



EAPO
H. Baelskaai 20
8400 Oostende - Belgium
Tel: +32 59 43 20 05
e-mail: info@eapo.com
website: www.eapo.com

EUROPECHE
Rue Montoyer 24
1000 Brussels – Belgium
Tel: +32 2 230 26 80
e-mail: europa@europa.org
website: www.europa.org

DG MARE - European Commission
Unit A4: Economic Analysis, Markets and Impact
Assessment
1049 BRUSSELS

EAPO20-08 / EP(20)22

Brussels / Oostende, 17 March 2020

Industry commitment to continue to supply seafood to EU consumers

As a responsible industry we will do our utmost to continue with the supply of safe and healthy seafood during this crisis. As one of the essential sectors of the European food supply chain it is crucial that governments – be it national or European – devise and take measures that allow, or better, encourage fishermen to continue with their fishing activities and supply European consumers with seafood.

Existing and expected effects of this crisis on fishing activities

Operational Level:

- Possible restrictions on port operations in third countries
- Possible logistical difficulties for unloading frozen whole fish in European ports. It is necessary to prioritize them to maintain a good supply
- Restrictions on the shipment of merchandise and goods by air and sea by reducing frequencies, destinations and offers
- Exporting to or importing in to countries such as Egypt and Nigeria (is now upside down)
- Long distance Fisheries will be affected by possible quarantines, leading to non-possibility of crew changes

- Increase of shipping freight rates due to lack of availability. In the Netherlands our members are faced with non-availability of (reefer) containers or at high prices (300% increase in relation to last year)
- Bankruptcy, insolvency, abandonment of the insurance companies sector: the fleet cannot operate without coverage policies, if there is a strong economic impact, mandatory coverage must be guaranteed

Commercial level:

- A common concern for all EU fleets is the collapse in first-sale prices, including expensive species
- Delays in issuing documentation related to the catch, such as health certificates, catch certificates, etc. These goods should be given priority for unloading and supply to the food industry
- Difficulties in receiving payments due to restrictions caused by teleworking on clients, delays in unilateral payments
- Difficulties in certain financial procedures due to absences by telework in financial entities, such as the purchase of currency, restrictions on the financing of working capital. Aid must be offered so that the fleet can have liquidity
- Loss of local markets because of ban on tourism in European coastal areas yesterday that hits especially small scale fishermen
- In Ireland, the nephrops, whitefish and brown crab fleets that rely heavily on exportations to the Chinese, Italian, Spanish and French markets have seen huge prices drops and market closures. This is also the case for other species in many countries. This led to the fishing activity being suspended and the whole seafood industry sector is affected. For pelagic fisheries, another issue is the availability of cold storage that is running low. The spread of the disease means that these consequences are only early ones and that a growing number of issues will appear in the coming days
- Many EU countries are faced with a drop to about zero of all sales to restaurants and food services. No income with labour costs (fixed contracts) continuing. The species related to this market segment (high priced niche market) have dropped with over 40% and a further reduction is expected
- Closure of schools, factories, administrations means also closure of canteens so caterer do not buy any more.

On a human and crew level

- Regular medical care in foreign ports
- There is no protocol for action in the event of quarantine on European fishing vessels in foreign ports
- Temporary impossibility of repatriating sailors or making crew changes. Physicians should be available for cases of repatriation of sick or injured
- Drug supply difficulties for the fleet
- Difficulty supplying protection means such as masks, gloves, etc.

Europêche-EAPO proposals

As in so many other sectors, also the fishing industry is experiencing an unprecedented crisis due to the escalating protectionist measures taken by EU governments to avoid the spread of the coronavirus infection "COVID-19". The socio-economic consequences faced by the industry are twofold: 1) trade and value chain disruptions as well as evaporating market demand resulting in falling price levels; 2) temporary cessation of fishing operations.

In addition to the proposal 2020/0043 (COD), the fishing sector has identified a set of measures to effectively tackle the already severe problems that are expected to exacerbate and spread further across the Union as the COVID-19 deepens its presence in our societies and Member States implement increasingly drastic measures. In this context, the industry requests to:

- Give fishermen the option to carry over more than the existing 10% of their fishing quotas to next year – as defined under the Flexibility Regulation or art 15(9) of the Basic Regulation. This measure has been implemented in 2014 and 2015 for pelagic species to tackle the very serious market disruptions at the time due to the Russian trade sanctions in combination with the crisis in the Nigerian market. The wider application of such 'augmented flex' for banking up to 25% of the quota applicable to all commercial fish species would be extremely important.
- Establish minimum price mechanisms through POs, in which the State helps finance these activities, ensuring that intervention prices are fair prices, that would cover the operational expenses.
- Guarantee through state emergency plans that the logistic services can distribute seafood products at fair prices that:
 - Avoid excessive costs to the producer
 - Avoid excessive prices to the consumer and sale price that is proportional to intervened priced at origin.
- Adopt a set of measures that guarantee the logistical need of crews and vessels:
 - Transport of fish
 - Transport of crews
 - Transport of gear and supplies needed to continue the activity
 - Transport of spares and other repair
 - Health protocols adjusted to the different fleets and that do not provoke a freeze 1of activity
 - Guarantee of movements of crews between vessels and home towns
 - Guarantee supplying protection means such as masks, gloves, etc. to crews and fish auction halls personnel

For those fishing companies forced to cease operations for imperative reasons such as protective measures taken by national authorities to avoid the spread of the COVID-19, designation of high risk areas, crew infections or lack of market demand, the sector urges the

Commission to perform the following necessary legislative changes and adjust national operational EMFF programmes through high-speed procedures as follows:

- To urgently modify Art. 33 of the Regulation 508/2014 to include the possibility for EU fishermen and operators to receive allowances and compensation under the current EMFF for the temporary cessation of their activities under the events described in temporary cessation, for direct (affected and quarantine) and indirect (trade and marketing of the product) reasons related to health crisis such as the coronavirus one. In this respect, the limits set in paragraphs 2 and 3 should not be applicable for the temporary cessation for coronavirus.
- To amend Art.66 of the Regulation 508/2014 on production and marketing plans to allow for the preparation and implementation of revised marketing plans with increased expenditure support
- To amend Art. 67 of Regulation 508/2014, to extend the possibility of support for storage under the specific circumstances of the application of contingency measures for coronavirus. The support referred to shall not be subject to any period of prescription.
- To amend Art. 3.2 of Regulation 717/2014 to temporarily uncap the "de minimis" aid (i.e. remove the limit of EUR 30.000 per company over a period of three fiscal years) in order to be able to adapt the financial aid to the businesses situation.
- Article 4.1. of the Guidelines for the examination of State aid to the fishery and aquaculture sector (2015/C 217/01) establishes the possibility to compensate the damage caused by exceptional occurrences. The industry requests the option to provide this financial aid through the EMFF and therefore a legislative modification of the latter fund is required.
- In order to deal with this situation and unless there is additional financial support, the sector requests the possibility to reprogram the national operational plans to reallocate and transfer unused funding between priorities so it can be destined to mitigate the impact of the coronavirus where needed as well as increase the ceilings involved in the Regulation as necessary.
- Given the situation of state aid to the industry, it should be taken into account that if new measures or changes are set under other Funds to compensate the agri-food industry, these should be reflected in parallel in the fisheries and aquaculture state aid regulations. Finally, Europêche and EAPO welcome the announcement of President Ursula von der Leyen on Friday 13th March, that the European Union will launch a €37 billion investment initiative as part of a package of measures to cushion the bloc's economies from the impact of coronavirus. The seafood sector will have to be taken into account and supported through this investment initiative.

Specific considerations

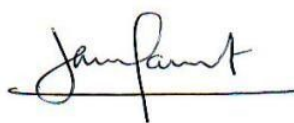
In addition to these EU level measure, EAPO and Europêche call on Member States to introduce national measures such as VAT reduction and tax exemptions or deferrals.

In view of the current developments, it seems only logical to aim at extending the Brexit transition period with another 12 months at least, although we realise that also the UK has to agree with such decision.

Finally, as all efforts must focus on the crisis at hand, we call for temporarily pausing the current legislative and regulatory processes.

A handwritten signature in blue ink, consisting of a stylized 'P' and 'V' followed by the name 'VISSEER' in capital letters.

Pim Visser
President of the European Association
of Fish Producers Organisations (EAPO)

A handwritten signature in blue ink, appearing to read 'Javier Garat' in a cursive script.

Javier Garat
President of the Association of National
Organisations of Fishing Enterprises in the EU