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WORKING DOCUMENT

on the optimisation of the value chain in the EU fisheries sector
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Committee on Fisheries

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Description

The definition of the value chain is the point of departure for this own-initiative report. The value chain encompasses a wide range of activities that are carried out to bring a product or service from its starting point to the end-use consumer[1]. In the case of fisheries products, this process involves the extraction of fish, transport, arrival at port, processing (in the case of frozen products) and sale. Logistics, marketing, sales and human resources link each stage of production.

This own-initiative report seeks to analyse the production process in the fishing industry. The main objective is to find out what can be improved so that processors and local fishermen can retain most of the value generated. An optimisation of these processes can help get the most from the product and revitalise the economy of local fishing communities. Given that the extractive fisheries sector and fishing activity is becoming increasingly limited, such an analysis is worth carrying out to maximise the benefit derived from it.

If fishermen and local producers were to retain the value generated, this could contribute positively to local communities, by constituting a dynamic, profitable and sustainable economic activity. It would also be important in terms of employment, especially in order to help retain the population in these communities, attracting young, educated people, making the sector attractive for this segment of the population. At the same time, the sector would benefit from professionals with appropriate training to improve innovation.

Background and context

The EU is the largest marketer of fishery and aquaculture products in the world in terms of value. In 2015, EU consumers spent EUR 54000 million on fishery and aquaculture products, the highest figure ever recorded. In 2014, the value of products landed in the EU amounted to EUR 7300 million, 8 % more than the average for the decade. Community landings amounted to 4.5 million tonnes, the highest level in the last 7 years.

On the other hand, employment in the fisheries sector is concentrated in a few countries. Spain alone accounts for a quarter of all jobs across the EU, and the four countries with the highest levels of employment in the fisheries sector (Spain, Italy, Greece and Portugal) account for around 70%. Some 3500 enterprises focus on the processing of fish. This sector employed 123000 people across the EU between 2008 and 2012. Of these, 55% were women, and 86% were employed in firms with fewer than 50 people[2].

Purpose of the working document

The working document constitutes a preliminary stage to the actual report due, in principle, in December 2017. The aim of this document is to present the priorities to be included in the report; given that it is a vast topic, it is necessary to determine which aspects will be covered, bearing in mind that the EU has already produced a great deal of information on the subject. It will also serve as an initial frame for the future own-initiative report.

[1] DE BACKER K., MIROUDOT S.; “Mapping global value chains”. *Working Party of the Trade Committee.* OECD Trade Policy Paper No. 159. December 2013.
[2] EUMOFA; *The EU fish market*, European Commission, 2016, pp. 1-3.

Situation of the value chain

An initial contact with the fisheries sector through a workshop on Production and Marketing Plans – organised by the Market Advisory Council – lead to the conclusion that one of the key challenges would be to include the value chain in production and marketing plans with the aim of adapting supply to demand, thus ensuring that European consumers find products that meet their needs, taking into account the differences in tastes according to region, age and educational level, among other variables[1].

Upon a first look at the issues, the difficulty in accessing funds and bureaucratic hurdles stand out. Currently, the main role of producers organisations lies in managing fishing quotas. The sector demands a greater empowerment of producers organisations, appropriate use of regionalisation and a differentiation of support instruments, and that these be adapted to different types of producers organisations and their needs.

In the preparation of this report, we plan to consult producers organisations, ship-owners, intermediate bodies – such as national and regional governments – Local Action Groups (FLAGs), the Market Advisory Council and other stakeholders. Despite the wealth of information that exists, it would be interesting to hear first-hand about the experiences and new challenges faced by marketers, e.g. online sales or changes in consumption patterns.

Thematic coverage of the own-initiative report

The own-initiative report on '*the status of fish stocks and the socio-economic situation of the fishing sector in the Mediterranean*' (2016/2079 (INI)) called on the Commission and Member States to promote the complete use of funding from the European Maritime and Fisheries Fund (EMFF) and the European Neighbourhood Instrument, in particular to improve social conditions, to make work pay, and to enhance vocational training and the role of women in the fisheries and related sectors.
It also noted that the socio-economic situation in the sector had deteriorated for different reasons, including the decline of fish stocks, the drop in the value of fish at first sale and the rise in the cost of fuel.

The report aims to examine how the effective use of existing resources can be improved and what proposals can be made to maximise their value, using existing instruments both under the EMFF and the CMO (Common Market Organisation). It is perhaps worth promoting mechanisms to encourage a debate on this matter, in the same way that, in 2011, the European Commission published its *Green Paper on promotion measures and information provision for agricultural products: a reinforced value-added European strategy for promoting the tastes of Europe.*

Main axes on which to focus the report

As this is a vast topic and a complex scenario, it has been decided to focus the report on several thematic axes.

[1] TNS OPINION & SOCIAL. Special Eurobarometer 450, *EU consumer habits regarding fishery and aquaculture products*, European Commission, January 2017.

Firstly, distribution and the impact of its concentration among a limited number of organisations. It would be interesting to study the impact that this is having on price fixing, the disappearance of traditional points of sale and how it affects local economies. The main distribution channels in the EU for processed and frozen products are supermarkets and hypermarkets, but this is not the case with fresh products. These retailers have a 40% market share[1].

Secondly, employment and human resources are crucial elements in the analysis of the value chain. The sector often complains about the lack of qualified staff. The lack of young professionals is a hindrance for the modernisation and improvement of the sector. It would be interesting to know more about this problem: what is needed, what do training centres offer and how an improvement in this respect could help to keep the population in fishing communities.

As regards the marketing of the product, an initial contact with VisNed (the Netherlands producers organisation), the producers organisation from Lugo (Spain) and the Danish producers organisation shows that the main challenges are the planning of production, improvement of marketing and communication, the adaptation of sales plans to the needs of each organisation, the acceleration and simplification of the application procedure for EMFF funds, market research and greater innovation, among others.

Other considerations that the report will seek to take into account are those related to the environmental and socioeconomic sustainability of the fleet. Support for small-scale fishing and the need to analyse the work of Local Action Groups to date, which in many places around Europe have pushed forward various initiatives with very good results in the maritime fisheries sector. The work of FLAGs should be maintained throughout the production chain, from the channelling of funds to the development of projects[2].

The value chain differs substantially depending on whether it relates to small-scale fishing or industrial fishing. Looking at the extractive sector alone, small and medium scale fishing employs 77708 fishermen in Europe, while industrial scale fishing employs 68593 across the whole of Europe[3]. Given the difficulties of addressing a market such as the European one, where the consumption trends are subject to many variables, the aim is to set up a list of good practices and experiences that create synergies in the sector.

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[1] DIRECTORATE-GENERAL FOR INTERNAL POLICIES. POLICY DEPARTMENT B AND COHESION POLICIES, *Seafood integration in the EU*, September 2016. P-29

[2] VERONESI M. MAES S. ‘ Boosting business along the fisheries value chain’ , Farnet, European Commission, 2017

[3] STECF. The 2017 Annual Economic Report on the EU Fishing Fleet (STECF 17-12), European Commission, 2017 P.63

Questions

- How does the change in the distribution model affect the fishing communities?
- What can be improved to ensure that vocational training centres offer what the sector requires?
- What are the main areas for innovation?
- How can the utilization of existing mechanisms (EMFF, CMO) be improved, why are the available instruments and funds not being used and what can be done to improve this?
- What is going wrong and why does the funding not reach the sector?
- How can administrative procedures be simplified?
- What mechanisms can be put in place to improve the perception of the product (labelling, designation of origin for fishery products, promotion and advertising)?