

## Working Group 1: EU Production

### Draft Minutes

Monday, 19 September 2022 (10:00 – 13:30 CEST)

NH Brussels EU Berlaymont

Interpretation in EN, ES, FR

Welcome from the Chair, Sean O'Donoghue

Click [here](#) to access the Chair's presentation.

Adoption of draft agenda and of the last meeting minutes (24.05.22): adopted

#### Action points of the last meeting

- **State-of-play of the decision made during the last meeting – information**
- Functioning of the Common Market Organisation (CMO):
  - Under the draft agenda of the September 2022 meeting, agenda item on the role of Producer Organisations as well as awareness on the CMO to be scheduled
  - Secretariat to contact the Commission about the possibility of jointly organising an event on the CMO report, in a similar manner to the CFP report's regional meetings
    - Agenda item scheduled (12:45 CEST)
    - Email sent to MARE A4 (14 June 2022) – no plans for specific event on CMO
- European Maritime Fisheries and Aquaculture Fund (EMFAF):
  - Under the draft agenda of the September 2022 meeting, presentation on the national programme by another Member State to be scheduled
  - Under the draft agenda of the January 2023 meeting, update by the Commission on the approval and implementation of the national programmes to be requested
    - Presentation by Member State – postponed to January 2023
    - Request of update by the Commission - pending
- Production and Marketing Plans:
  - Under the draft agenda of the September 2022 meeting, consideration of the potential amendments to the guidelines and good practices document to be scheduled
    - Agenda item scheduled (10:15 CEST)
- European Market Observatory for Fisheries and Aquaculture (EUMOFA):
  - Draft advice on study on value chains for aquaculture products to be considered via written procedure
    - Draft advice circulated via written procedure (14 – 29 September 2022)



- Annual Economic Report on the EU Fishing Fleet:
  - Draft advice to be put forward to the Executive Committee for approval
    - Advice adopted on 24 May 2022
- Russian Invasion of Ukraine:
  - Secretariat to circulate FAMENET's technical note on simplified cost options methodology for compensation under Article 26.2 of the EMFAF Regulation
    - Technical note circulated via email on 30 May 2022
    - Request to maintain informal meetings accepted by MARE A4

## Production and Marketing Plans

- **Consideration of draft amendments to Guidelines and Good Practices document**

The Chair recalled that, as previously agreed, amendments to the Guidelines and Good Practices document had been circulated. Amendments were suggested by MARE A4 and by EAPO. The original version of the document was adopted in 2018. The Chair emphasised that the aim was to update the document, in order to reflect regulatory changes and provide further detail on specific points. The Chair proposed to proceed with the consideration of the amendments. Afterward, the document could be put forward to the Executive Committee for approval. Plus, DG MARE could be contacted for the dissemination of the document.

*The Working Group proceeded to consider the suggested amendments on a paragraph-by-paragraph basis.*

The Chair explained that there were no changes to the table of contents. In the “executive summary”, there were some editorial changes, particularly to reflect the adoption of the new EMFAF. In the “introduction” section, changes were introduced to reflect the new EMFAF, including that, under the new fund, addressing the marketing dimension is no longer mandatory for Member States.

The Secretary General explained that, for the section “Member State requirements”, EAPO suggested to delete the first paragraph, deleting it with a new paragraph detailing the priorities. The Secretary General further explained that there was a suggestion from DG MARE to delete the reference to a 3% ceiling, since no such ceiling exists in the EMFAF.

The Chair outlined that in the “funding of PMPs and what is covered” section, there was an amendment suggested by DG MARE to update the range of support.

The Secretary General highlighted that a sentence had been suggested by Mr Vande Weyer stating “the payment of advances is not possible under the EMFAF”, but that Mr Vande Weyer also added a note stating “to be double-checked by DG MARE”.

Frangiscos Nikolian (DG MARE) informed that advance payments were still possible under the EMFAF.

The Chair, in relation to the section “transnational dimension of POs and their associations”, recalled that, on 24 May 2022, advice was adopted on “transnationality of fishery and aquaculture Producer



Organisations and of Inter-Branch Organisations”. The Chair explained that the amendments suggested by FEAP consisted of recommendations, which were already reflected in that advice. Therefore, it could be more appropriate to replace the text with a reference to the advice adopted by the MAC and to the guidance issued by DG MARE to Member States on transnationality.

Frangiscos Nikolian (DG MARE) emphasised that DG MARE issued guidance to the Member States, which has been shared with the MAC. A reference to the guidance could be useful. Mr Nikolian recognised that transnationality was a complex matter.

The Chair suggested to include an annex with the guidance from DG MARE on transnationality. The Chair explained that in the “guidelines and best practices in developing PMP” section, there were only editorial changes to reflect the purpose of the amendments.

Pim Visser (VisNed), concerning the tables in the section “content and format of PMPs”, stated that the tables suggested a closed link between issues to be tackled in the PMPs and eligibility for financing. Even if there is no financing available, as is the case of the Netherlands, the action items are still relevant. Therefore, the document should say that the content of the PMPs, irrespective of the availability of funding, should include the action items.

The Chair recognised that the action items were still applicable, even without availability of funding.

Pim Visser (VisNed) highlighted that he discussed the matter with officials of the Dutch authorities. More awareness is needed amongst officials concerning the PMPs, since it is an EU policy that is implemented by the Member States. The views on PMPs vary significantly across the Member States. There should be more alignment on the implementation.

The Chair clarified that the third paragraph of the section “content and format of PMPs” already reflected the relation between the action items and the mandatory objectives. Many of the listed action items were based on draft guidelines from the Commission.

Frangiscos Nikolian (DG MARE) emphasised that the CMO Regulation sets up the framework at the EU-level. The Member States have the obligation to set their own rules for the Production and Marketing Plans (PMPs). All Producer Organisations have the obligation to prepare a PMP to be approved by the competent authority of the Member State. Mr Nikolian took note of Mr Visser’s views on ensuring a level-playing-field in the EU, but highlighted that the situations were different across the Member States, from example on Total Allowable Catches.

Yannis Pelekanakis (FEAP) underscored that one of the main challenges for POs in Europe is the lack of homogeneous implementation of the guidelines on PMPs. There are complex frameworks for the creation and funding of POs, including advanced payments. Mr Pelekanakis expressed hope that the guidelines and good practices document could assist in tackling the described difficulties.

Frangiscos Nikolian (DG MARE) recalled that, even though DG MARE contributed to it, the document was elaborated by the MAC. DG MARE provided guidance to the Member States on the PMPs. Mr Nikolian expressed availability from DG MARE for the organisation of events at the Member States’



level to explain the PMPs. Based on the evidence collected, which will be reflected in the upcoming report on the functioning of the CMO Regulation, DG MARE has provided sufficient guidance to the Member States for the undertaking of their responsibilities, including to promote the creation of POs and PMPs. Mr Nikolian congratulated Mr Pelekanakis for the establishment of the Hellenic Aquaculture Producers Organisation.

The Chair emphasised that the list of actions in the section “content and format of PMPs” could be used by all POs, since these were not mandatory. The POs can choose the actions that best suit their circumstances. The Chair encouraged aquaculture representatives to, if missing, suggested additional action items.

Jaroslav Zieliński (PFPA) expressed willingness to invite Mr Nikolian to come present the guidance on PMPs in Poland.

Frangiscos Nikolian (DG MARE) responded that, if available, the DG MARE services would be available to come and present the guidance.

Pim Visser (VisNed), in relation to table 3 on “measures relating to the environment” under the section “content and format of PMPs”, suggested to add “and any other actions improving the sustainability of fishing/farming operations”. The same reference should be added in the sub-section “mandatory measures” under the “structure, format of PMP” section.

The Chair, concerning the section “funding of PMPs”, explained that EAPO proposed the deletion of the first paragraph, replacing it with new text on the flaws of the EMFF. For the sub-section “online tools” under the “good practices” section, the Chair explained that there had been a comment from EAPO about the potential existence of a database for POs at European level.

Frangiscos Nikolian (DG MARE) explained that there is public information listing all POs, but that an online database with information on the number of POs and representativeness did not exist.

Yannis Pelekanakis (FEAP) stated that part of this information was made available on the website of the individual POs, but that it would be useful to have an online database with the information of the eligible measures implemented by the POs. In this manner, it would be possible to share best practices across Member States. He exemplified, as a potentially eligible measure, that a feasibility study could be approved in one Member State, which could be relevant to POs in other Member States.

The Chair suggested adding “implementing measures approved by Member States” to the text, in order to reflect Mr Pelekanakis’s intervention.

The Secretary General suggested adding that “at present, the Commission has made publicly available a list of POs”.

Frangiscos Nikolian (DG MARE) clarified that the legal framework does not require the European Commission did not hold information on the eligible measures implemented by each PO.



*The Working Group agreed on the suggested amendments to the revised document “Production and Marketing Plans: Guidelines and Good Practices”.*

The Chair, as a way forward, proposed to put forward the draft document to the Executive Committee for consideration and approval via written procedure. The Chair suggested that, at the next meeting, the Working Group could discuss how to raise awareness on the document, including through the involvement of the Commission services.

Sergio López García (OPP Puerto de Burela) thanked his fellow members for the contributions to update the document. Mr López stressed that, in the case of Spain, new rules were under discussion. Therefore, it was not the right time to put forward amendments to the document. In Spain, there is a national management body, but also management bodies under the regional communities. There are significant differences between POs across different countries. Mr López García argued that there was a risk of the mistakes made under the EMFF being repeated under the EMFAF. Member States are working at different speeds. As such, more work would be needed on the matter.

The Chair recognised that there would be national documents, but emphasised that the document under discussion did not cover specific national measures. The document is about the legal obligation for all fisheries and aquaculture POs to produce a PMP. The document tries to provide guidelines for the POs when developing their PMPs. A toolbox is provided, which allows POs to make choices.

### Annual Economic Report on the EU Fishing Fleet

- **Presentation of key findings of 2022 report**

Click [here](#) to access the presentation.

Raúl Prellezo (AZTI) explained that the main purpose of the STECF report is to analyse the economic evolution of the EU fishing fleet. The work was chaired by Evelina Sabatella and himself in coordination with 50 experts. MAC representatives also attended the STECF Expert Working Group meeting as observers. In terms of timeline, there is data from 2008 to 2020. The 2022 report is focused primarily on 2020 data. Estimations are provided for 2021 and 2022. The situation in 2020 was impacted by the COVID-19 pandemic, while 2021 was also impacted by Brexit. In 2022, there was a significant increase in fuel price and operative costs.

In terms of contents, the report includes an overview of the entire fleet, the small-scale coastal fleet, the distant water fleet. Attention was also paid to the pelagic fleet, social aspects, and the outlook for 2021 and 2022. There are national chapters covering all EU Member States with a fishing fleet, which cover 2020, comparisons with 2019, a forecast for 2021, and a nowcast for 2022. There are regional chapters covering the Mediterranean Sea, the Baltic Sea, the Black Sea, the North Sea, the South Western Waters, the North Western Waters, and the Outermost Regions. The long-distance fleet is also covered, including ICCAT, CECAF, IOTC, and NAFO. The report has annexes covering the nowcast methodology and tables.



In terms of economic considerations, 2020 and 2022 are compared. In 2020, there was the COVID-19 pandemic, including closure of market and disruption in consumption. The most affected fleets were those based in short value chains, particularly the small-scale fleet. In 2022, there were increases in energy costs, which disrupted the production. The most affected fleets were the fleets that are intensive in fuel, particularly the large-scale fleet. In both years, the profitability of the fishing fleet decreased. Overall, the EU fishing fleet was more affected in 2022 than in 2020, because the large-scale fleet share is higher.

Mr Prellezo explained that all monetary values are at 2020 constant prices, when compared to 2015 in the 2021 report. The number of vessels were similar to 2019. The EU fishing fleet was profitable in 2020, but the performance reduced slightly compared to 2019, even in a situation of a sharp decrease of energy prices. The average price reduction was the main reason for this reduction. 2020 is a continuation of the decreasing trend observed in 2019, with the added impact of the COVID-19 outbreak. The nowcast estimates indicate that the performance of the fleet will deteriorate, especially in 2022, due, chiefly, to the fuel costs and inflation rates.

Mr Prellezo provided an overview of the fishing fleet in 2020. There were 3.8 million tonnes of landings with a value of 5.4 billion €. The fleet was composed of 73.716 vessels, of which 76% were active. The crew was composed of 124.636, with 66% are full time equivalence. The Gross Value Added represented a 3.067 million € contribution to the GDP, of which 58% was labour. When comparing 2020 to 2019, landings decreased 2.4% and the value of the landings decreased 12.1%. For the fleet, there was a 1% decrease in vessels. For the crew, there was a 4.2% decrease in fishers. For the Gross Value Added, there was a 5.3% decrease in the contribution to the GDP.

In terms of the small-scale fleet in 2020, there were 0.29 million tonnes of landings with a value of 0.88 million €. The fleet was composed of 42.582 active vessels. The crew was composed of 62.196 fishers. The Gross Value Added represented a 635 million € contribution to the GDP. When comparing 2020 to 2019, landings increased 3.9% and the value of the landings decreased 11.2%. For the fleet, there was a 0.6% decrease in active vessels. For the crew, there was a 0.8% decrease in fishers. For the Gross Value Added, there was a 10.5% decrease in the contribution to the GDP.

In 2020, overall, for the EU fleet, the net profit margin went down even in a sharp decrease in fuel costs. Overall, the long-scale fleet and the small-scale coastal fleet's net profitability margins went down. In the case of the small-scale coastal fleet, in the North Western Waters, the situation was similar to 2019. In the North Sea, the Baltic Sea, the Black Sea, the Mediterranean Sea, and the South Western Waters, the net profitability margins decreases. In the Baltic Sea, the fleet almost collapsed. As for the long-scale fleet, the profitability decreased except in the North Sea and the Baltic Sea. The average wages were much higher in the large-scale fleet, but the values for the small-scale coastal fleet are biased due to mixed rent. The distant-water fleet with only 0.4% of the fleet accounts for 14% of the landings in both value and weight and approximately 10% of the Gross Value Added. The profitability margins of the distant-water fleet improved compared to 2019. Therefore, the long-scale fleet drives the EU overview.

Mr Prellezo provided an overview of the forecast for 2022, including through a graph on energy costs, price of landings, and inflation rate, which took 2020 as the base year. The inflation rate was higher.



The energy cost increased significantly. 2020 was a year with a low fuel price. The fleet cannot transfer the increase of costs to prices. There are overall negative profits, both gross and net. Ten Member States are projected to have negative gross profits and 11 Member States had negative net profits. The scenario was constructed with the latest available data. In 2020, the fuel cost was 0.4 € per litre. In 2021, the fuel cost was 0.57€ per litre. In 2022, it was 1.21€ per litre. EUMOFA data was used for the prices and the fuel evolution. The experts wait until the last moment for the forecast, in order to allow the use of the latest available data.

The report also includes an alternative forecast scenario for 2022, in which 1.05€ per litre, the value corresponding to January 2022, is used. In this case, the overall gross profits would be positive, although some Member States would still be under negative profitability. The expert group computed an overall breakeven fuel price of 1.17€ per litre in relation to gross profits, which would be an overall value. He warned that the forecast is complex when the markets are variable, such is the case with the COVID-19 pandemic, Brexit, and the Russian invasion of Ukraine.

Mr Prellezo commented that the expert group always receives suggestions and recommendations from different stakeholders, including from the MAC, which is welcomed. Nevertheless, due to a lack of time, it is not possible to consider all of these. There were specific requests for chapters by fleet. For the 2022 report, the expert group considered the pelagic fleet and social aspects. For the pelagic fleet, several fleet segments are included in the analysis, which covers the economic performance. Concerning social aspects, the report covers age by classes of employees, the level of education, and the nationality of the employees.

Mr Prellezo recalled that, the previous year, the expert group focused on Brexit and demersal trawlers. The Terms of Reference of the general report are demanding, because the EU fleet is diverse, and, for example, the distant-water fleet is quite complex. Every year, there are particular urgent issues to be addressed, such as the COVID-19 pandemic, Brexit, and the ongoing fuel prices. STECF, the Chair, the Joint Research Centre, and DG MARE always discuss the suggestions and requests received, but these should be submitted early in the year. The Terms of Reference of the meetings are set out early in the year, so that the experts can understand the expectations. Furthermore, the Terms of Reference must be achievable in two meetings of five days each.

- **Exchange of views**

The Chair recognised that the MAC should make an effort to send suggestions earlier in the year. The Chair proposed to include, under the draft agenda of January 2023 meeting, an exchange of views to prepare suggestions.

Patrick Murphy (IS&WFPO) wanted to know about the change of the breakeven fuel price from 0.60€ per litre to 1.17€ per litre.

Raúl Prellezo (AZTI) responded that the breakeven point was calculated as an approximation of the fuel price for all the EU fishing fleet to reach zero gross profits.



The Chair stated that, from his experience with pelagic, demersal and shellfish fleets, there was no vessels that is economically viable at 1.17€ per litre.

Pim Visser (VisNed) emphasised that there were many different types of fisheries in the EU, which meant that the breakeven point was different. For the Dutch demersal trawl fleet, the breakeven point was at 0.44€ per litre. There is a cash out situation at 0.68€ per litre. Under the current situation of 1€ per litre, the decommissioning scheme in the Netherlands, open for two weeks, has an application rate of 75% of the fleet. Mr Visser encouraged Mr Prellezo to reconsider the calculation of the figure, particularly accounting for potential negative publicity.

Raúl Prellezo (AZTI) agreed that each fleet has its own breakeven fuel point. The report used a combination of all fleets in the EU to provide an overall value. Data from EUMOFA was used. In his view, the calculations are quite transparent.

Patrick Murphy (IS&WFPO) wanted to know more about the difference between the previous figure 0.60€ per litre and the figure of 1.17€ per litre.

Raúl Prellezo (AZTI) responded that the figure was based on the data of EUMOFA for May 2022. In that month, the average value of fuel price was 1.21€ per litre. In January 2022, the average fuel price was 1.05€ per litre. The figure of 1.17€ per litre was based on the summation of the gross profits of the entire EU fleet.

Jean-Marie Robert (Les Pêcheurs de Bretagne) highlighted that, in 2022, a new type of behaviour was faced from different fleets due to the increase in fuel costs. Several fleets had to stop their operations. Mr Robert wanted to know how the different behaviours were covered in the forecast.

Jaroslav Zieliński (PFFA), concerning the collapse of the small-scale coastal fleet in the Baltic Sea, requested clarification on the size of the vessels considered. Mr Zieliński asked about the measures that would be taken to help this fleet.

Raúl Prellezo (AZTI) confirmed that the small-scale coastal fleet covered vessels below 12 meters using non-active gears, while the large-scale fleet covered the vessels above 12 meters using stationary and active gears.

Pim Visser (VisNed) highlighted that, according to the presentation, the fleet was not able to transfer the increase of costs to the prices. Mr Visser underscored that, under the auction system, fishers are price takers. Therefore, it would be more appropriate to state that the auction prices did not fill the gap. Otherwise, the statement could be misinterpreted.

Raúl Prellezo (AZTI), concerning Mr Robert's intervention, stated that there had been observations of fleets stopping operations due to the fuel price. However, the forecast mechanism cannot account for those stops. It would be complicated to integrate it, since the real data was not available yet. Mr Prellezo recognised that Mr Visser's comment was fair. The aim was merely to provide a comparison of the evolution of the prices and of the fuel.



Maria Luisa Álvarez Blanco (FEDEPESCA) stated that fishers do not fix the price, since these are set at the auction. It is the market that does not accept a price increase across the supply chain. The consumer is not prepared to pay such an increase in prices.

The Chair stated that the issue of the breakeven fuel point would require further discussion.

### Russian Invasion of Ukraine

- **Presentation on State aid crisis mechanisms per Member State by Paul Thomas, EAPO**

Click [here](#) to access the presentation.

Paul Thomas (EAPO) explained that, in the context of the fuel crisis connected to the Russian invasion of Ukraine, State aid mechanisms were put in place. The main mechanisms were the De Minimis Regulation, which allowed for 30.000€ every three years, the Temporary Crisis Framework, which allowed for 75.000€ per company, the remaining budget of the EMFF, and Article 26 of the EMFAF, which provides compensation to fishers for income foregone and increases in costs.

Mr Thomas provided an overview of the countries with no compensation for fuel prices. For Denmark, there were no compensation or state aid measures from the Danish government. The Brexit Adjustment Reserve decommissioning schemes were accepted by the Commission. Fleet activity remained as usual, but in a break-even situation.

For Ireland, there were no compensation or state aid measures from the Irish Government. The Brexit Adjustment Reserve decommissioning schemes were accepted by the Commission and opened on 1 September. Vessels were tying up.

For the Netherlands, no state aid for the fishing sector was provided, in order to not favour the fishing sector when compared to the agricultural sector. The Brexit Adjustment Reserve decommissioning schemes were accepted by the Commission and opened on 1 September. The demersal fleets hoped for positive information, since, for the previous two months, 40 to 50% of the beam trawlers were tied up in harbour. Some pelagic trawlers were tied up partly due to the fuel costs. He emphasised that, in the case of the three mentioned countries, there were no state aid measures, but that the Brexit Adjustment Reserve had been used to compensate fishers.

Mr Thomas explained that in the case Croatia, Latvia, Greece, Estonia, Italy and Portugal, these were countries without any state aid mechanisms registered. Since there is no EAPO membership in these countries, it was difficult to gather information about alternative support measures.

Mr Thomas provided an overview of the Member States with compensation mechanisms for fuel prices. For Belgium, there were compensation measures with a budget of 600.000€. The calculation is based on the number of days multiplied by a daily compensation (100€-200€). In terms of eligibility, 100% of the catches must be landed in Belgium. The fleet was still operating, but there was no positive economic return, since, for most trips, reaching a cost recovering result is not possible.



For Germany, there were compensation measures with a budget of 10 million €. The calculation is based on a fixed price depending on the segment registered in the fleet register, varying from 450€ to 35.000€. In terms of eligibility, there must be registration in the fleet register. Vessels are fishing and the market supply from German vessels is on the usual level. The situation for companies remains very difficult and precarious because the market prices do not fully compensate the increase of costs for energy and fuel.

For Poland, there were compensation measures, but information on the budget was missing. The calculation follows the fixed price based on the registered length of the vessel, varying from 2.100 to 21.200€. In terms of eligibility, there must be registration in the fleet register.

For Sweden, there were compensation measures with a budget of 3.72 million €. The calculation is based on the percentage of turnover landed between 24 of February and 28 of October, varying from 5.9% to 10.1%. In terms of eligibility, only vessels landing in Sweden are eligible. For the pelagic fleet, there was an issue of lack of quota, but fishing was at the usual level. For the demersal fleet, the market situation was relatively stable and good. The fuel prices made the economic viability of fishing less profitable.

For France, there were general measures funded by the national budget. Between 1 April to 30 September 2022, there was aid of 0.35€ per litre of fuel (0.20 fisheries specific added to a 0.15€ all sector aid). This aid will be reduced to 0.23€ aid for November and December. A decommissioning scheme was being prepared to be launched in September. Most vessels continued their activities to retain crew, but the offshore demersal fleet had reduced profitability and, as soon as there were decreased in fish prices, fishing would stop.

For Spain, there were also general measures funded by the national budget. Between, April and December, there was a 0.20€ per litre reduction. Measures were undertaken to contain energy prices. The official credit institution provided 10 million € of credit until the end of the year. The COVID-19 credit lines were extended, plus a six-month grace period was provided. In terms of fisheries-specific measures, there was an exemption from the port tax of fresh fishing from 1 April during a six-month period. Social security contributions were postponed from March to June. Specific credits were ended to the fishing sector. Direct state aid was provided depending on the gross tonnage of the vessel, varying from 1.500€ to 35.000€ funded by the general budget. Article 26 of the EMFAF was used to cover additional costs with a budget of 30 million € from February to end of December. The calculation is based on the difference between the average of the costs of the previous three years and the extra costs since the invasion started.

- **Exchange of views about market impacts with Commission representative**

The Chair emphasised that the topic was a key issue for the entire fisheries and aquaculture sector. The Chair recognised that the Commission put in place measures to face the problem, but added that, unfortunately, a level-playing-field was lacking. Several Member States did not take action. Taking into account that the emergency measures under Article 26.2 of the EMFAF would conclude in December 2022, the Chair asked Mr Nikolian about future actions from the Commission, particularly if fuel prices remained high. He also encouraged Mr Nikolian to comment on the breakeven point for fuel.



Frangiscos Nikolian (DG MARE) thanked Mr Thomas for the comprehensive presentation, adding that he was not able to provide additional information on the measures implemented by the Member States. The EMFAF operational programmes were not yet adopted, so reporting had not taken place. In the case of the Temporary State Aid Framework, DG COMP was collecting the data, but it was not available at that stage. Mr Nikolian emphasised that the Commission acted immediately to set-up measures to face the crisis. Under the EMFAF, Member States could start support immediately.

In relation to the breakeven point for fuel, Mr Nikolian stated that the Commission services heard the sector's opinion about it. The STECF report provided an overall figure. It would be useful to have an analysis based on segment levels or, at least, based on types of vessels, for example the long-distance fleet, trawlers, and the small-scale coastal fleet. Further work on the matter was needed. He highlighted that, at the same time, the methodology had not been provided for the 0.60€ per litre figure mentioned by the industry, adding that it would be beneficial to share the methodology.

As for actions after December 2022, Mr Nikolian informed that he could not pre-empt the political decisions, but that the Commission services were closely following the developments in the market. Mr Nikolian recalled the conditions for triggering the crisis mechanism: a significant event and a market disruption. At that time, no market disruption was identified. The supply chain was working well. However, there could be a problem in the near future due to the decrease in purchase power of consumers. Due to the inflation and the reduction of purchase power, there could be a shift in consumption from fish towards cheaper and other protein sources. As such, there could be a market disruption.

Mr Nikolian highlighted that the economic results demonstrated in the 2022 report, particularly under the nowcast projections, do not include the state aid support provided by the Member States, nor the EMFAF emergency measures. As such, the actual economic results of the fleet would be better than in the report.

The Chair agreed with Mr Nikolian about the need of information per fleet segment, adding that the MAC could work together with the Member States to work further on the matter. The Chair expressed concern about the use of 1.17€ per litre as the breakeven fuel price would cause difficulties. In his view, not a single fisher would recognise that figure as correct.

Maria Luisa Álvarez Blanco (FEDEPESCA) highlighted that, despite the crisis mechanisms developed by the European Commission, in practice, support was only provided to the production sector. The other sectors of the fisheries and aquaculture supply chain did not receive aid. Ms Álvarez emphasised that consumer demand was seriously decreasing in Spain. In the first quarter of the year, there was a reduction of 18% of consumption when compared to the previous year. These were very negative results for the sector. Consumers were not choosing fisheries products, since these are perceived as expensive. The situation in the sector was very sensitive, which meant that many operators might not survive.

The Chair suggested that presentations on State aid mechanisms per Member State for the other sectors of the supply chain could be delivered at the next meeting. The Chair agreed with Ms Álvarez



that the situation was quite delicate, since there was a high rate of inflation. With the increases in fish prices, the consumer would not be able to afford the purchase.

Pim Visser (VisNed) shared his personal experience as a manager of a fish auction. Fishers were compensated, including through decommissioning schemes. The rest of the value chain was not supported. The previous month, the decision was made to terminate the work contracts with the entire staff of the fish auction as of February 2023. The costs will have to be covered by the cooperative. Mr Visser warned that, once the logistics and facilities disappear, it would not be possible to establish these again.

Frangiscos Nikolian (DG MARE) emphasised that the EMFAF crisis mechanism and the Temporary State Aid Framework do not exclude any sector of the supply chain. The Member States decide how support is provided.

Patrick Murphy (IS&WFPO) wanted to know if it was possible to see, on a case-by-case or country-by-country basis, how the figure for the breakeven fuel price was calculated.

The Chair agreed with Mr Murphy that it would be a very important exercise, adding that the Working Group should contribute to it.

Frangiscos Nikolian (DG MARE) explained that the 2022 report would be uploaded on the website of the Joint Research Centre very soon. Mr Nikolian asked Mr Prellezo whether the calculation of the breakeven fuel price would be included in the report or was merely internal work of the expert group.

Raúl Prellezo (AZTI) responded that the report would have to be approved by the STECF Plenary, but amendments were no longer possible. In relation to Mr Murphy's request, Mr Prellezo stated that, from a technical perspective, it was possible to do it, but that a framework was required.

The Chair, as a way forward, proposed the submission of a request to the European Commission to develop a breakdown of the breakeven fuel price figure at national and fleet segment levels. The Working Group should also look into the matter. In relation to the other sectors, the Chair suggested that another member could prepare a presentation similar to Mr Thomas's.

Jaroslav Zieliński (PFPA) thanked Mr Nikolian for the work to develop crisis measures. In relation to Mr Murphy's intervention, Mr Zieliński stated that the development of figures for the Baltic Sea, especially for the small-scale coastal fleet, would be welcomed. Mr Zieliński emphasised that support for the processing sector was needed, plus that the support for cheap fish protein was also important, while also accounting for imports. As for the State aid mechanism in Poland, he explained that the mechanism was directed at the fleet and the processing sector. The fishing industry would receive approximately 8 million €, the processing sector would receive approximately 20 million €, and the aquaculture sector would receive approximately 10 million €.

Frangiscos Nikolian (DG MARE) clarified that his previous reference to cheap protein was about meat and chicken, not fish. The Commission services have observed a shift in consumption patterns towards other protein sources.



Yobana Bermúdez (CONXEMAR) stated that the EU-level support measures were relevant, but that, in Spain, there were processing enterprises that, due to the size, were not able to access the EMFAF crisis mechanism.

Katarina Sipic (AIPCE-CEP) expressed availability to liaise with the Secretariat to prepare a presentation on State aid crisis mechanisms per Member State in relation to the processing sector.

### Marketing Standards

- **Update on STECF EWG meetings on sustainability criteria for fishery and for aquaculture products (5 – 9 September 2022) by Gerd Heinen, MARE A4**

Gerd Heinen (DG MARE) recalled that, in 2020, a STECF Expert Working Group developed a report on criteria and indicators to incorporate sustainability aspects for seafood products in the marketing standards under the Common Market Organisation. The 5-9 September 2022 meeting was a follow-up to that report. The aim was to develop sustainability indicators and a robust methodology to grade the indicators, allowing for the provision of sustainability information for individual products. There was a group of experts dedicated to fisheries products and another group dedicated to aquaculture.

Mr Heinen explained that the fisheries group focused on three fisheries-specific criteria: impact of the fishing activity on the targeted stocks (fishing pressure), impact of the activity on the seabed, and impact on sensitive species, including bycatch of dolphins, sharks, seals, and other species. The group was divided into three sub-groups to address the three criteria. Robust methodology was developed for the criteria on targeted stocks and for the one on the seabed, allowing grading on a five points scale. The actual method of communication of the grading remains to be addressed. As for the criteria on sensitive species, the expert group laid out the groundwork and identified the next steps for the development of the methodology, but significant further work is required. The aim would be to conclude as much as possible the methodology by the following year.

Mr Heinen explained that the aquaculture group acknowledged the importance of production system types as a key input parameter for different sustainability criteria. The group tried to categorise the production systems in a more refined manner. Two sustainability indicators were selected: nutrient emissions and greenhouse gases emissions, in order to assist in the categorisation. A scoring was developed for the indicators. That work was based on the 2020 STECF EWG report. The group also focused on animal welfare criteria, which was a topic not covered in the 2020 report. Several indicators were developed for animal welfare. The group concluded that exchanges on good practices, governance, and regulatory requirements across different countries were also needed to complement the work of 2020. The group identified a list of important governance practices. The aim of the group would be to integrate these different workstreams into a grading system, which would be based on the species of the farmed animal, the production system type, and the country of origin.

Mr Heinen emphasised that, both for fisheries and aquaculture products, the work was still in progress. Both expert groups will produce a report, which after adoption by the STECF Plenary, will be published on the website of the Joint Research Centre. Publication was expected in Autumn 2022.



As for the policy perspective and the operationalisation of the criteria, one possible approach would be to integrate the sustainability criteria into the marketing standards framework. Another possible approach would be to integrate the indicators into the Sustainable Food System Framework, which was expected to include general food sustainability labelling. In that case, it would be possible to compare products in the same category, but also different food products, for example between a fish product and a meat one. The Commission representative informed that the Commission is considering the latter approach to ensure coherence of policy actions under the Farm to Fork Strategy. He encouraged meeting participants to react and share their views, if any.

Pierre Commère (ADEPALE) stated that, in France, the environment and energy agency was undertaking significant work on the same topic. Mr Commère expressed concern that the work was taking place in silos. The aim should be harmonised labelling in the EU.

Pim Visser (VisNed) argued that what the Commission was developing already existed in the market, namely through the Marine Stewardship Council and the Aquaculture Stewardship Council. Mr Visser expressed concern about duplication of work and potential confusion, including for the consumers. He wondered if the Commission had tried to work together with the existing systems.

Vanya Vulperhorst (Oceana), taking into account the exchange of views on the Sustainable Food System Framework scheduled to take place the following day under Working Group 3, stated that, at present, there was not sufficient information for consumers about environmental and social sustainability of products in the EU market. Her organisation would favour a ranking system similar to the EU energy label. In the case of the MSC label, there is no ranking, plus it can be costly for producers. A label from public authorities, which does not require auditing, nor payment, would be useful. Ms Vulperhorst wanted to know if the aim was to develop a label similar to the EU energy label or similar to the EU organic label.

Gerd Heinen (DG MARE), in response to Mr Commère's intervention, stated that the Commission services were aware of the work being undertaken by French authorities. The work was not taking place in silos, since there were exchanges with the French experts. Both DG ENV and DG MARE were following the developments in France. Mr Heinen understood the concern, since the Commission services would like to avoid a situation of several regulatory schemes at national level. Under the work on sustainability labelling in France, there were still gaps regarding fisheries products. There should be harmonisation. The French authorities were using the Commission's work on environmental footprint as a basis. The challenge would be the different timelines being followed, since, in France, there was political will for a prompt proposal, while, at EU level, the legislative proposal on the Sustainable Food System Framework was planned for 2023.

In response to Mr Visser's intervention, Mr Heinen stated that several of the differences when compared to certification schemes were already mentioned by Ms Vulperhorst. Mr Heinen recognised that there were helpful and successful private schemes in the market for fisheries and aquaculture products. The aim was not to duplicate or undermine these schemes. Nevertheless, there was room to complement the information available for consumers. For small producers, the private schemes were quite costly. The aim would be to develop a simple regulatory approach. More transparency was also needed, since a mere logo can be insufficient for consumers to gather



information on the sustainability of the product. Communication through grading would be more transparent and value-adding to the consumers. He added that the sustainability labelling under the Sustainable Food System Framework initiative would cover both environmental and social sustainability.

Paul Thomas (EAPO) informed that he had attended the STECF meetings as an observer on behalf of his organisation. Mr Thomas requested more information about the application of the indicators, particularly whether these would be verified annually. Mr Thomas underscored the importance of applying the same approach to all products placed in the EU market, including imported products. He wanted to know how the additional data, proposed under the system 2, would be submitted to the responsible authorities, while ensuring transparency. He wondered how products with data deficiencies would be addressed, particularly situations where not providing data would be more beneficial to the company than to provide data that shows unsustainable practices. In terms of policy coherence, he expressed preference for the inclusion of the fisheries products under the sustainability label of the Sustainable Food System Framework, including to address environmental footprint.

The Chair, due to time constraints, encouraged Mr Heinen to respond directly to Mr Thomas via email.

### Awareness and Role of Producer Organisations (POs)

- **Presentation on the role of Producer Organisations and awareness about the role of the CMO Regulation by EAPO representative**

Click [here](#) to access the presentation.

Jean-Marie Robert (Les Pêcheurs de Bretagne) recalled that the role of the POs had been discussed in the MAC several times, providing several examples. Mr Robert stated that the exchanges about the upcoming report on the functioning of the CMO Regulation showed that there was a lack of understanding and visibility on the Production and Market Plans. Some members had an outdated view that the POs and the Production and Marketing Plans interfered with the market. Therefore, it was important to demonstrate the true reality of POs.

Mr Robert highlighted that the context for intervention varied significantly across POs. There are POs responsible for managing quotas through different management schemes. In the case of France, quotas were spread out between different POs. The number of vessels managed by each PO can vary from 700 to 70 vessels. The challenges and difficulties faced are different. There can also be an impact from the Production and Marketing Plans being funded or not.

Mr Robert presented the Northern Albacore as a practical example. Yields have increased, volumes are quite stable, while vessels are fishing more and more. In the case of pelagic fishing, the fishing activity can happen very quickly. The fishing vessels tend to compete with each other to fish faster, which would be detrimental for prices and logistics. The PO decided to implement a management-based system for quota distribution. In order for the quotas to work, it was necessary to monitor the catches, ensuring compliance and full transparency amongst the fishing vessels. Strategic decisions,



which vary across vessels, had to be made, depending on the type of fishing and time of fishing. It is important to discourage “stealing” of quota. By ensuring that respect for the quotas, the market is healthier, and the operators diversify their catches. Thanks to this development, more Northern Albacore was sold in the French market. Since it is a canned product, it allows continued supply of the market, so it is a positive strategy.

Mr Robert provided Winter Purse Seine Sardine as another practical example. In the Winter period, sardines are very thin. A limited volume of sardines is available, which lead to several incidents, since, sometimes, the products are too thin to be sold. The fishing vessels did not want to organise themselves concerning this shortage. A few years ago, there was a decision to organise the supply. The sardine buyers are contacted, in order to determine the amount of sardine necessary in the market. The fishing vessels are informed about the quantity of sardines that should be fished. The described change led to a stabilisation of the first sale price, plus there are no shortage, nor excess supply of sardines.

Mr Robert highlighted that many regulatory changes took place recently, which made compliance quite challenges. Thanks to the Production and Marketing Plans, a regulation guide was drafted, which summarises all regulatory duties and obligations. The POs aim to build trust along the supply chain. Mr Robert emphasised that the Production and Marketing Plans are a flexible tool that can meet different challenges. Dialogue and mutual understanding between stakeholders were fundamental. During crisis situations, the Production and Marketing Plans provided a good safety net. He outlined several lessons learn, such as that the sharing and dissemination of operational good practices was welcomed, plus that the Production and Marketing Plans can improve the situation in the market.

- **Exchange of views & way forward**

The Chair proposed, as a way forward, ahead of the January 2023 meeting, the development of draft advice on how to improve communication on the role of the CMO Regulation and of the POs.

### Brown Crab

- **Update on recent developments by Norah Parke, KFO**
- **Exchange of views about the establishment of a new NWWAC-NSAC Focus Group**

Norah Parke (KFO) explained that the proposed draft Terms of Reference for the establishment of a new MAC-NSAC-NWWAC Focus Group on Brown Crab aimed to follow-up on the work of the previous Focus Group. Issues to be covered would include the impact of increased fishing effort, stock status, the market, and environmental threats. Both live and processed crab would be covered. In the case of live crab, it would cover the route-to-market for vivier catches through freight and air transport, particularly to Asian countries. Ms Parke expressed that a first online meeting of the new Focus Group would take place in October 2022. An in-person workshop would take place in early 2023. Guidelines would be developed by the end of 2023.



The Chair recalled that the draft Terms of Reference were circulated ahead of the meeting. The draft was being considered by the three Advisory Councils. The NWWAC Secretariat was expected to lead the secretariat work for the group.

*The Working Group agreed on the Terms of Reference for establishment of the new MAC-NWWAC-NSAC Focus Group.*

**AOB**

None.

Draft



## Summary of action points

- Production and Marketing Plans:
  - Draft text to revise the “Production and Marketing Plans: Guidelines and Good Practices” document to be put forward to the Executive Committee for consideration and approval via written procedure
- Annual Economic Report on the EU Fishing Fleet:
  - Under the draft agenda of the next meeting, agenda item to be scheduled to prepare suggestions ahead of the 2023 report
  - Request to the European Commission to develop a breakdown, at national and fleet segment levels, of the breakeven fuel price figure
  - Under the draft agenda of the next meeting, schedule an exchange of views concerning the breakeven fuel price figure developed by the industry
- Russian Invasion of Ukraine:
  - Under the draft agenda of the next meeting, presentation by Katarina Sipic (AIPCE-CEP) of the State aid crisis mechanisms per Member State for the processing sector to be scheduled
- Marketing Standards:
  - Secretariat to circulate a questionnaire to determine the preference of the members between integrating sustainability labelling for fisheries and aquaculture products under the Marketing Standards framework or under the Sustainable Food System Framework
- Awareness and Role of Producer Organisations (POs):
  - Under the draft agenda of the next meeting, draft advice on improving communication on the role of the CMO Regulation and of the POs to be considered



## Attendance List

Representative	Organisation	Role
Alen Lovrinov	Omega 3 Producers Organisation	Member
Alexandra Philippe	Market Advisory Council (MAC)	Secretariat
Alonso Abreu Lozano	Asociación de Armadores Punta del Moral (OPP80)	Member
Batuhan Özcelik	Marine Stewardship Council (MSC)	Member
Bruno Guillaumie	European Molluscs' Producers Association (EMPA)	Member
Catherine Pons	Federation of European Aquaculture Producers (FEAP)	Member
Christine Absil	Good Fish	Member
Daniel Voces	Europêche	Member
Guus Pastoor	Visfederatie	Member
Jaroslav Zieliński	Polish Fish Producers Association (PFPA)	Member
Jean-Marie Robert	Les Pêcheurs de Bretagne	Member
Jennifer Reeves	Marine Stewardship Council (MSC)	Member
Jens Mathiesen	Danish Seafood Association	Member
Juan Manuel Trujillo Castillo	European Transport Workers' Federation (ETF)	Member
Juana Maria Parada Guinaldo	OR.PA.GU.	Member
Katarina Sipic	EU Fish Processors and Traders Association (AIPCE) / European Federation of National Organizations of Importers and Exporters of Fish (CEP)	Member
Laurine Tertre	European Molluscs' Producers Association (EMPA)	Member
Maria Luisa Álvarez Blanco	Federación de Asociaciones Provinciales de Empresarios Detallistas de Pescados y Productos Congelados (FEDEPESCA)	Member
Marine Cusa	Oceana	Member
Massimo Bellavista	COPA COGECA	Member
Miguel Lizaso	European Commission	Expert
Mike Turenhout	Visfederatie	Member
Noémie Jegou	Market Advisory Council (MAC)	Secretariat
Norah Parke	Killybegs Fishermen's Organisation (KFO)	Member



Representative	Organisation	Role
Pablo Iraeta	Spain	Observer
Patrick Murphy	Irish South & West Fish Producers Organisation (IS&WFPO)	Member
Paul Thomas	European Association of Fish Producers Organisations (EAPO)	Member
Pedro Luis Casado López	Asociación de Armadores Punta del Moral (OPP80)	Member
Pedro Reis Santos	Market Advisory Council (MAC)	Secretariat
Pierre Commère	Association Des Entreprises de Produits Alimentaires Élaborés (ADEPALE)	Member
Pim Visser	VisNed	Member
Raúl Prellezo	AZTI	Expert
Rosalie Tukker	Europêche	Member
Sarah Perry	Ireland	Observer
Sean O'Donoghue	Killybegs Fishermen's Organisation (KFO)	Chair
Sergio López García	OPP Puerto de Burela	Member
Thomas Kruse	Danish Fishermen P.O.	Member
Tomasz Owczarek	Poland	Observer
Vanya Vulperhorst	Oceana	Member
Yannis Pelekanakis	Federation of European Aquaculture Producers (FEAP)	Member
Yobana Bermúdez	Asociación Española de Mayoristas, Importadores, Transformadores y Exportadores de Productos de la Pesca y Acuicultura (CONXEMAR)	Member
Zarah Bellefroid	European Association of Fish Producers Organisations (EAPO)	Member

