

Advice

Market measures put in place by Producer Organisations to adjust and stabilise the market of fishery and aquaculture products

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1. Background

With the 2013 reform of the Common Market Organisation (CMO), Producer Organisations (POs) were given a central role in fishery and aquaculture product market management. POs are tasked with:

- Improving marketing conditions for their members' fish products
- Improving economic profitability
- Stabilising markets

Furthermore, through the provisions of the CMO, POs are granted derogations to the EU competition rules under certain conditions.

Market intervention by POs has been central to limiting the impacts on the fisheries and aquaculture value chain, particularly on producers' profitability in the context of the recent crisis faced by the sector: Covid-19¹, Brexit² and fuel crisis³.

In 2023, the MAC published a roadmap to better communicate on the role and actions of EU Producer Organisations when it comes to fishery and aquaculture products⁴. The objective of the present advice is to list market measures that are put in place by POs to adjust and stabilise the market.

2. Market measures set up by POs

¹ <https://marketac.eu/covid-19-pandemic/>

² <https://marketac.eu/brexit/>

³ <https://marketac.eu/disturbances-in-the-market-of-fisheries-and-aquaculture-products-due-to-the-russian-invasion-of-ukraine/>

⁴ <https://marketac.eu/awareness-on-the-role-of-pos/>

To meet the objectives of improving marketing conditions for their members' fish products, improving economic profitability, and stabilizing markets, EUPOs have set up the following measures:

- Fleet management
- Minimum price purchase mechanism, storage mechanism & unsold goods
- Landing forecasts
- Marketing, communication and brand development
- Supply chain discussions

The list of market measures are examples set up by EAPO members and they differ from one member state to another. Please note that each example is followed by a brief account of events that transpired amidst the Covid-19 crisis.

2.1. Fleet Management

Producer Organisations also manage their members' fleet to achieve best marketing and improved valorisation of fisheries resources. This is mostly done by limiting the quantity landed (fishing trip, week, month) to avoid overcrowding the market, limit spikes and guarantee stability in prices. The following measures can be set up:

- Prohibit the landing of certain less-valued sizes. If members land these species, they are subject to penalties, within the limits of the Landing Obligation rules.
- Coordinate landings to spread out supply over several days.
- When the seasonality of species allows it, keep quota available for periods of high demand (end-of-year holidays, for example).
- Quota swaps with other POs to have the combination of quota best suited for their members' needs.

Overall, in each PO, members discuss quota division and catch measures over the available quota every year. This allows them to include market aspects and spread the activity of vessels over the year. Finally, on a yearly basis, POs work with their national administration to best divide quotas between members based on their needs.

During the COVID-19 pandemic, POs limited their members' landings to avoid flooding the market. To do so, they planned landings and fishing trips at a POs level, limited landings per vessels and distributed these plans to buyers.

2.2. Minimum price purchase mechanism, storage mechanism & unsold goods

Using the derogation given to POs by the CMO, POs are allowed to set up market intervention through a minimum price purchase mechanism. This means that for specific species, POs set a minimum price per species to guarantee a minimum price to producers. This can be done by the PO or its subsidiary. Prices are set based on trends in production and demand, stabilisation of market prices, convergence of the markets, the producers' income, and in the interests of consumers.

Products that are purchased by POs are then sold to alternative buyers as to limit competition with traditional markets. Purchased products can then be processed and sold under a collective brand to add value to unsold or purchased products through the purchase order system. Remaining products are stored to be sold when the market allows it.

It is important to note that not all species are covered by purchase orders. Most of the time, this is limited to the most important species and depends on the POs and auctions sites.

E.g., in Sète, France, SATHOAN has set up purchase orders on more than 25 species and more than 150 unique Species/Caliber/Packaging/Freshness. Overall, purchase orders account for 3-7% of yearly landings.

On a sidenote, some POs have set up an insurance mechanism to promote online purchasing systems.

POs must also deal with unsold landings. They develop lines of processed products or freeze the products to sell them when prices or demands increase. The same measures also apply to landings bought using purchase orders.

During the COVID-19 pandemic, POs used purchase orders to buy unsold landings and pay fishers for their trip.

2.3. Landing forecasts

Information is key when ensuring offer and demand can meet. POs make the connection between producers and buyers. They send producers what the market needs and inform buyers of what will be landed.

POs can work to define an agenda to manage and organise ship arrivals to best match production with market needs. It can be completed with detailed forecasts of incoming landings at a regional level. These forecasts can be done daily or weekly and include auction prices and amounts of each species landed.

POs can set up landings forecast when unforeseen events occur. These events can either be non-standard market situations such as Covid, significant landings of one species or difficult weather conditions. POs can also provide fixed subsidies to members from the PO's reserves.

During the COVID-19 pandemic, POs had setup a crisis unit to provide daily updates to both producers and buyers. They had decided to limit quantities, organize vessel rotations and spread the landings over several days.

2.4. Marketing, communication and brand development

Fisheries POs also work to ensure their members make the most out of their landings. Usually, POs participate in certification and other similar schemes to increase market value, for example quality certifications, ecolabels, processes.

POs take part in fairs to promote their certified products or to develop specific outlets for low value or unknown species. In France, POs have worked with their members to set up an interbranch organisation dedicated to promoting *Ikejime* fish. By carrying out marketing projects with other stakeholders of the supply chain, POs work to increase value of products that have irregular or seasonal landings.

During the COVID-19 pandemic, POs collaborated with the supply chain to update consumers about the market situation and encouraged them to purchase fish.

2.5. Supply chain cooperation

Producer Organisations are also key players in leading market discussions with the rest of the supply chain to ensure offer is met. When fishers land important volumes of certain species, they work with retailers to ensure that it can be sold. In a similar fashion, when retailers plan to promote certain species, POs make sure that the product is available. POs can also advise on what species can be promoted.

During the COVID-19 pandemic, weekly meetings were held with all the players of the supply chain to best adjust landings to the market's needs. This led to the implementation of a crisis unit to provide day to day updates on the state of the market.

3. Recommendations

- a)** Market stability is key to ensuring profitability across the fisheries and aquaculture supply chain, particularly for EU producers, by limiting the offer and price reduction. The MAC recommends that, when a significant crisis is identified, the Commission should adopt the necessary measures to support the sector, such as flexibility under State aid rules and financial compensations under the EMFAF, including compensation to POs for the implementation of storage aid.
- b)** POs are pivotal players both to ensure market stability and profitability for their members, and, more generally, for meeting the objectives of the CFP. As POs are funded by their members and by the EMFAF through their Production and Marketing Plans, the MAC calls on Member States to ensure an equal implementation and funding of PMPs across the Union.
- c)** To guarantee market stability, the best implementation of the CFP, fair competition in the common market, and to achieve the objectives of the European Green Deal and the Farm to Fork Strategy, the MAC believes that the Commission and the Member States should take measures that prioritise sustainably produced fisheries and aquaculture products, aiming for high environmental, social and economic standards, while also considering the benefits of local sourcing.