

Working Group 2: EU Markets

Draft Minutes

Monday, 19 September (14:30 – 18:00 CEST)

NH Brussels EU Berlaymont

Interpretation in EN, ES, FR

Welcome from the Chair, Pierre Commère

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

Adoption of draft agenda and of the last meeting minutes (23.05.22): adopted

Action points of the last meeting

- **State-of-play of the decisions made during the last meeting – information**
- EU Taxonomy for Sustainable Initiatives:
 - Based on the presentation of MSC and the contributions of Europêche, draft advice to be developed for consideration via written procedure
 - First written consultation: 23 June – 7 July 2022
 - Second (urgent) written consultation: 31 August – 8 September 2022
 - New draft version for consideration: 14 September 2022
- Illegal, Unreported and Unregulated (IUU) Fishing & Global Governance:
 - In relation to EJF's report on the Chinese distant-water fleet, Secretariat to formally contact the LDAC Secretariat about the feasibility of joint work, including the potential establishment of a joint Focus Group
 - In relation to the quantity of catch certificates verified and rejected due to IUU reasons, Secretariat to check bilaterally with ClientEarth and Commission about publicly available data – if necessary, draft letter to the Commission requesting data
 - Chinese distant water fleet: formal request sent on 30 May 2022 – collaboration still pending
 - Data on catch certificates: letter to DG MARE sent on 7 July 2022
- Trade Agreements & Trade Policy Instruments:
 - In relation to the testing of Brown Crab, letter to be sent to the Commission requesting an update on the development of a new methodology by the Chinese authorities and a harmonisation of trade between the whole EU and China
 - In relation to Brazil's prohibition to export fishery products to the EU, written question to be resent requesting an update of the Commission's position on the action plan presented by Brazil, and next steps in view of reopening the trade



- Letter on Brown Crab sent to DG MARE and DG TRADE (6 July 2022) – No reply
 - Written question on Brazil sent to DG MARE via email (17 June 2022) – No reply
- Initial Focus Group on Trade:
- In coordination with the WG Chair and the Chair of the Initial Focus Group on Trade, Secretariat to prepare a new version of the draft Terms of Reference with a more specific list of proposed outcomes for consideration at the September 2022 meeting
 - New version of the draft Terms of Reference circulated on 7 September 2022

The Secretary General, regarding the action point to formally contact the LDAC Secretariat about the feasibility of joint work on the Chinese distant-water fleet, informed that the LDAC established a Focus Group to produce advice on the topic, taking into account the EJF report, but also expanding on the conclusions of the report. The Secretariat sent a formal request for potential cooperation to the LDAC Secretariat. The reply was that, prior to establishing collaboration with other Advisory Councils, the LDAC wanted to meet internally to close some pending points in the draft text under consideration. After closing these points, the LDAC would be open to cooperation with other Advisory Councils, including the MAC. The Secretary General further informed that the request for cooperation was still pending, since there was no further contact from the LDAC Secretariat, and he was not aware of the status of the draft text under consideration. He noted that several associations, who are also members of the MAC, were participating in the LDAC's Focus Group.

Scientific, Technical and Economic Committee for Fisheries (STECF)

- **Presentation of 2022 Economic Report on the Fish Processing Industry by Loretta Malvarosa, STECF EWG Chair**

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

Loretta Malvarosa (NISEA¹) explained that the report is based on a data call. The experts are requested to work based on data collected by the Member States under a data call on a biennial basis. The call for socio economic data on the EU fish processing sector (for data updated up to 2019) was launched on 1 December 2021 with the deadline of 13 January 2022. 19 Member States replied to the 2021 data call (the fish processing data collection is done on a voluntary basis). There are four sets of data: main (predominance of fish processing activities), non-main (secondary activity), social and raw material. In terms of data coverage, it covers 2008 to 2019 (some Member States voluntarily submitted data for 2022). The STECF Expert Working Group 21-14 met for five days virtually (21-25 February 2022) to analyse the data and write the report. There were 27 invited experts, including one STECF member. 25 EU countries were covered by the analysis (for six countries, there were no experts). The experts' knowledge was used for the 2020-2021 analysis and the future outlook.

In line with the 2019 report, special attention was paid to maintain a homogenous number of Member States and avoiding bias, for EU total, by the inclusion (or exclusion) of some Member States, throughout the analysed period (mainly due to the voluntariness of the data collection for the fish

¹ Nisea - Fisheries and Aquaculture Economic Research is a research cooperative based in Italy.



processing under the EU Multi-Annual Programme (EU-MAP) (for example, Estonia, Portugal, Netherlands). The compilation of EU aggregates required the use of an estimation protocol for some Member States and, to do this, the EWG 21-14 further elaborated on the protocol approved by the STECF EWG 19-02 and used for the 2019 report. Furthermore, for the second time, after the 2019 report, and with the aim of providing a real EU overview of the sector, the report includes a brief analysis, at country level, for Member States involved in data collection under the EU-MAP, but not collecting data for the fish processing sector for very small sized industry (for example, Austria, Czech Republic, and Slovakia). The 2021 report supersedes all previous reports. Comparisons across reports should not be made. This is mainly due to the inclusion of more Member States, the exclusion of the United Kingdom, and greater coverage of the data.

The report provides an in-depth look of the different factors affecting the economic performance of the EU fish processing industry with a special focus on the major drivers and issues affecting the sector in the period covered by the data series, but also trying to provide an outlook on the most recent years, relying on experts' knowledge and information available for the sector outside the EU-MAP data collection. Because of events that happened since the previous report, it was also necessary to deal with the impact of the COVID-19 pandemic on the fish processing sector. Considering that the data submitted by Member States do not cover the 2020-2021 period, this section has been based on the analysis of the trends of imports and export of selected commodities and countries and on qualitative information provided by experts. Details of the impact are synthesised at EU-level and at country's level. For the second time, the analysis of the socio-demographic aspects of the labour forces employed by the EU fish processing industries has been provided, in terms of gender, age, nationality, and educational aspects. The purchase of fish and raw material is the dominant cost item for the sector (more than 70% of the total production costs). Hence, obtaining more detailed information on the main species, the main source (either from wild fisheries or from aquaculture) and the origin (EU or extra EU) of raw material would allow a better assessment of the strengths and vulnerabilities of the sector. For this reason, an attempt to analyse the data collected, on a voluntary basis, by Member States in terms of raw material in volume by species and origin has been made by the STECF subgroup.

In terms of outline, the report is divided into: 1) introduction, 2) the EU fish processing sector (overview, economic performance, fish used as raw material, and trends, drivers, and outlooks), 3) socio-demographics of the EU fish processing sector, 4) the impact of COVID-19, 5) national chapters (25 countries), 6) data coverage and quality), and 7) annexes. The report is available on the STECF website. The data has also been published.

In 2019, the overall number of enterprises carrying out fish processing as a main activity was estimated to around 3.200 firms. They produced a turnover of about €28.5 billion and employed more than 110 thousand people (equivalent to 100 thousand Full Time Employees). The great bulk of enterprises (98% in number) of the sector are SMEs (less than 250 employees), of which 85% are small-sized (less than 50 employees), and more than half are micro-enterprises. Fish processing enterprises are largely different across the EU in terms of labour intensity. If the EU average is around 35 persons employed per enterprise, there are some Eastern countries, with Lithuania and Poland at the top, with, respectively, 128 and 122 employees per enterprise. All the other countries are



characterised by a lower intensity of human capital. Romania and Croatia follow with employment per firm at, respectively, 80 and 66 units. Beside a large number of countries with medium-high values, there are countries where small-sized plants prevail, as Finland, Sweden, and Slovenia, with an average of 9 units per firm. The average wage paid by the sector to EU workers (measured as personnel costs per Full Time Employee unit) was around € 30.000, increasing by +2% vs the level of 2018 and +5% vs 2017, impacted by the good economic performance of the sector. The 2019 data on personnel costs and employment by country suggests that the average wage per Full Time Employee varies substantially among Member States as well as labour productivity.

A progressive re-sizing of the sector and a progressive concentration of production are observable, testified by a decrease of the total number of enterprises, in particular the smaller ones, and a parallel increase of bigger enterprises, in turnover and in level of employment. The value of turnover increased by 7.6% between 2017 and 2019, and by 47% over the period 2008-2019 (though only 19% higher in real terms corrected from inflation according to the Harmonised Index for Consumer Prices for Fish and Seafood). Using the volume of products sold, according ProdCom (EuroStat) as a proxy for the volume of production of the EU fish processing sector, stability in the quantity of production is clear. A potential explanation of the increase in the nominal value is a shift towards secondary processed higher value-added products. Despite a generalised increase in the production costs (from 3 to 7% between 2018 and 2019 and from 3 to 12% between 2017 and 2019), the increase of the value of production of the EU fish processing enterprises has allowed the sector to generate a positive Gross Value Added, equal in 2019 to around € 4 billion. The in-depth analysis of the all the economic performance indicators supports a trend towards a good level of efficiency: the sector has been able to generate an Operating Cash Flow equal to €2.5 billion in 2019, increased by +34% vs 2018 and +9% vs 2017.

In relation to social aspects, the analysis revealed that the sector can be considered a gender-equal sector as the proportion of female and male is quite equivalent. The 40-64 age class made up the largest proportion (51%) of people employed in the processing industry, and most employees hold a medium education level, followed by 25% of low educated employees. As far as nationality, the vast majority (73%) of people employed in the sector are EU nationals of their own country, being the rest mainly worked from other Member States (18%). Some technical issues, linked to definitions and submission requirements have been also highlighted and detailed by the report and will be addressed in the next data calls.

Few countries submitted data on raw material by volume and species, but a large variety of dependency situation on domestic or, on opposite, on foreign/imported raw material emerges from the analysis carried out at country level. There are countries for which the high dependency on domestic production along the governmental programmes (for example, Finland) requires attention, as this will imply considerable higher utilisation of domestic landings (for example, Baltic herring). Some other countries (for example, Croatia) are promoting the use of raw material from aquaculture, that could help to lower the impact on the marine resources as well as decrease the cost of production. There are also countries highly dependent on imports for raw material, as Germany or Poland.



Some technical issues related to species codifications and submission requirements are highlighted and detailed in the report. Suggestions for improvements of the next data collection have been provided.

The outlook analysis was not supported by the data call, but analysed by recurring to external sources (mainly trade data) and expert's knowledge. The main analysed phenomena were the COVID-19 effect and the rise in energy costs. The impact of the COVID-19 outbreaks on the EU fish processing industry have been changing as the pandemic waves evolved. Since the first European outbreak in March 2020, the processing industry moved from a boost in demand, caused by consumer's fear, to a less optimistic scenario of disrupted supply, increasing costs, and contraction in demand. Overall, the EU fish processors seem to have managed the impacts of the pandemic disruptions quite well. Despite the initial shocks in labour productivity and the disruptions in the supply of raw materials, sales and prices of processed fish products recovered since the end of 2020 and returns may have increased in many segments. The shocks on labour productivity and the effect on the supply chains started mitigating by the end of 2020, heading for recovery in the levels of activity. Data support to this expert knowledge will be provided in the next report.

Although the sector seemed to be recovered from the COVID-19 shock at the end of 2020, the qualitative assessment carried out for 2021 does not allow to expect a recovery in the economic performance in 2021 and 2022. The sharp rise in energy costs of the last and current months will undoubtedly have an impact on the performance of the fish processing industry across the EU for 2021 and 2022. The effect of this political crisis will furtherly compound inflationary contagion already in the world's economic system. Before this event, the EU fish processing industry was already expecting to have to face higher costs across the board for its fish and non-fish raw materials, for energy and for labour. The ability of the processing industry to pass on cost increases, whether for raw materials, labour, energy, or other costs, depends on the relative price elasticities of demand and supply faced by the individual enterprises concerned. In a sector characterised by the predominance of the small and medium enterprises (although some evidence of progressive concentration emerges from data), the biggest burden of cost increases is expected to fall on small-medium fish processors.

As concluding remarks, Ms Malvarosa highlighted that collection under the EU-MAP is voluntary for fish processing. For Member States not collecting and/or reporting data, EuroStat's data has been used. The dataset for the report is the result of a complex work of merging two datasets. The EU-MAP and EuroStat data are similar, but EU-MAP is more detailed/specific than EuroStat, because it is tailored for the specific sector. Also, the coverage tends to be higher. Reporting of raw materials is voluntary and the lower coverage by Member States is due to difficulties encountered in obtaining information directly from industries. Hence, the collection tends to be costly. Nevertheless, detailed raw materials data allows to create the link between fisheries, aquaculture, imports, and the processing industry. Moreover, in the light of the Farm to Fork Strategy, and the most recent EU Code of Conduct on Responsible Food Business and Marketing Practices, it is essential to define, as clearly as possible, the track of products along the value chain, from the fishing area (for fishery products) or farming plants (for aquaculture ones) until market outlets, to identify potential unsustainable practices.



- **Exchange of views**

Mike Turenhout (Visfederatie) expressed disappointment that the voluntary nature of the data collection meant that several Member States had not provided scientific data on the fish processing sector, since it was not included in their national data collection program. In the case of the Netherlands, EuroStat data is being used. The issue was discussed amongst AIPCE. There are underestimations in the data. Mr Turenhout stated that the report was of high quality, but argued for mandatory data collection. He suggested that the MAC should call on the Commission to make data collection mandatory, improving the data.

Loretta Malvarosa (NISEA) explained that, in the past, data collection was mandatory. The EuroStat data covers all economic activities, including the fish processing sector. Still, not all aspects and indicators are covered by the EuroStat data. These are mostly balance accounting indicators, which are not sufficient to describe the sector. For some Member States, there are underestimations. In some cases, the EU-MAP and EuroStat data do not coincide, because of the different coverage. The EuroStat data does not always cover small enterprises. Social aspects as well as raw material collection are not covered by EuroStat. Ms Malvarosa expressed support for Mr Turenhout's suggestion. For this exercise, there was a lack of clarity concerning the data call. Some Member States did not plan for a data call, because they were convinced that DG MARE would not launch one, leading to further discrepancies.

The Chair highlighted that, in Working Group 2 meetings, there are presentations of economic data based on different approaches, for example the EUMOFA "Fish Market" report and the AIPCE "Finfish Study". These can be quite relevant to understand the sector. The Chair invited Ms Malvarosa to attend these presentations in future meetings. In relation to the STECF report, the Chair expressed surprise with some of the conclusions regarding France, finding discrepancies and errors when compared to his own data. There might be better expert data from the sector available.

Loretta Malvarosa (NISEA) responded that she was aware of the problems with the French national chapter. There were several problems with the data collection in France. There are several public authorities involved in the data collection, which can cause difficulties. The experts are not responsible for the data collection and must use the data provided by the Member State. There are issues of reliability of data with several Member States. There are also variations in the data requested from one data call to another. Ms Malvarosa emphasised that the EU-MAP data collection is comprehensive. In terms of raw material, EUMOFA provides data on different aspects, but there is no unique data source about the supply sources.

Guus Pastoor (Visfederatie) suggested the development of advice to call on the Commission to improve the data, including through cooperation with the MAC and the Member States. The report is very useful, but it is hindered by the incomplete nature of the data.

The Chair agreed with Mr Pastoor's suggestion, proposing the development of a short draft advice. The Chair thanked Ms Malvarosa for her presentation and availability.



Banning Forced Labour

- **Presentation of initiative on effectively banning products produced, extracted or harvested with forced labour by Commission representative**

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

Fabio Appel (DG TRADE) explained that the legislative proposal on forced labour had been developed by DG TRADE and DG GROW together. The European Commission used the International Labour Organisation (ILO)'s definition of "forced labour", which is globally recognised: "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". According to a recent report of ILO, 27.6 million people are estimated to be in forced labour across the globe. This is a 2.6 million increase from the previous estimate. Of this number, 3.3 million are children. It is a problem taking place worldwide, including in the EU, which demonstrates the importance of taking action.

By the total amount of cases, agriculture and manufacturing are the most affected sectors. There have also been reports of forced labour in the fishing industry. There are 11 indicators for forced labour, including forms of coercion, such as violence, threat of violence, withholding of wages or documents, restriction of movement, and threats against family members.

European Commission President von der Leyen announced in her State of the Union speech of 14 September 2021 that the Commission would propose a ban on products in the EU market that have been made by forced labour. This was followed-up by the Decent Work Communication of 23 February 2022, which specified core elements for the Commission's proposal for a Regulation on prohibiting products made with forced labour on the Union market adopted on 14 September 2022.

In terms of the proposed instrument, it would be an effective prohibition of placing on the EU market of products made by forced labour and of exporting them. Products would have to be removed from the market, if found to have been made with forced labour.. The proposal combines the prohibition with a risk-based enforcement. The competent authorities of the Member States will be responsible for enforcing the marketing ban. Custom authorities will have a significant role to play in the identification of products at the borders and in taking action. Compliance is incentivised through the introduction of a costly obligation to withdraw from the market products made with forced labour, including the disposal of the products.

. The risk indicators will be based on several sources of information, such as ILO and OECD. Particular attention was given to ensuring that the regulation is non-discriminatory, applying equally to products made in the EU and international products, not targeting specific products, industries or countries. It is neutral from a geographical perspective. The proposal will be analysed by the Parliament and the Council. The Commission hopes for a swift approval process.

The mechanism starts with the information received, which can be submissions from civil society organisation, risk indicators, database, or other sources, which leads to the preliminary phase. If the preliminary phase determines that there are substantiated concerns that a product might be



produced by forced labour, an investigation will take place. If the investigation concludes that forced labour was used, the decision will be taken to prohibit the placing or making available on the EU market. The economic operator will have to withdraw the product from the market and dispose of the product.

In terms of tools for implementation and support, there will be a database, prepared by an external consultant, based on international sources and submission. The database should assist in identifying countries and products related to forced labour. This will benefit the competent authorities in their investigations as well as companies in assessing and mitigating their risks. There will be a network of competent authorities, where they can exchange information and working methods. There will be guidance for companies, especially for SMEs, and for the competent authorities, in order to avoid fragmentation across Member States.

- **Exchange of views & way forward**

The Chair wanted to know if the mechanism would be used against goods coming from certain third identified countries or whether it will focus on specific products, for example textiles. The Chair wanted to know if the mechanism was products-focused or countries-focused.

Fabio Appel (DG TRADE) clarified that the regulation would be “product agnostic” and “country agnostic”. It will not target specific countries, nor specific products.

Vanya Vulperhorst (Oceana) requested for information concerning the connection with the proposal on Corporate Sustainable Due Diligence. There seems to be a difference in the level of detail of the network of supervisory authorities. The regulation on forced labour seems to be more prescriptive. Ms Vulperhorst expressed support for the proposal on behalf of Anti-Slavery International, the Environmental Justice Foundation, Oceana, TNC, and WWF. She called for a strong role for the European Commission, including the possibility of banning imports for certain regions/countries or adding entities to a list, in a similar manner to the IUU Regulation. There should be transparency in the implementation.

Fabio Appel (DG TRADE) responded that the regulation would not have a geographical focus. The Corporate Sustainable Due Diligence regulation will cover several topics, for example environmental issues, while this regulation will be focused on forced labour. The regulation on forced labour will apply to every company, while the Corporate Sustainable Due Diligence Directive will only apply to bigger companies, which is why the Commission plans to provide additional guidance. The Commission is aware that smaller companies might require more guidance.

Juan Manuel Trujillo Castillo (ETF) highlighted that there was already a system to sanction States involved in IUU fishing, the “carding system”. Mr Trujillo congratulated the Commission on the new initiative on forced labour, but wanted to know how it would connect to the IUU Regulation. It is essential to have coordination between the different instruments. There must be clear criteria to detect potential fraud.



Fabio Appel (DG TRADE) responded that coherence with other regulations is a priority. Mr Appel encouraged Mr Trujillo to send him an email, to be provided with details on coherence with specific instruments. Fraud is a major problem, particularly concerning companies using forced labour as a competitive advantage. The Commission is aiming for a level-playing-field in the EU and globally.

The Chair highlighted that the new regulation would be a relevant tool to fight against forced labour, an important issue in international trade. In terms of way forward, the Chair asked members if they would like to develop advice on the matter with a focus on fisheries and aquaculture products. In his view, since the Commission's proposal was already adopted, it could be too late for advice.

Vanya Vulperhorst (Oceana) informed that EJF, Oceana, TNC, WWF and Anti-Slavery International did a briefing note on the topic, which she would be sending to the Secretariat for circulation. Ms Vulperhorst volunteered to check with EJF and WWF about their interest in developing a draft advice.

The Chair stated that the circulation of the briefing note would be useful. After the circulation of the briefing note, members could be asked whether they agree with the development of a draft advice.

Trade Agreements & Trade Policy Instruments

- **Update on latest trade developments by Commission representatives, including on:**
 - **Revision of the Union Customs Code**

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

The Chair highlighted that the fisheries and aquaculture sector that is quite dependent on imports and exports. Therefore, customs rules are very relevant for the operators.

Paul Brennan (DG TAXUD) explained that, earlier in the year, there was a report by a Wise Persons Group (WPG). The group carried out a detailed consultation about the Customs Union, including through interviews of representatives from trade, the European Commission, Member States, international bodies, and stakeholders. The report emphasises many points of improvement, indicating that the Customs Union is not fit for purpose. In recent years, there were other examinations of the Customs Union, including a foresight report for 2040 that considered different possible scenarios that could impact the work of customs looking ahead to 2040. The foresight report called for changes. The European Court of Auditors has also identified shortcomings.

In terms of recommendations, first, the WPG report emphasised the need of “one external border”. Customs policy is an exclusive competence of the EU, but it is implemented daily by 27 Member States. Currently, there is a larger focus on the EU's strategic autonomy. Second, the report states that customs need to play a role in a broad sense, since custom authorities are guardians for all the products moving in and out of the Union, meaning that sustainability, safety, human rights, health, and security are also concerns. Third, there must be a strengthening of capacity to ensure proper collection of customs duties and taxes. Fourth, there must be a greening of customs, so that they play their role in the green transition. Fifth, there should be a new approach to responsibility and trust



with economic operators, including simpler procedures, in exchange for the assumption of greater responsibilities by the operators.

The Wise Persons Group identified several areas for change. First, EU level risks analysis and control action. There is good cooperation and exchange of information between Member States, but often decisions are made without the full EU perspective. Second, more systemic action. Third, strengthen cooperation with all competent authorities. Fourth, cross-check data to build trade intelligence. Fifth, make importer, exporter and e-commerce platforms directly liable for the products brought in. Sixth, take economic data from multiple sources. Seventh, there should be a single trader interface, a reduced administrative burden for transparent operators with the goal to ultimately replace customs declarations.

In relation to the group's second recommendation on a new approach to data, for trade facilitation there would be a reduction in administrative burden, a single and central submission of data in the EU, facilitated data submission, and the joint development of applications and software EU wide. For customs supervision, there would be a reduction of administrative burden, enablement of systemic action, extraction of "similar" cases EU-wide (e.g., same product, producer, retailer), identification of EU trends, patterns, and risks, and cross-checking of information with other data bases (e.g., security, chemicals, certification).

In relation to the group's third recommendation on EU risk management and cooperation with other authorities, action at the EU level is necessary for risk analysis to address fraud, EU-level targeting based on EU priorities and uniform implementation, better performance measurement, and informed decision-making (EU-level trade view, scope of EU standard problems, etc.). For structured cooperation, customs are in a unique position to supervise supply chains and to enforce EU standards, to offer a service to special authorities, depending on needs and priorities, and to provide systemic cooperation, cross-check data, collect evidence, and act on product/supply chain level.

In relation to the group's fifth recommendation on a systems-based approach, for customs, there could be partnerships with operators, availability of pre-loading/pre-arrival information on the full supply chain and on all consignments, information that is risk-analysed and cross checked at EU-level (with full access by the European Commission), and intelligence-driven, systemic and targeted customs intervention, including financial audits.

- **Exchange of views & way forward**

The Chair requested information on the decision process for the revision, including potential involvement of the Parliament and the Council, plus the foreseen timeline.

Paul Brennan (DG TAXUD) responded that, at this stage, it was difficult to be precise. The expectation would be a reform package by the end of 2022 or early 2023, but that a decision had not been made yet. Legal changes are expected, but internal work is still ongoing.



Sean O'Donoghue (KFO) wondered, since a legislative reform was expected, about the implications for the EU-UK Trade and Cooperation Agreement, particularly potential need to renegotiate the customs chapters.

Paul Brennan (DG TAXUD) responded that it would depend on the detail of the reform package and therefore not possible to judge at this time. Also, many customs provisions, beyond the EU-UK Trade and Cooperation Agreement have links to EU customs legislation, for example under the WTO and other international agreements.

Guus Pastoor (Visfederatie) expressed support for the idea of “trusted operators”, since, in practice, it would reduce the administrative burden and potentially provide better guarantees. Mr Pastoor expressed uncertainty about the suggestion of additional responsibility for importers. At present, if prohibited products are imported, importers are already responsible. The importers are the main target for the authorities. Therefore, he wanted to know what the additional responsibility could be.

Paul Brennan (DG TAXUD) responded that currently it was not certain that the importer was legally liable. The change would be additional responsibility for those responsible for bringing the goods. Currently, there are several intermediaries transmitting information and making customs declarations.

The Chair emphasised the importance of the revision of the Customs Code for operators, including for the provision of catch certificates. In terms of way forward, the Chair suggested to continue monitoring developments, but not to develop advice yet, reconsidering this possibility when a formal proposal will be put forward by the Commission.

- **WTO Agreement on Fisheries Subsidies**

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

Tamás Maczák (DG TRADE) informed that, in June 2022, the WTO reached an Agreement on Fisheries Subsidies at the 12th Ministerial Conference. The existing WTO agreement on subsidies already covers fisheries subsidies. The difference is that the rules under the new agreement would apply based on sustainability. It was the first time that WTO subsidies rules were based on such considerations. From a fisheries perspective, it is important to ensure a level-playing-field. The negotiations were launched two decades prior. It is in line with UN Sustainable Development Goal Target 14.6 on prohibiting certain forms of fisheries subsidies. The agreement reached does not cover the entirety of the mandate, so negotiations will continue. In terms of scope, the agreement covers marine wild capture and fishing-related activities at sea. It is not for inland fishing, aquaculture or on-land processing or port infrastructure. The definitions used are those of the Port State Measures Agreement.

One of the main issues is subsidies to IUU fishing. It is a new type of WTO subsidy prohibition targeting the recipient (vessel or operator). There are some safeguards for the Coastal State and for proportionality. The rules apply to all WTO members, but there is a 2-year “peace clause”, meaning that developing countries cannot be sued during that period. The second focus is subsidies regarding overfished stocks. Subsidies are prohibited for fishing on overfished stocks, unless these or other



measures (e.g., fisheries management measures) are in place related to rebuilding the stock. This is a condition based on sustainability considerations. There is also a 2-year “peace clause”. The other element of the agreement is “other subsidies”, including an absolute prohibition of subsidies for fishing in unregulated high seas, and special care and due restraint for reflagged vessels, and for unassessed stocks.

In terms of next steps, the entry into force requires ratification by 2/3 of the WTO members under their domestic procedures. In the case of the EU, adoption by the Council and the consent of the European Parliament will be needed. The Commission will put forward a proposal in the upcoming weeks. Based on previous agreements, it is expected that that the agreement will require two to three years to enter into force. Additionally, there is ongoing work to establish a trust fund for technical assistance and capacity building for developing countries. There will be continued negotiations on overcapacity and overfishing, special and differential treatment, and other issues. The WTO Ministerial decision of June 2022 was that recommendations should be developed to the 13th WTO Ministerial Conference. The agreement includes a “sunset clause” for four years after the entry into force, unless otherwise decided by the WTO General Council.

- **Exchange of views & way forward**

Julien Daudu (EJF) requested additional information about the absolute prohibition of subsidies for fishing in unregulated high seas, which is foreseen in Article 5.1 of the agreement, particularly on the meaning of “relevant RFMO/A” when fishing operations take place in seas without RFMOs. Mr Daudu exemplified that the Chinese fleet has significantly increased its activity in oceans not covered by RFMOs.

Tamás Maczák (DG TRADE) responded that it was an absolute prohibition in areas outside RFMOs’ competence. RFMOs have geographical and species-based competence. Fishing vessels operating in oceans not covered by RFMO should not be receiving subsidies. Mr Maczák emphasised the importance of this Article, since it creates new rules for unregulated areas. It is important for sustainability and to ensure a level-playing-field. In the case of the EU, there are rules in place for fishing in unregulated seas. “Unregulated seas” refers to international rules.

The Chair, in terms of way forward, stated that the purpose of the presentation was to update the members on the agreement, so no actions were foreseen.

Illegal, Unreported and Unregulated (IUU) Fishing & Global governance

- **Presentation on combating IUU fishing, import control schemes, and digitalisation of control by Quentin Marchais, ClientEarth**

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

Quentin Marchais (ClientEarth) delivered a presentation on combating IUU fishing, import control schemes and digitalisation of control covering two reports published in 2021 by ClientEarth: “Spain – A progress report on a decade of combating IUU fishing and key findings from 2020/2021 biennial



reports” and “Digitising the control of fishery product imports – A panorama of the systems in place in the EU and ways forward”. He highlighted that Spain is a major country in terms of fishing, and one of the countries that processes the most catch certificates in the EU, including of commercially important species.

The progress report on Spain included the analysis of four biennial reports submitted by Spain to the European Commission covering the period from 2012 to 2019, focusing on imported products. There was an identification of areas of progress/stagnation/challenges in the implementation of the IUU Regulation by Spain. To get information, ClientEarth submitted access to information requests to the fisheries authority of Spain (“Secretaria General de Pesca”) and to DG MARRE. ClientEarth monitoring the progress on the implementation of the IUU Regulation through 10 key criteria (e.g., number of officials involved in controls, number of fish imports refused, among others). Interviews were carried out with the national authority to cross-check information, when possible. An analysis of the IT system, SICGPI, was also carried out.

Mr Marchais provided an overview of the volume of imports and number of catch certificates, including number of catch certificates presented for authorisation in Spain per year, and the total volume of imports into Spain in tonnes per year. Over the years, the quantity of imports implementing the IUU Regulation increased. He also provided an overview of the tracking of progress for selected indicators. The key findings (including the 2020/2021 biennial reports) were that there is progress in several areas of the implementation of the IUU Regulation (e.g., officials involved in controls, checking all catch certifications for third-country fishery products, risk assessment approach, refusal of validation of catch certificates and imports, IT tool). There was also stagnation/decrease in other areas of control (e.g., number of requests for verifications sent to third-country authorities, prosecution of IUU fishing activities, and number of refusal of imports).

Mr Marchais outlined several recommendations to the European Commission: publication of biennial reports of the Member States online; conducting of audits in Member States to verify the accuracy of the data provided; improvement of the questionnaire guidelines and clarity; requesting information on all sanctions imposed (not only on serious infringements); taking action against Member States which do not report or report late; and providing feedback to Member States to ensure consistency in reporting by Member States. As for recommendations to Spain: reporting in time, making information available and continuing to improve, wherever necessary, the data provided; continuing to move forward, maintaining and improving the system in areas with high level of performance; improving the procedure for the prosecution of IUU fishing activities; leading in the use of CATCH (testing, feedback, etc.); and carrying out an impact assessment of the efficacy of the control system.

Under the report on digitalisation controls, ClientEarth commented on the “different stage” that Member States have reached in the process of catch certificates digitalisation, including analysis of the biennial reports and questionnaires, encouraging Member States that do not have an IT tool to start using CATCH on a voluntary basis, and drawing attention to the lack of a level-playing-field within Europe when it comes to digitised import control systems. Mr Marchais provided an overview of the IT tools among Member States: 13 Member States do not have established IT tools and continue to verify catch certificates on paper, 13 Member States have IT tools in place, five of the IT tools



specifically include a module for re-exportation of imported catches, there is little detail for three Member States, and seven Member States have IT tools with integrated risk identification.

In terms of key findings and recommendations: there is an overall lack of level-playing-field within the EU, so uneven standards can create loopholes for products linked to IUU fishing. Member States have improved the verification of the legality of imports, but there is a need to access a single EU database to avoid double use of catch certificates, fraudulent catch certificates, and overuse of catch certificates. Member States should start using CATCH on a voluntary basis and establish a shared risk management at EU level. Additional focus on a parallel trade flow analysis should be given, both by making the data more easily available and by including this feature in future versions of CATCH. The European Commission should enhance the transparency of the conclusions and recommendations made following inspections and audits by fishery inspectors (DG MARE and EFCA) by publishing the inspection and audit reports related to fisheries control in EU Member States and non-EU countries. The use of CATCH by third countries should be promoted.

As for next steps, ClientEarth will update the report on Spain, carry out an analysis at EU-level, undertake a study on IUU risks associated with specific species, follow the switch to CATCH, and follow implementation reports from the European Commission and the European Court of Auditors. The commissioning of an EU-wide study about DNA testing could be considered.

- **Exchange of views & way forward**

Christine Absil (Good Fish), considering the number of years since the proposal of CATCH, wondered why it was taking several years to become a mandatory tool.

The Chair explained that the CATCH IT system is foreseen under the revision of the Fisheries Control Regulation, which is being negotiated since May 2018. CATCH will become mandatory with this revision, but it might still require significant time as there are many conflictual points pending in this process (which in fact are not linked to the CATCH proposal, this part of the draft legislation being quite consensual).

Miguel Lizaso (DG MARE) stated that he could contact the responsible unit in MARE to request additional information, if needed.

The Chair, concerning the suggestion of a potential study on DNA testing, emphasised that DNA testing remains quite risky and complex, because there can be contamination between products. There is a lack of quantitative information. At present, DNA testing would be not practical.

Quentin Marchais (ClientEarth) responded that was the reason for the doubts on commissioning a study on DNA testing. Even though it is quite complex, there is expertise on the matter. The aim would be to help update the existing data on the quantity of IUU products in the market.

Patrick Murphy (IS&WFPO), concerning the figures on control officers, wondered if the increase in the number of officers was only related to Spain or whether other countries also increase their number of officers.



Quentin Marchais (ClientEarth) responded that the analysis was carried out only for Spain, but that his organisation would like to expand it.

Julien Daudu (EJF) highlighted that the EU IUU Coalition would be publishing a report in November that provides data for other countries. Under the assessment of the volume of IUU fishing, it is important to update this data. Mr Daudu informed that FAO was working on the matter. In the past five years, EJF made similar recommendations to those of ClientEarth. The resources must be strengthened at the Commission and national levels.

The Chair informed that, in the following months, two additional reports on IUU fishing would be published by NGOs. Presentations of the two reports foreseen to be scheduled in the agenda of the January 2023 meeting. In terms of way forward, once the presentations take place, the Working Group can assess and potentially develop an advice.

EU Taxonomy for Sustainable Initiatives

- **Exchange of views on development of Technical Screening Criteria for Fishing Activities**

The Chair recalled that a first presentation by DG MARE took place at the March 2022 meeting. A second presentation by DG FISMA took place at the May 2022 meeting. A first written consultation took place from 23 June to 7 July 2022, while a second urgent written consultation took place from 31 August to 8 September 2022.

The Secretary General explained that, under the second written consultation, five OIG members expressed dissenting views to be included in the draft advice. Under that consultation, FEAP requested the inclusion of footnote 8, which explains that FEAP proposed an aquaculture expert to the Platform for Sustainable Finance, but that the expert was not selected.

The Working Group proceeded to consider the amendments proposed to the draft advice “EU Taxonomy for Sustainable Activities and Draft Technical Screening Criteria for Fishing Activities”.

Rosalie Tukker (Europêche) emphasised that several consultations took place in the MAC. Therefore, the dissenting views should be recorded, but the adoption of the draft advice should go forward.

The Secretary General explained that the dissenting views came from several members, so these were recorded in the main text. Since MSC was not part of the dissenting position, it was recorded as coming from “five of the six OIG members of the Executive Committee”. The majority position was referred to as “the majority position of the members of the MAC”.

Jennifer Reeves (MSC) highlighted that there was no reply from the Platform Sustainable Finance to the comments submitted by her organisation under the public consultation. In her view, the text introduced by the five OIG members gave the impression that the process to develop Technical Screening Criteria for Fishing Activities had been quite open, when, in practice, the concerns of MSC were not considered. Ms Reeves wondered about the reference to “multiple instances”, since there had only been one public call for feedback on the draft report of the Platform for Sustainable Finance.



Vanya Vulperhorst (Oceana) responded that, in the first place, there had been a call for experts, which was later followed by the public consultation on the draft criteria. That is what the five OIG members were referring to with “multiple instances”.

Jennifer Reeves (MSC) highlighted that the selection procedure for the Platform on Sustainable Finance took place in 2020, while the public consultation on the Platform’s draft report took place in August 2021. MSC even contacted WWF about how to be more involved in the drafting of these criteria, as was the case for the Forest Stewardship Council in the drafting of screening criteria for forestry activities. Ms Reeves argued that participation of stakeholders could not take place only once per year and called for a more open proceed. She expressed concern regarding the first paragraph of section 2, which describes the establishment of the Platform, since it gives the idea that many expert members were selected, when the vast majority of the parties did actually not have expertise on fisheries activities.

Vanya Vulperhorst (Oceana) clarified that the first paragraph of section 2 was drafted by the Secretariat, not by the five dissenting OIG members.

Christine Absil (Good Fish) argued that the main problem was that members had not been well informed about the taxonomy initiative. Ms Absil requested additional time to internally check if her organisation could support all the dissenting positions in the text.

- **Way forward**

The Chair suggested the possibility of a targeted Zoom meetings to address the specific issue raised by Good Fish. The Chair emphasised that the purpose of the agenda item had been to conclude the work on the draft advice.

The Secretary General recalled that the European Commission was expected to adopt the draft delegated act in October or November 2022. Therefore, it was important to proceed with the adoption of the draft advice as soon as possible.

Jennifer Reeves (MSC) suggested that Good Fish could check the minority positions that day and inform the Secretariat on the positions they support.

The Secretary General agreed with the suggestion of Ms Reeves, adding that Ms Absil could be provided with some additional days to determine which dissenting positions she supported.

Christine Absil (Good Fish) committed to informing the Secretariat on the position of her organisation before the General Assembly meeting taking place the next day.

The Chair proposed, as way forward, that following the clarification of the position of Good Fish, the draft advice would be put forward to the Executive Committee for adoption via urgent written procedure.



Focus Group on Trade

- **Consideration of draft Terms of Reference**

The Chair recalled that, based on the work of the Initial Focus Group on Trade, the MAC adopted a first piece of advice on improvement of data on trade policy instruments. MARE B3 sent a letter requesting further time to prepare a reply. The Chair also recalled that, at the previous meeting, draft Terms of Reference for a new Focus Group on Trade were considered. Working Group 2 deemed the draft Terms of Reference to be too broad. Therefore, prior to the meeting, the Chair, the Chair of the Initial Focus Group on Trade, and the Secretary General prepared a new version of the draft Terms of Reference, which was circulated to the members.

Sean O'Donoghue (KFO) stated that new version of the draft Terms of Reference was significantly better than the previous version. Mr O'Donoghue underlined that several issues still needed to be resolved. The draft gave the impression that the Focus Group would provide recommendations. As previously discussed by the Executive Committee, the purpose of the Focus Group should be to collect factual information, not to provide recommendations. Mr O'Donoghue called for additional precision in the Terms of Reference, since many tasks are foreseen and are quite complex. The Initial Focus Group on Trade achieved very positive results.

Yannis Pelekanakis (FEAP), in relation to the “proposed outcomes” section, suggested to expand “EU market supply” to “EU market supply and production”. In his view, the Focus Group should not work only on the imports, but also on the side effects, if any, on the EU production, not forgetting aquaculture.

- **Way forward**

The Chair thanked Mr Pelekanakis for the suggestion. The Chair agreed with Mr O'Donoghue's proposal of further discussion. The Chair proposed to include an agenda item to consider the draft Terms of Reference under the draft agenda of the January 2023 meeting.

Outermost Regions Advisory Council

- **Reporting back on General Assembly and Working Group meetings (13-15 September 2022) by Pierre Commère, Chair of Working Group 2**

The Chair informed that, under the collaboration with CCRUP on IUU matters, there was an invitation to participate in the General Assembly and Working Group meetings of the CCRUP, which he attended. For the Outermost Regions, one of the major topics is the collection of data. It is a complex issue due to the level of development across the different Outermost Regions. The Chair noted, unlike in the MAC, there were representatives from the three relevant Member States attending the entirety of the CCRUP meetings. Nevertheless, there was no Commission representative attending. The Chair emphasised the importance of maintaining cooperation with CCRUP.



AOB

None.

Summary of action points

- Scientific, Technical and Economic Committee for Fisheries (STECF):
 - o Draft advice on the Economic Report on the Fish Processing Industry, particularly on improved data collection, to be developed
- Banning Forced Labour:
 - o Briefing note of EJF, Oceana, TNC, WWF and Anti-Slavery International to be circulated
 - o Following the circulation of the briefing note, the Secretariat to consult the members, via email, about their interest in the development of draft advice
- Trade Agreements & Trade Policy Instruments:
 - o Continue monitoring developments on the revision of the Union Customs Code and on the WTO Agreement on Fisheries Subsidies
- EU Taxonomy for Sustainable Initiatives:
 - o Good Fish to send a clarification of their position by the next day
 - o Following the clarification, draft advice to be put forward to the Executive Committee for adoption via urgent written procedure
- Illegal, Unreported and Unregulated (IUU) Fishing & Global Governance:
 - o Presentation of the two upcoming studies of the EU IUU Coalition and of ClientEarth to be scheduled under the draft agenda of the January 2023 meeting
 - o Following the presentations, Working Group 2 to assess and potentially develop advice
- Focus Group on Trade:
 - o Broader consideration of the draft Terms of Reference to be scheduled under the draft agenda of the January 2023 meeting



Attendance List

Representative	Organisation	Role
Alen Lovrinov	Omega 3 Producers Organisation	Member
Alexandra Philippe	Market Advisory Council (MAC)	Secretariat
Alexandre Cornet	WWF	Member
Anna Boulova	FRUCOM	Member
Batuhan Özcelik	Marine Stewardship Council (MSC)	Member
Bruno Guillaumie	European Molluscs' Producers Association (EMPA)	Member
Christine Absil	Good Fish	Member
Daniel Voces	Europêche	Member
Fabio Appel	European Commission	Expert
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 Høj Mathiesen	Danish Seafood Association	Member
Juan Manuel Trujillo Castillo	European Transport Workers' Federation (ETF)	Member
Juana Maria Parada Guinaldo	OR.PA.GU.	Member
Julien Daudu	Environmental Justice Foundation (EJF)	Member
Katarina Sipic	EU Fish Processors and Traders Association (AIPCE) / European Federation of National Organizations of Importers and Exporters of Fish (CEP)	Member
Loretta Malvarosa	NISEA	Expert
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
Mike Turenhout	Visfederatie	Member
Miguel Lizaso	European Commission	Expert



Representative	Organisation	Role
Noémie Jegou	Market Advisory Council (MAC)	Secretariat
Pablo Iraeta	Spain	Observer
Patrick Murphy	Irish South & West Fish Producers Organisation (IS&WFPO)	Member
Paul Martin Brennan	European Commission	Expert
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)	Chair
Pim Visser	VisNed	Member
Quentin Marchais	ClientEarth	Member
Rosalie Tukker	Europêche	Member
Sean O'Donoghue	Killybegs Fishermen's Organisation (KFO)	Member
Sergio López García	OPP Puerto de Burela	Member
Tamás Maczák	European Commission	Expert
Thomas Kruse	Danish Fishermen PO Danish Fishermen P.O. / Danish Pelagic Producers Organisation (DPPO)	Member
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

