



LDAC Opinion

EU autonomous tariff quotas (ATQs) for certain fishery products

Tuna loins for the period 2021-2023

July 2020

This the output of 3 LDAC dedicated virtual Focus Groups held in June 2020 and adopted by the Executive Committee following a fast track consultation (art XXV LDAC rules of procedure)

1. Rationale

The present opinion aims to inform the preparation of the new set of autonomous tariff quotas (ATQs) by the EU that will replace those established in Council Regulation (EU) 2018/1977 of 11 December 2018 opening and providing for the management of autonomous Union tariff quotas for certain fishery products for the period 2019-2020¹.

Tariff quotas approved on the basis of Article 31 of the Treaty of the Functioning of the European Union (TFEU)² constitute an exception to the normal state of affairs since they permit, during the period of validity of the measure and for a limited quantity, the total (total suspension) or partial waiver (partial suspension) of the normal duties applicable to imported goods (antidumping duties are not affected by these suspensions)³.

As stated in Council Regulation (EU) 2018/1977, the sensitivity of individual fishery products on the Union market should be taken into consideration to guarantee a level playing field for the Union producers.

ATQs are granted for raw materials or semi-finished products not available in the EU, or which are available but not in sufficient quantities. The ATQs for certain fishery products are therefore part of a general EU tariff quota system that covers various EU industrial sectors. The role of the ATQs is to stimulate economic activity of Union industries, improving their competitive capacity, creating employment, modernising structures, and providing for an equal footing with seafood processing outside the EU. When identical, equivalent or substitute products are manufactured in sufficient quantities within the EU or by producers in a third country/territory with preferential tariff arrangements, the granting of a quota is normally excluded. The same applies where the measure could result in a distortion of competition in respect of the final products⁴.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02018R1977-20190101>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT>

³ https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/tariff-quotas_en

⁴ [Ibid](#)

The ATQs for certain fisheries products were defined with the objective of ensuring the supply and allow the European canning industry to have access to raw material insufficiently available on the EU market without any duty, or with a reduced tariff.

ATQ for tuna loins is currently set at 30,000 tons/year at zero-duty tariff (for products dedicated to processing into 1604 products - end use clause), having increased progressively and continuously since 1997, when it applied to 1,000 tonnes at a reduced tariff of 12%, representing 2% of the total tuna loin imported into the EU at that time. These are precooked loins under headings 16041426 (skipjack), 16041436 (yellowfin) and 16041446 (other).

The conventional most-favoured-nation (MFN) duty for tuna loins is 24%, the highest tariff for seafood that is not applied for most other major species intended for processing. This is also one of the highest *ad valorem* tariffs in the whole EU Customs tariff system (fisheries and industrial products). Raw tuna filets under 0304 can be imported at 18%, but are not used for canning.

It should be recalled that the tuna fleets around the globe supply frozen whole tuna and therefore frozen tuna loins are not produced in the EU, since these are semi-finished products imported from third countries. Some EU processing industries have adapted their factory floor and equipment to produce both canned products from whole tuna and from tuna loins. According to the EU importers and processors, the non-supply of these products could cause an irreversible investment and lead to delocalization and job loss.

Tuna loins can come from countries with preferential agreements, whether autonomous (GSP+ or EBA), or bilateral, such as EPAs or FTAs, which benefit a zero-duty tariff on the condition of complying with strict rules of origin, e.g. the flag state.

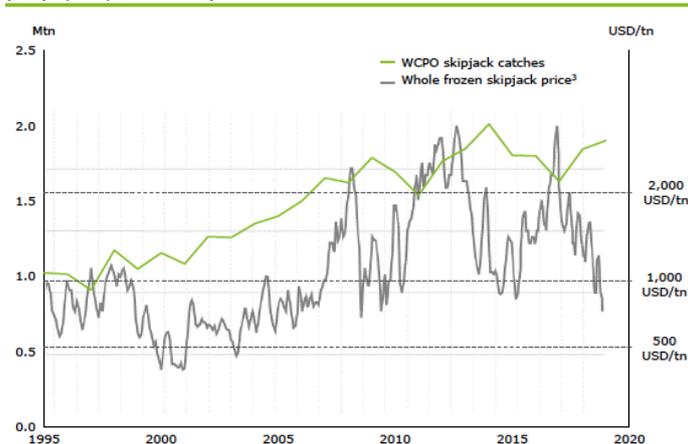
According to the EU importers/processors, the rules of origin are limiting the volumes available to import in the EU in the frame of the preferential arrangement, so the ATQ instrument acts as a complementary instrument allowing EU tuna canning industry to benefit from additional procurement.

2. Key elements for analysis on ATQs:

2.1. Factsheets and figures for the EU tuna catching and processing industries

The European Union tuna catching fishing sector has a strategic relevance for the EU because of its economic (+8Bn€ gross value added generated by EU tuna catches of ~600 800M€) and social contribution (~4,000 direct and ~40,000 indirect employments including EU and non EU nationals) to Europe and to the European tuna value chain (e.g. shipyards, processors)⁵. A set of tuna supply dynamics impact the EU whole frozen tuna market, which is mainly affected by the increasing of tuna catch volumes in the western and central Pacific Ocean (WCPO), increasing import volumes of low-price tuna loins which combined with ATQs are pushing down whole frozen tuna prices to 1,000 USD/t (price levels of the 90's).

Whole frozen skipjack prices in Bangkok (CFR¹) vs. WCPO² catch volumes
(USD/tn; Mtn; 1995-2019E)



(1) Cost and Freight: The seller is responsible for delivering the goods at the specified port specified by the buyer, as well as reserving and paying for the transport of the goods to the port of destination (without taking into account the insurance); (2) Western & Central Pacific Ocean; (3) SKJ1.8:BKK Frozen Skipjack Whole Round 1.8 kg UP CFR Bangkok
Source: FAO; Atuna; Monitor Deloitte

However, conclusions cannot be drawn using the data on one single species and from only one port of landing, as in this case, the port of Vigo⁶. The Monitor Deloitte graph on average shows an increase in both captures and price (20% increase in price on average) for this specie, regardless the quantity of tuna loins ATQ.

⁵ Source: © 2020 Deloitte Consulting, S.L.U. Monitor Deloitte:

Project Value - Impact of the ATQs on tuna processed loins on the European tuna market

⁶ For example, [Pobra do Caramiñal \(A Coruña/Spain\)](#) one of the three world leading ports where tuna is unloaded in Europe, moving more than 100,000 tons of tuna a year, should be taken into consideration, among other.

The European Union tuna canning sector has a strategic relevance for the EU because of its economic (direct average PRODCOM value of 2708 million €/year over the 3 last available years 2016 to 2018) and social contribution (20,140 direct jobs in the EU and 60,660 indirect jobs in the supporting sectors in EU members States). It manufactures an average of 360,000 tons of canned tuna per year (46% of the EU market needs), which equals to approximately 600,000 tons of whole tuna.

Source PRODCOM – VALUE Millions € & Volume 1000 TONS - prepared & preserved tuna

Extracted on	2020/07/08 14:45:33
INDICATORS	PRODVAL
PRCCODE	Prepared or preserved tuna, skipjack and Atlantic bonito, whole or in pieces (excluding minced products and prepared meals and dishes)
Back to TOC	
	average 2016-2018
DECL/PERIOD	Millions €
EU27TOTALS_2020	2 708
Spain	1 709
Italy	681
Portugal	148
France	99
Others	71

2.2. General issues identified and agreed by the LDAC:

- i. The CFP⁷ aims to contribute to the supplying of highly nutritional food to the Union market and to reducing the Union market's dependence on food imports. Furthermore, the Farm to Fork Strategy⁸ will support legislative initiatives to support the position of primary producers in the food chain and non-legislative initiatives to improve transparency. The EU's goals are to reduce the environmental and climate footprint of the EU food system and strengthen its resilience, ensure food security in the face of climate change and biodiversity loss and lead a global transition towards competitive sustainability from farm to fork and tapping into new opportunities. This means: preserving the affordability of food, while generating fairer economic returns in the supply chain, so that ultimately the most sustainable food also becomes the most affordable, fostering the competitiveness of the EU supply sector, promoting fair trade, creating new business opportunities, while ensuring integrity of the single market and occupational health and safety. In the context of this strategy, the Commission will continue closely monitoring food security, as well as competitiveness of producers and food operators.⁹
- ii. According to the 2015 DG MARE Lot 2 Final report for Study on the possibility to ensure a smarter supply policy for the processing industry and evaluation of the EU Regulation N^o 1220/2012¹⁰, the main objective of the (ATQ) intervention is to ensure the competitiveness of the EU fish processing industry without harming EU producers. The ATQ Regulation is expected to support growth and maintain employment in the sector while providing stable supply at reasonable price to consumers and is effective in supporting both growth and employment.
- iii. The fishery products imported under the ATQ regime must comply with all the requirements for import into the EU.

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013R1380>

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590404602495&uri=CELEX%3A52020DC0381>

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590404602495&uri=CELEX%3A52020DC0381>

¹⁰ https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/smarter-supply-policy-for-fish-processing_en.pdf

Views from the EU tuna processing industry (AIPCE-CEP and ANFACO)

- iv. In the report quoted above for all ATQ regime in present and previous regulations (not only referred to tuna loins but all products subject to this regime), the foregone custom duties (EUR 220 million - supporting creation of EUR 540 million value-added by the EU fish processing industry, meaning that every EUR 1 custom duty foregone generates between EUR 2.5 and EUR 3 value-added by the industry) represent approximately 3% of the value added generated by the industry and the number of full-time equivalent (FTE) jobs supported by the ATQ regime lies between 3 000 and 4 000, representing between 3% and 4% of the total number of FTEs in the EU fish processing industry.
- v. With an average annual production of more than 370,000 tonnes, the EU canned tuna industry supplies around 46% of the EU market, with Spain, Italy, Portugal and France being the main producers.
- vi. Under most trade agreements processed products can be imported at zero rate or reduced rates, and this is the case with canned tuna against a rule of origin that protects local and EU fleets (the exception being Papua New Guinea which benefits of zero tariff without the constraint of the rule of origin – Global Sourcing).
- vii. Not all these countries deliver precooked tuna loins, or they do not have an interest because exporting cans (finished product) is more economically attractive, as they want to maximize the added value at home.
- viii. They also may not have enough raw material qualified against the rule of origin. One example is Ecuador, which has moved in recent years from tuna loins supplier to exporting tuna cans, representing 33% of the total volume of imported canned tuna in the EU:

EU imports of canned and preparations of fishery and aquaculture products from Ecuador

Volume (tons)

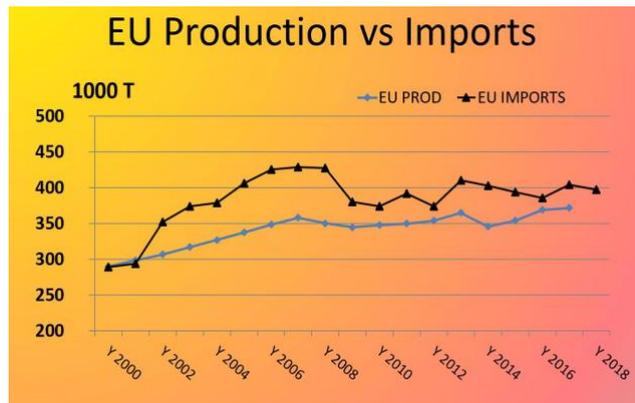
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Canned tuna	62,404	71,563	73,841	84,168	88,468	72,998	78,778	94,857	100,539	119,992
Tuna loins	37,211	36,459	34,236	35,796	25,365	39,544	38,871	51,940	42,077	43,914
Others	989	1,699	1,390	1,197	2,005	1,900	2,028	2,030	2,139	2,183
TOTAL	100,603	109,721	109,468	121,161	115,838	114,443	119,677	148,828	144,755	166,089

Source: EUROSTAT

In the view of AIPCE-CEP, Ecuador is therefore one of the examples where the FTA between the EU and a third country does not fulfil the EU processing needs, but increases market competition for the EU processors. According to Eurostat, Ecuador decreased the export of tuna loins to the EU in order to promote the export of canned products, while landings for example of the EU fleet in Ecuador amounted to 67,639 tons in 2019.

- ix. The relationship between the EU production and the imports has been relatively stable in the past 20 years and on a relatively equal footing. This is a result of constant adaptation of the EU canning industry to maintain the 46% market share.

According to AIPCE-CEP, the access to raw competitive raw material for the canning industry is key for the EU canning sector to maintain its internal market share against canned tuna imports. ATQ is a tool of utmost importance to preserve this competitiveness.



Source: Prodcom

- x. The ATQ instrument does not have any detectable negative impacts on the EU production sector. Prices paid to EU producers are not impacted by ATQs. Most of the species covered by the regulation are not produced in sufficient quantities in the EU, or are not produced at all. Proceeding on a quota basis limits possible negative spill overs on sensitive fish species for which some supply is available from EU producers like tuna, cod, herring or flatfish. In addition, substitution effects between species are limited, in particular in the whitefish segment. For example, Alaska Pollack is imported to manufacture cheap consumer products which are not on the same market segment as the more expensive cod-based consumer products. The instrument can therefore be considered as consistent.
- xi. For the tuna loins, in the DG MARE report it states the VA/duties reduction is 196%. This means the value added generated exceeds the level of duties reduction granted.
- xii. There is also a logistical and environmental issue that should be noted: import of semi-processed products such as frozen fillets or loins appear to be a good compromise between the need for raw materials and the need for competitiveness and limit logistics costs as well as the environmental impact: a container of tuna loins contains 24t of product, which are to be found at 100% in the can, whereas the same container of whole tuna contains 18t of products, of which 40% are used in the can (the rest being processed into meal or pet food).

Views from the EU tuna catching industry

- xiii. Customs duties are levied on imports of products from non-EU countries. These payments accrue directly to the EU budget. Every two or three years, the EU takes a decision on the volume of fish for which the duties are suspended or reduced. There has been a constant trend to increase the amount of metric tons exempted from import duties in the EU.
- xiv. While in 1992, only 6 species representing 43,000 metric tons were granted reduced import duties, in 2018 the EU Regulation grants a zero-duty tariff to more than 15 species representing 750,000 metric tons. This growing trend translates in a loss of direct income for the EU which must be compensated by other financial means such as European tax-payers' money.
- xv. Council Regulation (EU) 2018/1977 allows up to 750,000 tonnes of fish to benefit from this scheme granting tariff reductions or derogations to fish entering the European markets without considering the origin, way of production, sustainability of the stock, labour standards or if the third country has been pre-identified by the EU for illegal, unreported and unregulated (IUU) fishing.

2.3. Sources for tuna supply for the EU tuna canning industry:

With regard to the EU tuna canning industry it should be noted that its production of canned tuna in 2018 was ~360,000 tons (being 350,000 tons the average of the last 5 years); which required 560,000-590,000 tons of whole tuna equivalent.

Four different sources have been identified for the purpose of supplying tuna for the EU tuna canning industries:

- 1) Catches from EU-flagged tuna vessels.
- 2) Imports from EU-owned tuna vessels flagged in third countries.
- 3) Imports of frozen whole tuna from third countries not related to EU-owned tuna vessels.
- 4) Import of tuna loins (specifically referred to ATQs).

1) Catches from EU-flagged tuna vessels

In relation to catches made by EU-flagged tuna vessels it should be noted that, in the last 5-year period (2015-2019), the average catches of tuna species used for canning were of 385,000 tons, with a peak of 416,000 tonnes in 2018.

2) Imports from EU-owned tuna vessels flagged in third countries

Catches by EU-owned tuna vessels flagged in third countries (technically considered as imports into the EU) were 342,000 tonnes of whole tuna.

Both combined categories 1) and 2), representing the total EU-flagged tuna vessels and the EU-owned vessels associated catches were 758,000 tonnes of whole tuna, for 2018.

According to AIPCE-CEP, the landing or delivery to the EU is only a part of this. According to EUMOFA, the EU fleet exports an average of 60%. The rest of whole tuna availability of the EU, the remaining 40% is destined for either canning, or other usage in the EU market (Horeca, sushi, tuna preparations, frozen tuna steaks, frozen ready meals, pet food...). The raw material availability for canning is therefore less than the remaining 40%.

3) Imports of frozen whole tuna from 3rd countries not related to EU-owned tuna vessels

- Imports of frozen whole tuna, which come with a zero-duty tariff, regardless of origin, were ~172,000 tonnes, out of which the European canning industry used around 50,000 tons. In 2018, according to EUROSTAT, 50,038 T of frozen whole tuna were imported duty-free under tariff suspension with end use specification (manufacture of industrial products from 1604). The rest, 126,175 T, was imported under the NC Code bearing the MFN duty of 22% ad valorem, so these materials might not have been used for or finally processed in canneries (see table below extracted from EUROSTAT-COMEXT on 11 May 2020).

SOURCE : EUROSTAT- COMEXT
 Extracted on 2020/05/11 20:15:58
 FLOW IMPORT
 INDICATORS QUANTITY_IN_TONNES
 PARTNER EU27_2020_EXTRA
 REPORTER EU27_2020

EU FROZEN TUNA IMPORTS 2018 IN TONNES
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	FOR INDUSTRIAL USE MFN DUTY SUSPENDED	NOT FOR INDUSTRIAL USE MFN DUTY 22 %	TOTAL
ALBACORE	-	4 567	4 567
YELLOWFIN	30 085	74 599	104 683
SKIPJACK	15 874	34 592	50 466
BIGEYE	4 078	12 111	16 189
OTHER	1	306	306
TOTAL	50 038	126 175	176 212

EU FROZEN TUNA IMPORTS 2019 IN TONNES
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	FOR INDUSTRIAL USE MFN DUTY SUSPENDED	NOT FOR INDUSTRIAL USE MFN DUTY 22 %	TOTAL
ALBACORE	-	4 836	4 836
YELLOWFIN	26 854	80 138	106 992
SKIPJACK	9 047	31 440	40 487
BIGEYE	2 690	13 396	16 086
OTHER	37	286	323
TOTAL	38 628	130 095	168 723

4) Imports of tuna loins (specific referred to ATQs)

Imports of tuna loins in 2018 from third countries with preferential agreement, therefore, with zero-duty tariff, were 92,700 tons (EXTRA EU) tons, that translated into tuna in live weight equivalent amount of 208,300 tons of whole tuna (source: EUROSTAT).

According to the catching industry, there is an issue of transparency and control in terms of reporting of ATQs.

Each year, EU importers begin to store products in refrigerated customs warehouses in Community ports, several months before January, pending the possibility to declare them to customs on the first day of opening of the ATQ. This situation affects the whole supply chain, including importers of processed seafood.

In the months of September/October, EU processors know that prices of tuna loins are going to increase because all European factories buy at this time of the year, to be sure that deliveries can take place at the end of November for customs clearance in the very beginning of January.

On the day where imports exceed the residual quantity of the quota, the order of priority (first come, first served) is replaced on that day by the method of proportionality¹¹. This day happened in the recent years (2018, 2019 and 2020) to be the first day of the opening of the quota. Therefore, tuna loin imports increasingly end up exceeding the initial amount of the available quota.

The tuna loin ATQ is depleted on the 3rd of January, because demand is much higher than the 30,000 tons meaning that the rate of usage is 100%. However, the speed at which the quota is exhausted is not correlated with the consumer market demands from canned tuna, but instead, with the lower price at which these loins are sold in Europe.

In 2019, the volume that exceeded the quota was 11,843 tonnes. Consequently, 41,843 tonnes benefited from the ATQ, representing ~30% of the total EU imports of tuna loins. This year, in 2020, the volume that exceeded the quota has increased to 19,108 tonnes, thus 49,108 tonnes have benefited of the ATQ. The application of this proportionality results in the fact that importers had to pay a consequent customs duty on a pro rata basis for the entire quantity imported on the day of the opening of the quota, namely 6,7% of duty in 2019, and 9,3% in 2020.

From the second day, given the full ATQ consumption, the customs duty was reinstated for all the quantities imported up to the MFN duty, namely 24%.

In fact, this item contradicts the purpose of the ATQ Regulation, as the industry effectively pays duty for an item that, for this specific quantity and according to the Regulation, should not bear one.

¹¹ Art. 51-4 of the implementing regulation of the Union Customs Codes: Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the UCC

2.4. Quantitative analysis of tuna supply – how much tuna is available?

EU Tuna Catching industry

In view of the figures explained above, the supply of European catches plus tariff free raw material imports could reach 930,000-950,000 tonnes. The changes in trade flows from the EU fleet to third countries canneries is partly due to the economic distortion created by the ATQ system. Should the ATQ be eliminated, EU fishing vessels could perfectly increase the supply to canneries located in the EU.

EU Tuna Processing industry

It should be recalled however that a significant proportion of the EU caught tuna feeds the West African and Indian Ocean tuna canneries, in preferred landing ports for the EU tuna fleet. Thus in 2018, 261,000 tonnes of tuna were exported by the EU27 to third countries, these tuna do not supply EU canneries, but mainly canneries of landing countries, which benefit from duty facilities for their finished products, with regard to strong rules of origin constraints.

The EU-owned flagged vessels do not necessarily need to comply with EU legislation and they do not pay taxes in the EU. Moreover, their whole tuna can't be used under the rules of origin, unless they have a flag of a country with a Trade agreement. They are imports, and this should be considered, also that we don't know to which countries they are selling. The processing industries would like to know more about the flags used, destination of the whole tuna, EU crew members percentage employed, among if they are benefitting from EU cooperation agreements when some are implemented, or from third countries subsidies. Lastly, it should be considered if they are forced to unload some percentage of the catches in their flag country as a requirement, reducing the availability of whole tuna to the EU processors.

3. Trade, sustainability and socio-economic considerations related to ATQs – impact in competition and level playing field between EU and non-EU operators

3.1. Employment and jobs – the risk of delocalisation:

Views from the EU tuna catching industry

The EU importers and processors have been progressively increasing their demand of tuna loins at the expense of whole tuna, thus simplifying their operational process and eliminating the activities of cleaning and gutting the whole fish and resulting in job losses in the European canning industry.

With regards to the DG MARE 2015 study, there is an economic interest to delocalise processing operations in Asia, and in particular in China, as soon as labour intensive processing techniques are involved (i.e. hand filleting of whitefish, loining of tunas, peeling of crustaceans). The main reasons are that labour in China remains cheaper than in many other third countries and that logistic conditions (shipping of raw material, infrastructure in China) are excellent overall.

Views from the EU tuna processing industry

According to the EU processing industry, the combined use of tuna loins and whole tuna, allowed them to balance the type of products and markets, according to the global competitive environment. Not all the raw material has the same qualities and is eligible for each kind of tuna canned products purpose. Moreover, the canned tuna provides economic sustainability for the industries. While some industries produce other seafood canned products, like mussels, clams, sardines, etc. that are more fixed to a time period of the year, tuna gives a continuous business model that supports stable employment and operational sustainability to widen the canning specialities using other EU species. The business model created and investments made, cannot be changed for the processing of only whole tuna, because certain decisions cannot go back, risking a delocalisation. The tuna loins produces a traction effect for other products and producers, because processing industries are located in EU territory.

Moreover, according to the official data by the Spanish Ministry of Employment, the employment in Spain in the canning industry has increased in the recent years¹².

¹² Source: CNAE 1021 and 1022 data provided by the Spanish administration.

3.2. Price structure in the supply chain

According to EUMOFA study dated from June 2017 on price structure in the supply chain: the case study of tuna in Spain, the market for canned tuna has the following traits¹³:

- The market for canned tuna is characterized by a large variety of products and large scale retailers have the main market share. The raw material selection is based on the law of supply and demand. It is essential for the canned tuna market to strike a balance between different kinds of raw materials like whole tuna or tuna loins.
- As price of the raw material is a key competitive factor; the possible use of two kind of supplies enables Spanish stakeholders to choose the most competitive one according to the market situation. For that reason, the raw material selection is the main driver to remain competitive towards the products from third countries.

3.3. Market flows in trade for tuna loins

Tuna loins imports origins have shifted from South American to Southeast Asian countries and China (e.g. ~5% of total tuna loin imports in 2002 vs. 53% in 2019), although Ecuador remains the first main provider of tuna loins with 29%. In relation to tuna loins benefiting from ATQs entering into the EU, in 2017¹⁴, 93% were from China and from Southeast Asian countries (i.e. 39% China, 25% Thailand, 14% Indonesia, 8% Vietnam, 7% Philippines...).

For the case of Spain, which consumed 20,853 t out of 30,000 t, in 2019 tuna loins benefiting from autonomous tariff quotas were from: 71% China, 15% Vietnam, 6% Indonesia. Due to this change in trade flows there is a strong competition from the processors to get access to additional duty free tuna loins at lower price from non-EU countries than the EU. However, the speed at which the quota is exhausted is not correlated with the consumer market demands from canned tuna, but instead, with the considerably lower price at which these loins are sold in Europe.

Most of the tuna loins entering the EU through the autonomous tariff quota arrive from China and other South-East Asian countries. According both to the EU tuna catching industry and NGO representatives in the LDAC, these countries compete in the EU markets not only with the EU fleet, but also with producers in developing countries that have preferential access, such as the ACP or countries benefiting from GSP schemes.

These countries and the EU signed up to similar commitments, without prejudice to their implementation, for the respect of human rights and environmental and social sustainable development, through the Cotonou Agreement for ACP countries, or through the signing of international conventions for countries benefiting from GSP schemes.

¹³ <https://www.eumofa.eu/documents/20178/103086/Price+structure+-+canned+tuna+in+Spain.pdf>
(information extracted from page 16)

¹⁴ Latest publicly available data - No updated data has been disclosed for 2019.



Chinese and South East Asian producers, with the exception of Vietnam, haven't formerly signed up to similar commitments to sustainability standards, and have been repeatedly denounced for their lax attitude towards the respect of environmental standards in fish production and processing. In fact, the allocation of ATQs does not encourage developing countries such as ACP and GSP beneficiaries to better implement sustainability commitments.

In the context of the Farm to Fork Strategy which is a key pillar of the European Green Deal, it is mentioned that this strategy cannot be achieved without addressing the issue of food sustainability.

Countries which are linked to IUU fishing and serious labour abuses shall not benefit from preferential market access; rather the opposite. The EU should work towards achieving a true level playing field between EU produced and third country produced seafood.

LDAC RECOMMENDATIONS

In view of the above reasons, the LDAC would like to make the following recommendations and requests to the European Commission¹⁵:

- **There is enough raw material coming from sources that have committed to meet social and environmental sustainability standards, to guarantee the supply of the European canning industry today and in the future. Therefore, it is proposed to eliminate the regime of the autonomous tariff quotas for tuna loins at zero-duty tariff.**
- **In case decision-makers set a new ATQ for any fish products in the future Regulation, to disclose and provide as far as possible real-time data on the ATQ consumption, particularly on the country of origin of the fishery product and the member state importing the product.**
- **To amend Council Regulation (EC) No. 1005/2008 to include the possibility, in case the Commission initiated demarches under Article 32 of that Council Regulation (i.e. 'yellow card'), of establishing safeguard measures for seafood products, such as suspending any tariff preference, including ATQs, until the Commission decides to terminate the demarches it initiated.**

¹⁵ **OUTCOME OF THE DECISION/VOTING BY THE EXCOM ON THE RECOMMENDATIONS**

The result of the vote by the 24 members of the LDAC Executive Committee was the following:

20 ExCom member organisations (both from fishing sector and OIG) have voted in favour.

1 organisation member (ORTHONGEL) has abstained.

2 member organisations (ADAPI and DHV) have not answered (silence considered as abstention).

1 organisation member, AIPCE-CEP, has voted against and requested to insert a minority position which is appended below.

AIPCE-CEP represents nearly 3,500 companies, for a total employment of around 120,000 persons, with an overall value of the output of the industry represented to around EUR 27,000 million. It includes all the relevant canned and preserved tuna associations in Europe, like ANFACO-CECOPESCA, ANCIT, PSPR or ANICP, being the main relevant actors of the canned tuna transformed in the EU.

Minority position from AIPCE-CEP

AIPCE-CEP would like to remark that sufficient verifiable data was **not** provided in the course of this work to allow for an informed opinion on the subject. Relevant official data would have been necessary on the strategic points such as: size of the tropical fleet owned by the EU but flying third country flags, characteristics of these vessels, volumes caught by each one; country flag lists, places of landing of these third countries' vessels, crew characteristics and social measures used, subsidies received from third countries, etc. AIPCE-CEP would like to remark that these could even hide some IUU practices, considering that not enough guarantees or data were provided to contrast this.

Moreover, AIPCE-CEP regrets that Européche and fleet representatives did not share their private data, or the private study by DELOITTE that is quoted in the text. Claims are made of the existence of thousands of tons of whole tuna, but are not corroborated by data, private or official. No debate has therefore taken place to properly clarify the reality of the tuna market. For example, information on prices of the 3 main tuna species caught by the EU fleet would have provided a clearer overview. The average prices (EUR/kg) for Yellowfin and Bigeye (STECF in the case of Spain), show these prices rising, up to 3 times, from 2008 to 2017¹⁶. A non-transparent approach was also used for the social contribution on the EU tuna fleet employment.

AIPCE-CEP defends the position that the tuna loins ATQ must be increased up to 55,000 tons, given the premises recently exposed by Commissioner Sinkevičius on behalf of the European Commission¹⁷: *“The objective of the regulation is to ensure continuity of trade flows with the intention to avoid disrupting markets and to ensure predictability.”* The 4 important parameters are clearly there in the case of Tuna Loins: the utilisation rate, the added value, the EU producers' interests and the trade preferences¹⁸.

In the case of tuna loins there is a > 100% utilization rate; a high added value of 46% which compensates the duties reduction; a high net profit result of the EU tuna fleet which operates globally¹⁹; and the evolution of FTAs that empower third countries to use their origin tuna for canned products instead of loins production, with the new entrance of Vietnam FTA, that exported 6,414 loins of tuna to the EU in 2019 (EUROSTAT). In the case of Vietnam, the tariff liberalization for tuna loins is foreseen in 8 equal steps (complete liberalization for loins will therefore only take place in 2026), Vietnam will be able to export a quota of canned tuna at 0 duty of 11,500 tons soon (from 1 August 2020). Thus, the immediate effect of this Agreement will increase exports of canned tuna originating in Vietnam to Europe well before the tariff liberalisation for imported tuna loins of Vietnamese origin will be achieved.

The ATQ tuna loins imported are an indispensable (not enough) flexible sourcing of the EU processors mainly by the Tuna world competitive dynamics. An example of this benefit was seen during the Covid-19 crisis, where EU citizens were provided canned tuna from EU factories thanks to the supply from the ATQ. This supply needs to comply with the EU hygiene, traceability, and catch certification. If a country has a red flag, no imports will come.

For these reasons, **AIPCE-CEP reconfirms the need to increase tuna loins ATQ up to 55,000t at 0%, to maintain the employment and competitiveness in the EU while demanding that EUMOFA does a special report about the tuna loins and canned tuna market so to provide official data that would include all the questions here remarked and during its discussion for the best EU global, present and future, interests.**

¹⁶ The 2019 Annual Economic Report on the EU Fishing Fleet (STECF 19-06), page 434, Spanish case. Average price (EUR /kg) of top species (panel 3b) - <https://stecf.jrc.ec.europa.eu/dd/fleet>

¹⁷ https://www.europarl.europa.eu/doceo/document/E-9-2019-003826-ASW_EN.html - Question reference: E-003826/2019

¹⁸ In the case of non-originating quotas, countries like Mauritius, Madagascar or Seychelles will prefer to export a finished product rather than raw material to keep more of the added value at home.

¹⁹ STECF Fleet Report 2019, includes on its page 428 for the long-distance fleet, freezer purse seiner, Spanish, a gross profit margin of 33.2%, and a net profit of 23.8% for 2017.