings, producer groups or marketing companies.

Such action would be eligible for aid from the Community as transnational training schemes or, where appropriate, in connection with the Structural Funds.

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V. Conclusion

Dovetailing as it does with world markets and because of the constraints producers face as a result of the need to preserve stocks, the Community market in fisheries products is undergoing unprecedented changes as it approaches the dawn of the next millennium.

In the wake of the upheavals brought about by the crises of 1993 and 1994, the need to forge new partnerships increasingly appears as a key factor in the future of the Community's fishing industry within a framework of increased cohesion between the market and the management of resources.

That need is all the greater since, faced with an increasingly competitive world market, it is those who have developed and implemented an integrated approach who will meet with greater success.

The Commission wishes to lend its support to such an approach, provided it is clearly established where the respective responsibilities of the authorities and the industry lie.

The Commission would like to see the ideas and guidelines in this communication supplemented by others to form the basis for detailed discussions within the Community institutions and the trade and thus produce the broadest possible consensus both on the objectives to be attained and on the means to be used in order to enable the Community market in fisheries products to operate in a balanced way which favours responsible trade and contributes to preserving stocks by enhancing their value.

It is the Commission's wish that the debate should take place until 30 June 1998 whereupon, in the light of the findings, appropriate proposals covering legislation or any other measures can be drawn up and presented in the autumn of that year.

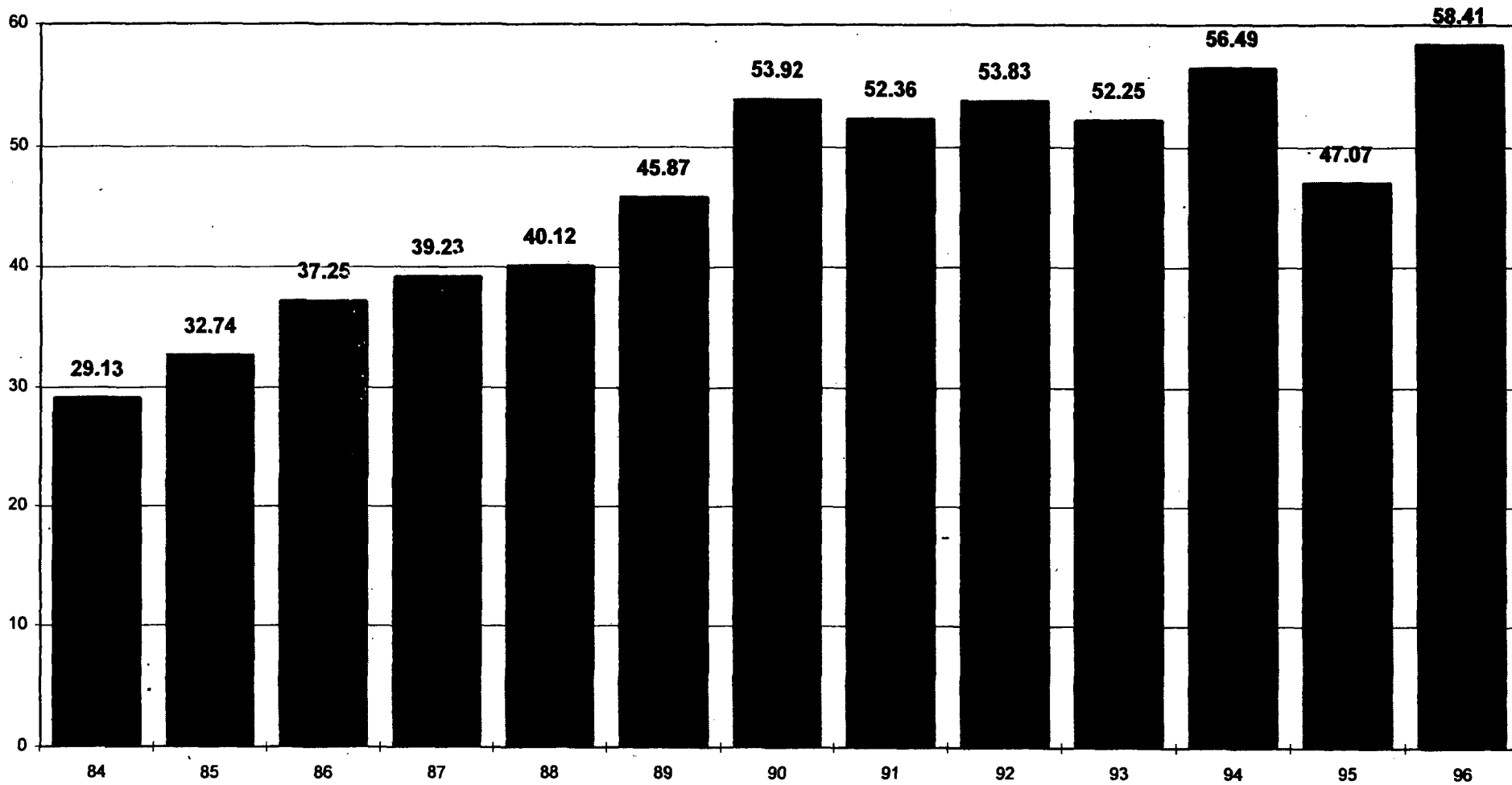
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Table I

EUR 12/15 FISHERIES
Imports/catches ratio from 1984 to 1996



Sources : FAO yearbook vol 72 & 76 & 80 , EUROSTAT COMEXT 3-12-97
Provisional catchdata for 1996

TABLE II

EVOLRET/db
2/12/97

Quantities withdrawn by species (*)

('000 kg)

	1991	1992	1993	1994	1995	1996	1997 (6 months)
Herrings	16275	18601	28242	31532	40470	14802	12989
Sardines (Atlantic)	6234	13072	11999	8220	7419	4338	2007
Sardines (Mediterranean)	956	1217	1002	1652	3832	2688	423
Spotted dogfish	721	824	1095	953	1222	1188	481
Cod	57	240	1231	1552	5092	7516	733
Saithe	125	513	3195	1584	745	959	143
Haddock	325	2885	5244	4257	4108	6788	1443
Whiting	2288	2800	4403	4029	3652	2247	747
Mackerel	4287	7815	11090	9224	6600	1296	2271
Spanish mackerel	68	2011	1016	766	1133	1011	31
Anchovy	233	989	888	1124	1682	1300	961
Hake	334	430	401	1256	1721	578	242
Other	1235	1328	2380	2393	3375	2137	750
TOTAL	33139	52724	72187	68542	81051	46847	23221

(*) from 1995 onwards: EU 15

Source: Data transmitted in accordance with Article 3 of Regulation (EEC) No 2210/93.

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