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OPINION n° 94 : "New market intervention mechanisms"

1/ BACKGROUND

The proposed opinion was addressed during the meeting of the Pelagic Group and ICCAT, held in Madrid on 24 April 2014 and during the Lisbon meeting on 28 October 2014.

Council regulation (EC) No 104/200 of 17 December 1999, which established the common organisation of markets in the fishery and aquaculture products sector, regulated the use of various policy tools such as the WITHDRAWAL (no return to human consumption), the CARRY-OVER (with return to human consumption), the PRIVATE STORAGE (with return to human consumption) and COMPENSATION FOR TUNA.

These mechanisms are very complex to manage both for governments and producer organisations.

Therefore, we agree with the provisions of the new regulation providing for the common organisation of markets (EU Regulation No. 1379/2013 of the European Parliament and the Council of 11 December) which, to stabilise markets, provides for one single mechanism, the "STORAGE MECHANISM", simplifying administration and improving its governance between the POs and the Member States.

However, the current mechanism will only be applied for 5 years, which means that it will remain in force until 2018, as envisaged in the European Maritime and Fisheries Fund Regulations proposal.

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2/ ANALYSIS

2.1 The mechanisms were introduced when the market suffered serious disruption significantly lowering prices, at a time when it was necessary to adopt measures to restore normal market conditions.

2.2 The mechanisms were used to stabilise prices by fixing the withdrawal prices currently called the "trigger prices", which are supposed to guarantee a security margin so that fishermen still get an income when it iss not possible to market their products.

2.3 With the current mechanism (the storage mechanism), the only interventions consist in processing and storing fish, **with a view to future human consumption, thus avoiding wasting fishery products, especially with the current extensive shortage of fish.**

2.4 The use of the trigger price, in addition to a method of intervention necessitates a means of evaluating fishery products, as it is in no way acceptable that products be placed on the market at prices lower than those previously defined by Member States, and the limits and conditions must still be complied with.

2.5 Within the EU, there are customs duties, which were suspended following the fleet's failure to reach sufficient production levels, in order to maintain the processing industries, a point on which we agree, but these measures must in no way generate the supply of products from third-party countries at abnormally low prices and it must be recognized that this leads to disturbances which in most cases, cause the prices of our products to fall. Any action taken in this regard must therefore be temporary and non-discriminatory, reason enough for us to consider the maintenance of intervention as crucial.

Buyers allowed to acquire products at first sale know that if they offer much lower prices than those set by the Member State (the trigger price), POs may use this mechanism to postpone the sale concerned, because, below the trigger price, producers don't manage to cover production costs in most cases.

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Organisations of small scale producers have sometimes been accused of poor planning of their supply relative to demand, and fishing much higher quantities than the market demands at a given time. We want to stress that our product is supposed to be sold fresh for human consumption, in contrast to other industrial fleets that process the fish protein into flour for animal feed. We also observe strict quotas of species subject to the TAC, with, in order to do so, very short periods of fishing.

Therefore, in our capacity as organisations of fisheries producers, we seek to improve profitability for our partners, trying to balance supply and demand, seeking efficiency in costs, and improving the environment by reducing emissions and fishing fewer days per year.

3 / RECOMMENDATION FOR THE ATTENTION OF THE EUROPEAN COMMISSION

Of the amount attributed to the operation of the new European Maritime and Fisheries Fund (EMFF), which for the period of application, is EUR 6500 million, only EUR 45 million is intended for financial compensation (by applying the mechanism we have mentioned) for all Member States and for the 5 years during which, in principle, it is expected to remain in force.
The cost of this is very low compared to the benefit it brings us. We, the producer organisations would rather not have to use the storage mechanism, since this would mean that the market is behaving without distortions and that producers are able to obtain an adequate return.

Maintaining storage mechanism will allow:
► guarantee a minimum return for fishermen by strengthening their position on the market,
► support stability on markets,
► assist in achieving one of the main objectives of the common fisheries policy (CFP) by contributing to the reduction of discarding and

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► it will promote the achievement of objectives of the common organisation of markets through producer organisations.

Given the points raised, we seek the permanent maintenance of the intervention mechanism, beyond the year 2018, and **we propose the deletion of EMFF Article 67.2. This proposal was made after carrying out a review of 2014. Over this year, the Spanish producer organisations of the Cantabria and North West used the intervention mechanism for 8,094,693 kilos. In France, in order to illustrate the significance of these figures, the producer organisation 'Pêcheurs de Bretagne' used the intervention mechanism for 2300 tonnes over the same year.**

Furthermore, EMFF Article 67.1 provides that the quantities eligible for storage aid not exceed 15% of the annual quantities of the products sold by the producer organisation and limits the annual financial aid such that it not exceed 2% of the average annual value of production marketed by the members of the producer organisation during the period 2009-2011.

This difference between the 15% of the quantities offered for sale and 2% of aid to cover technical costs is insufficient for the proper management of products stocked by the producer organisation. Therefore, we request **an increase in the 2% currently mentioned in EMFF Article 67.1.c to a maximum of 5% of the annual production marketed, and an increase to 18% of the percentage set at 15% in Article 67.1.b.**

It is also very important for producer organisations to find out very quickly what the new EMFF can support in terms of production and marketing programs.

Finally, and in view of the above, increasing the sum constituting the EMFF from EUR 45 million to EUR 90 million for the period from 2014-2020 period seems appropriate.