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*Committee on Fisheries*

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## **DRAFT REPORT**

on the situation and future prospects of the European fishing sector in the context of the Free Trade Agreement between the EU and Thailand  
(2013/2179(INI))

Committee on Fisheries

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## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
EXPLANATORY MEMORANDUM .....	8

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the situation and future prospects of the European fishing sector in the context of the Free Trade Agreement between the EU and Thailand  
(2013/2179(INI))**

*The European Parliament,*

- having regard to Article 3(5) TEU on the EU's relations with the rest of the world,
  - having regard to Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing<sup>1</sup>,
  - having regard to the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A renewed EU strategy 2011-14 for Corporate Social Responsibility (COM(2011)0681),
  - having regard to written questions E-000618/2013 and E-002894/2013 and the Commission's answers,
  - having regard to its resolution of 22 November 2012 on the external dimension of the common fisheries policy<sup>2</sup>,
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Fisheries and the opinion of the Committee on International Trade (A7-0000/2013),
- A. whereas the European fishing sector is exiting a period of crisis that has affected the catch, processing and aquaculture sectors and this situation has dramatically weakened its competitiveness, particularly when the global market is being liberalised and at the same time, certain developing countries with abundant marine resources are starting to emerge as new fishing powers;
- B. whereas the European fishing and processing industry is vital in terms of securing the supply of food to European citizens and a basis for the livelihood of coastal areas, and the survival of the sector will be jeopardised if the EU liberalises trade in fishery products with developing countries that wish to export their products to the key Community market, especially if they are offered zero duty;
- C. whereas the EU is the world's largest importer of fishery products and its dependence on imports makes the Community market highly attractive to exporters, particularly bearing in mind that demand for fishery products in the EU is rising by 1.5% a year;

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<sup>1</sup> OJ L 286, 29.10.2008, p. 1.

<sup>2</sup> Texts adopted, P7\_TA(2012)0461.

- D. whereas Thailand is the world's main producer of canned tuna, with 46% of world production, and its exports of canned tuna to the EU amount to almost 20% of all Community imports from third countries, the US, EU and Japan being the main destination markets for exports of fishery products from Thailand;
- E. whereas Thailand is the world's main importer of fresh, chilled and frozen tuna for its canning industry;
- F. whereas 80% of tuna is consumed in tinned form and, according to the most recent data available from the FAO's FISHSTAT database, 21% of world output of canned and prepared tuna is produced in the EU, whilst the remaining 79% is produced in third countries, most of them developing countries;
- G. whereas the signing of an EU-Asean (Southeast Asian) free-trade agreement (FTA) has been a priority objective for the EU since 2007, the intention being to include Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei and Vietnam, and the lack of progress in the negotiations on this regional agreement has led to the opening of bilateral negotiations with Asean member countries, including Thailand, with a political commitment to conclude the FTA within two years;
- H. whereas, if Thailand, Indonesia and the Philippines are included in the central and western Pacific region, the region's production of canned tuna accounts for almost half of world production;
- I. whereas the changes that have occurred in relation to producers of canned tuna and the production of tuna loins have been accompanied by a trend towards global supply to processing countries with low production costs located close to the raw material (such as Thailand, the Philippines, Indonesia, Papua New Guinea and Ecuador), and the number of countries involved in the production and export of canned tuna is rising;
- J. whereas Thailand and the Philippines are the main exporting countries of prepared and canned tuna to the EU, and imports from Thailand have risen by 20% whilst those from the Philippines have fallen by 5%;
- K. whereas a tariff reduction for canned and prepared tuna would represent a serious erosion of the preferences enjoyed by ACP countries and the beneficiaries of the generalised system of preferences (GSP+), under which third countries undertake to comply with certain policies on matters such as respect for human rights, labour, the environment and good governance in exchange for tariff preferences;
- L. whereas a tariff reduction would also distort the European market, since the bulk of the EU tuna canning industry is located in regions that are heavily dependent on fisheries, such as Galicia, Brittany, the Azores, the Basque Country and Sardinia, and whereas the EU tuna industry is the world's second largest producer of canned tuna and its activity is crucial in terms of creating value added and generating employment within the EU, guaranteeing the highest possible social, environmental and health and hygiene protection standards;
- M. whereas the main aim of the preferential rules of origin is to establish the existence of a

sufficient economic link between the products imported into the EU and the countries benefiting from the preferences granted by it, in order to ensure that those preferences are not wrongfully diverted to other countries for which they were not intended;

- N. whereas when we talk about trade in fishery products we are talking about trade in a natural resource whose sustainability is influenced by a wide range of factors, including sound management, control of illegal fishing, pollution, climate change and market demand; whereas all these external factors affect international trade in fishery products and, consequently, fishery products should be considered as sensitive products that may be given special protection;
- O. whereas an adequate and constant supply of raw material is essential for the continued existence and economic development of tuna processing companies in the EU;
- P. whereas the World Trade Organisation (WTO) argues that free trade is an instrument for growth whose objective is sustainable development in social, economic and environmental terms;
- Q. whereas trade rules therefore represent a basic and fundamental tool in order to ensure that trade is beneficial and achieve the objectives of protecting health and the environment and guaranteeing proper management of natural resources;
- R. whereas globalisation has significantly increased the volume of fish traded internationally and there is widespread concern that many producer countries lack sufficient resources to manage and/or exploit fish stocks sustainably, guarantee an adequate level of health and hygiene protection, mitigate the environmental impact of fishing and aquaculture, and guarantee respect for human rights in general;
- S. whereas some of the EU's trade partners show weaknesses in relation to the three aspects of the sustainable development of fisheries: social, economic and environmental;
- T. whereas the sustainable management of tuna stocks is guaranteed by the five regional fisheries organisations (RFOs) for tuna, and international cooperation between states and with the RFOs is vital in order to safeguard the sustainability of the resource;
- U. whereas both the ILO and various NGOs (EJF and Finnwatch) have recently uncovered serious shortcomings with regard to social and labour conditions and respect for human rights in the Thai industry; whereas the media have reported and the Government of Thailand has acknowledged that a section of the Thai fishing industry uses forced labour performed by immigrants who are victims of people trafficking, and that two multinational tuna canning companies in Thailand use child labour;
- V. whereas according to the FAO it is common practice for Thai fishing vessels to be seized by neighbouring coastal states and their captains accused of illegal fishing or illegal intrusion into their EEZ;
- W. whereas in 2013 the Spanish authorities refused permission for tuna from tuna vessels flying the flag of Ghana to be landed and marketed on the grounds that those vessels were involved in illegal, unreported and unregulated (IUU) fishing, since they had failed to

comply with ICCAT management measures, and private companies based in Thailand had a stake in most of the tuna vessels concerned;

- X. whereas numerous consignments of canned tuna imported from Thailand have been rejected in the EU in the past months owing to their inadequate heat treatment, which is essential in order to neutralise microorganisms which would otherwise pose a risk to human health;
1. Urges the Commission to ensure that European canned and prepared fish and shellfish are considered sensitive products;
  2. Calls for access to the EU market for canned and prepared fish and shellfish from Thailand to remain subject to the current tariff and thus to be excluded from tariff liberalisation, so as to safeguard the competitiveness of the Community tuna industry and preserve the significant activity and social dimension associated with the tuna industry in the EU (25 000 direct and 54 000 indirect jobs);
  3. Calls for rigorous impact assessments to be carried out where appropriate, before any type of tariff concessions or any other rules are applied, in order to analyse and assess the impact that those concessions or rules may have on the EU seafood processing and marketing industry;
  4. Urges the EU to include the application of strict rules of origin in the EU-Thailand Free Trade Agreement, based on the concept of 'wholly obtained' products; considers, likewise, that the 'no-drawback' rule should be applied systematically and that Thailand should not be granted regional cumulation of origin or any cumulation with neighbouring countries;
  5. Urges the Commission to ensure that the necessary guarantees are secured from Thailand in order to prevent IUU fishing and the marketing of IUU fish products;
  6. Demands a guarantee that all operators in the sector, in both the EU and third countries, comply with the same competition rules in order to ensure a level playing field; takes the view that this should specifically entail compliance with international conventions on labour, respect for human rights and labour rights, environmental protection, the fight against illegal fishing and compliance with EU health and hygiene standards; takes the view that, to this end, the FTA should include a mechanism for monitoring and supervising compliance with these rules;
  7. Calls for the FTA to include a requirement for compliance with International Labour Organisation conventions and greater transparency and traceability in the Thai fisheries sector, so that fishing activities can be monitored;
  8. Urges that product traceability be guaranteed as a vital element in protecting human health and the environment, as well as a fundamental factor and basic tool in controlling illegal fishing;
  9. Calls for the FTA to remain consistent with other Community policies and with the promotion of corporate social responsibility strategies; calls for safeguard clauses to be laid down;

10. Calls for reciprocity in market access and the elimination of any kind of discrimination in the services sector;
11. Hopes that Thailand, as the world's largest exporter of canned tuna, will participate in and cooperate with the three RFOs for tuna in the region, i.e.: the Inter-American Tropical Tuna Commission, the Western and Central Pacific Fisheries Commission and the South Pacific Regional Fisheries Management Organisation, as well as the Indian Ocean tuna RFO, of which it is a member;
12. Supports the existence of a policy for the conservation and sustainable management of fishery resources;
13. Instructs its President to forward this resolution to the Council and Commission.

## **EXPLANATORY MEMORANDUM**

### **1. THE EU FISHERIES SECTOR**

Europe's fisheries sector faces a number of challenges: the fishing sector as such is having to cope with rising fuel costs, a shortage of manpower and quota restrictions. The processing sector is suffering from limited supplies of raw materials and competition from imports from third countries. The aquaculture sector is also faced with competition from imports, low prices for certain species, strict environmental regulations and conflicts over the use of space.

The situation currently experienced by the European fisheries sector dramatically weakens its competitive position, especially when the global market is being liberalised and certain developing countries with abundant marine resources are starting to become the new fishing powers.

The survival of the European fisheries sector will be at risk if the EU liberalises trade in fisheries products with developing countries that are keen to export their products to the lucrative EU market, especially if zero tariffs are on offer.

The EU is the world's largest importer of fishery products. 25% of supplies to this market in the EU come from the fishing sector, 10% from the European aquaculture sector and 65% from imports. With this high degree of dependence on imports, the EU market is very attractive for exporters, especially considering that demand for fishery products in the EU is growing at a rate of 1.5% a year.

The European fishing and fish-processing industry is essential to supply food to European citizens and to support the livelihood of coastal areas. Securing its future is, and should be, an important policy objective for the EU.

### **2. FISHERIES IN THAILAND**

Thailand is one of the world's leading fish-producing countries. Its favourable geographical position in the Western Pacific helps explain its high annual fish production figures, which have grown phenomenally over the last 30 years.

Aquaculture is an important sector in Thailand, and has historical roots in the country. The most widely cultivated species are Nile tilapia and shrimp. Other species of commercial interest for export are green mussels, barramundi and grouper.

Thailand's main markets are the USA, the EU and Japan. In terms of the total export value, shrimp products and canned tuna are the most important. Thailand is in fact the world's largest producer of canned tuna, accounting for 31% of global production (out of the 46% total for Asian countries). Its exports of canned tuna to the EU account for almost 20% of total EU imports from third countries. In addition, however, Thailand is the largest importer of chilled and frozen fresh tuna for its canning industry.



### 3. TUNA FISHING

Tuna are highly migratory species that travel long distances during their life cycle and are present mainly in the high seas, as well as in waters under the national jurisdiction of coastal States.

The main catches by volume worldwide are skipjack (*Katsuwonus pelamis*) (50%), yellowfin (*Thunnus albacares*) (32%) and bigeye (*Thunnus obesus*) (11%). Albacore (*Thunnus alalunga*) and bluefin (*Thunnus thynnus*) are caught in smaller quantities. The Pacific Ocean is the largest tuna fishing ground accounting for 64% of total world production, followed by the Indian Ocean on 25%, and the Atlantic on 11%. There has been a rapid increase in catches by seiners, which now account for the majority of catches. Longline fishing is losing importance in general, although it still plays a major role in small-scale fisheries.

Bigeye and yellowfin tuna catches have increased in the Indian and Pacific Oceans and fallen in the Atlantic after having peaked in the 1990s. The level of exploitation of tropical tuna (bigeye, skipjack and yellowfin) is healthy, with appropriate management programmes defined by RFMOs operating in each ocean.

World tuna catch volumes are stable at around 4.2 million tonnes, with no significant increase expected in this figure. 80% of all tuna is consumed as tinned tuna.

### 4. TRADE IN FISHERY PRODUCTS

The WTO advocates free trade as an instrument for growth which is consistent with the objective of sustainable development.

#### **Fish is a 'sensitive product'**

Trade in fishery products entails trade in a natural resource and, as such, has special features that can be classified by the WTO in the following categories: uneven geographical distribution, depletion, environmental impact related to exploitation/consumption, market variability.

The sustainability of the resource is influenced by various factors: the existence of an adequate system of fisheries management, control over illegal fishing, the regulation of fishing methods, the prevention of overfishing, cooperation within Regional Fisheries Management Organisations (RFMOs) and with third parties in managing migratory resources, and other factors such as pollution and climate change. All these aspects affecting the sustainability of fisheries have an impact on the international supply market. On the other hand, market demand, consumer preferences and prices affect fisheries exploitation and production patterns.

Given all these external factors affecting international trade in fishery products, fishery products must be considered as sensitive products liable to be subject to special protection.

#### **A global market in fishery products**

The development of fishing technology has resulted in an increase in global production, which in turn has boosted trade. The demand for fish cannot always be met on a regional basis, making supply increasingly global.

Given that globalisation has dramatically increased the volume of fish traded internationally, and especially considering that the world population is now over 7 billion, there is widespread concern that many producing countries lack sufficient means to manage and/or exploit fish stocks sustainably, ensure an adequate level of hygiene and health protection, mitigate the environmental impact of fishing and aquaculture and ensure respect for human rights in general.

As a result, importing countries have a tendency to introduce non-tariff measures in relation to concerns about public health and hygiene, safety and environmental quality, among others.

Trade rules are therefore a basic and fundamental tool not only to ensure that trade is advantageous, but also to achieve objectives relating to environmental protection and proper management of natural resources.

Recognising the importance of exports of fishery products for certain developing/underdeveloped countries, the EU offers tariff preferences under the GSP system, while ACP countries are exempt from any tariff. The EU also concludes association and free trade agreements.

However, some of the EU's trading partners display failings when it comes to the social, economic and environmental aspects of the sustainable development of fisheries.

### **The tuna processing industry**

The production of canned tuna in the Western and Central Pacific accounts for almost half of world production if we include Thailand, Indonesia and the Philippines in the region. The Pacific, including the eastern Pacific, produces three-quarters of the world total.

Thailand has, since the 1990s, become the largest producer of canned tuna in the world, accounting for 31% of world production, followed by Spain on 14%. In recent years, new producers have appeared in South-east Asia (Indonesia and the Philippines), Central America (Mexico), and the Indian Ocean (Madagascar, Seychelles, Mauritius and Iran). Ecuador has also begun to emerge as one of the largest producers of canned tuna.

Exports of canned tuna to the EU have increased mainly because of the tariff preferences granted by the EU to third countries.

The changes in the countries producing canned tuna and tuna loins are coupled with the trend towards global sourcing from low-production-cost processing countries located close to the raw material (e.g. Thailand, the Philippines, Indonesia, Papua New Guinea and Ecuador). Sometimes the establishment of canning industries has been subject to access to the resources of the country's exclusive economic zone, with the result that the number of countries involved in the production and export of canned tuna has increased.

In Europe, the production process accounts for 80% of the production cost of a can of tuna. Transshipment costs are reduced when transporting tuna steaks (60% of the weight) rather than whole tuna and they can also be transported in containers. This explains the preference for importing tuna loins rather than whole fresh or frozen tuna.

Cost-cutting at the different stages of production is the focus of the tuna-processing industry, which is characterised by its economies of scale and concentration.

## **5. FREE TRADE AGREEMENT BETWEEN THE EU AND THAILAND**

### **General points**

The conclusion of an FTA between the EU and ASEAN has been a major objective for the EU since 2007 when it opened negotiations with the South-east Asian nations (ASEAN) with the intention of concluding a joint agreement with 7 of its 10 member states (Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei and Vietnam).

However, given the lack of progress in regional trade negotiations between the EU and ASEAN, the European Commission announced the opening of bilateral negotiations in 2009. Thus, the EU has concluded agreements with South Korea and Singapore, is in negotiations with Malaysia, Vietnam and Thailand, and is preparing the way for negotiations with the Philippines and Brunei.

The first round of negotiations with Thailand began in May, and both sides have expressed a political commitment to conclude an FTA within two years.

Thailand and the Philippines are the main exporters of prepared and canned tuna to the EU. Imports from Thailand have increased by 20% and those from the Philippines have fallen by 5%.

### **Supply of raw materials**

A sufficient and constant supply of raw materials is essential for the continuation and economic development of tuna processing companies. The raw material used is whole fresh or frozen tuna, mostly in the form of loins.

The supply of this raw material is affected by a number of problems:

- the supply of raw material for the European canning industry comes both from catches by the European fleet (skipjack, yellowfin and bigeye) and imports from third countries. However, there is no guarantee that catches by the European fleet in the Indian-Pacific area are landed in European ports because basic market rules dictate that many of these catches are sold directly in South-east Asia;
- with respect to imports from third countries, the largest global provider of tuna loins is Ecuador – currently a GSP + country – which has significantly reduced its supply to Europe because it is developing its canning industry. Other countries, such as Indonesia, have banned the export of whole tuna;

- the Parties to the Nauru Agreement (PNA) in the Pacific, whose waters contain 50% of the total world catch, link access to licences to catch tuna in this area to processing of that catch in the PNA area, which means that the aforementioned catches are impossible to access for canning in Europe;
- the European canning industry is unable to gain access to other quotas like that of Mexico, because this fishery cannot be described as 'dolphin-free', plus local industries have stopped producing loins;
- nor should we forget that the illegal fishing regulation has meant that the EU industry cannot access 35% of all the tuna fished worldwide;
- the tariff quota for tuna loins for 2013-2015 of 22 000 tonnes at 0% duty is not enough, because it runs out in the first months of the year.

If the supply of tuna loins is not sufficient, this would boost imports of canned tuna and result in a severe and irreversible loss of jobs in the European canning industry.

### **Tariffs and erosion**

Tariffs play a key role in providing sufficient defence for national sectors of industry in order to stimulate their competitiveness and development. However, the trend in international trade and WTO rules is towards market liberalisation through the reduction and possible elimination of tariffs.

Under the WTO Doha negotiations, tariff reductions are decided by applying the so-called 'Swiss formula'. This formula applies as a general rule to all non-agricultural products by providing a new tariff rate. Since tuna is considered an industrial product that is part of the 'Non-Agricultural Market Access' (NAMA) regime, the Swiss formula would apply to canned tuna and EU's 24% tariff would be reduced. This regime does not allow the specificities of a particular and sensitive sector such as canned tuna to be taken into account, or the economic sensitivities of producing countries.

Products from exhaustible natural resources, such as fisheries, should be differentiated from non-agricultural products.

Reducing European tariffs for canned and processed tuna would lead to serious erosion in third countries and in the EU production sector. There would be an erosion of preferences for the ACP countries and the beneficiaries of the GSP + system, under which the beneficiary third countries, in exchange for obtaining tariff preferences, undertake to comply with certain laudable policies such as respect for human and labour rights, the environment and good governance. Furthermore, tariff cuts could encourage overfishing and illegal fishing and damage fair trade.

The tariff reduction would also distort the European market since the bulk of the tuna-canning industry in the EU is located in regions heavily dependent on fishing, such as Galicia, Brittany, the Azores, the Basque Country and Sardinia.

The closure of industries would make it very difficult to re-employ the workers laid off, especially middle-aged women with few qualifications, which, in the case of Spain, means 15 375 direct jobs.

In fact, a study<sup>1</sup> carried out by the European Commission states that the dismantling of tariffs in any form would have negative socioeconomic effects on the European tuna sector. These effects would be difficult for any food processing sector to overcome: losses of 20-25% of its economic wealth and 30-40% of its jobs. These percentages need to be seen in relation to rounded figures for the economic parameters for the reference situation in the tuna sector of European interest (based in Europe and in associated ACP and GSP third countries in Central and South America): turnover of around 2 billion euros, primary added value of around 800 million euros and 80 000 to 100 000 direct and indirect jobs.

All these circumstances should justify maintaining current tariffs for canned fish and seafood, which should be considered as sensitive products. Both the 1604 and 1605 tariff headings should therefore be excluded from liberalisation.

### **Rules of origin**

In recent years EU trade negotiators have tended to agree more easily to derogations from the rules on preferential origin traditionally applied to fishery and aquaculture products, including both raw products (criteria for determining vessels' nationality) and processed products (possible continuation of preferential status despite the use of non-originating raw materials).

Thailand is a member of ASEAN, which is the world's largest group of competitors to the EU in the canned tuna sector. For the European tuna sector, it is vital that the EU does not offer the regional accumulation of rules of origin to Thailand. The EU should retain control of the trade preferences it grants to specific partners by insisting on the application of strict rules of origin based on the concept of 'wholly obtained' products. The so-called 'non-drawback' rule should be applied systematically and origin cumulation possibilities should be limited.

At the regional level of the negotiations on the Economic Partnership Agreement with the Pacific ACP countries, a derogation from the rules of origin should not be granted, since that would upset the balance of the market and entail a competitive disadvantage for the EU industry.

In order to avert the risks inherent in an extension of the derogation on rules of origin, guarantees would need to be obtained that IUU fisheries products would not be able to benefit from that derogation.

### **Sustainable development and trade**

Article 3(5) TEU establishes that in its relations with the rest of the world, the EU shall uphold and promote its values and interests and shall contribute to the sustainable

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<sup>1</sup> The European tuna sector: economic situation, prospects and analysis of the impact of the liberalisation of trade. European Commission (2005).

[http://ec.europa.eu/fisheries/documentation/studies/study\\_tuna/tuna\\_2005\\_en.pdf](http://ec.europa.eu/fisheries/documentation/studies/study_tuna/tuna_2005_en.pdf)

development of the Earth, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of children, as well as to the strict observance and the development of international law.

### **1. Conservation of natural resources and sustainable exploitation**

There are three tuna RFMOs in the Pacific: the Inter-American Tropical Tuna Commission, the Western and Central Pacific Fisheries Commission and the South Pacific Regional Fisheries Management Organisation. Thailand, as a major exporter of tuna, should be a member and collaborate with them.

Tuna fisheries interact with other fish species, marine mammals and their habitat as a whole on a global level, and the EU is the world's second-largest importer of tuna products.

The FTA between the EU and Thailand should include a clause on Thailand guaranteeing the sustainable management of fisheries resources in collaboration with all RFMOs and with strict control measures in port.

### **2. Corporate social responsibility (CSR)**

The European Parliament adopted resolution A7-0290/2012 based on the Communication on the external dimension of the CFP, requesting the promotion of CSR strategies, through which companies voluntarily take action to achieve social and environmental goals while carrying out their economic activities.

### **3. Respect for human rights;**

As already shown in this report, it has recently been confirmed by different international organisations and NGOs that certain sections of the Thai fishing industry benefit from forced labour by immigrants who are the subject of human trafficking, a fact which has been recognised by the government of Thailand itself.

On the other hand, Parliament has also denounced the fact that two Thai multinational tuna canning firms, Unicord and Thai Union Manufacturing, use child labour (E-002894-13).

The FTA should require compliance with International Labour Organisation Conventions and demand greater transparency and traceability in the Thai fishing industry so as to allow the monitoring of fishing activities, including working conditions in the fishing fleet.

### **4. Illegal, unregulated and unreported fishing (IUU)**

IUU fishing is a global problem with a devastating environmental and socio-economic impact because it is a threat to the sustainable exploitation of resources and contributes to unfair competition on the fishery products market.

The EU adopted Regulation (EC) No 1005/2008 to deter IUU fishing. Under this regulation, authorities in the Member States may refuse imports of fishery products from countries

identified by the EU as non-cooperating countries in the fight against illegal fishing.

According to the FAO, it is common for Thai fishing boats to be seized by neighbouring coastal states, and their captains accused of illegal fishing or illegal intrusion into the EEZ.

During the course of 2013, the Spanish authorities refused permission for the landing and marketing of tuna from tuna-fishing vessels flying the Ghanaian flag as they were involved in IUU fishing through their failure to comply with ICCAT management measures. Private companies in Thailand had stakes in most of these vessels.

## **5. Health and hygiene standards and traceability**

In recent months the EU has rejected a number of consignments of canned tuna imported from Thailand because of inadequate heat treatment. This treatment is essential to neutralise microorganisms that would otherwise present a hazard to human health. This highlights shortcomings in control of the production process by the Hazard Analysis and Critical Control Point (HACCP) system.

With the market experiencing full globalisation, in which goods of different origin go through the many steps that make up the chain to the final consumer, the traceability of products is a vital element of food safety, compliance with which should be a requirement of the FTA.

### **MINIMUM REQUIREMENTS TO BE GUARANTEED BY THE FTA**

- Canned and processed fish and shellfish are sensitive products for EU production.
- Access for Thai canned and processed tuna to the EU market should continue to be subject to the current general tariff and thus excluded from tariff liberalisation under the FTA.
- Compliance with sound and consistent preferential rules of origin should be required, without any exemptions being granted and cumulation with third countries should not be possible.
- The traceability of products should be ensured as an essential element of human health protection and environmental protection and should be a basic tool to control illegal fishing.
- All operators in the sector, both in the EU and third countries, must comply with the same rules of competition, in order to ensure a 'level playing field'. More specifically, this should entail compliance with international labour conventions, respect for human rights, environmental protection, the fight against illegal fishing, and compliance with EU health and hygiene standards. The FTA should include a mechanism to track and monitor compliance.
- Before making concessions on tariffs or on any regulations, rigorous impact studies should be conducted to analyse and assess what effect these may have on the EU seafood processing and marketing industry.

- Reciprocity of access to markets.
- Consistency with other EU policies.
- Establishment of safeguard clauses.

In the field of services, it is necessary to address the discriminatory requirement that 100% of the capital of foreign investors wishing to invest in the technology sector is foreign capital.