



# Level playing field

**Position Paper – August 2018**



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# 1 Background

## 1.1 Strategic Guidelines for sustainable development of EU aquaculture

EU aquaculture production is recognised to have been in an extended period of stagnation, compared to the growth position seen in many third countries. The possibilities for and restrictions on development were recognised and addressed in the EC Communication “Strategic Guidelines for the sustainable development of EU aquaculture” (2013). As noted in this document, aquaculture is one of the pillars of the EU's Blue Growth Strategy and its development would contribute to the Europe 2020 Strategy . Aquaculture is also a key component of the European Bioeconomy and is integrated within the Food 2030 objectives for “Research & Innovation for Tomorrow's Nutrition & Food Systems” on food nutrition and security for the European Union. EU environmental legislation is fundamental to ensure the conservation of biodiversity and ecosystem functioning and the AAC recognises that this legislation needs to be enforced throughout the EU. Given the anticipated impact of contributions of European aquaculture towards the Sustainable Development Goals of the United Nations, the geographic scope of this document goes beyond the boundaries of the European Union. While it refers principally to aquaculture within the European Union and its Member States, the scale of the European Union seafood market provides a target for aquaculture production in 3rd (non-EU) countries. The document identifies the geographic scope relative to each point. For EU aquaculture professionals, the key challenges for European aquaculture are to achieve responsible and sustainable growth while restoring predictable profitability, following an extended period of financial instability that has been accompanied by sectoral consolidation and restructuring. As recognized recently, within the Report on the status and future challenges facing European aquaculture, a very wide range of considerations need to be resolved to allow the potential of EU aquaculture to be unlocked to achieve the ambitions of the sector.

## 1.2 Highlighted recommendations and targets

The following items were highlighted in the EC Communication as issues to be resolved to enable sustainable development of the EU aquaculture sector:

1. Simplification of administrative procedures
2. Securing sustainable development and growth of aquaculture through coordinated spatial planning
3. Enhancing the competitiveness of EU aquaculture
4. Promoting a level playing field for EU operators by exploiting their competitive advantages

For the ‘level playing field’ the Communication indicated the following positions and potential actions to be followed, noting the growing demand of the European consumer for sustainable, high quality food:

The EU enforces high environmental, social, sanitary and phytosanitary standards across the board in the framework of trade agreements that it negotiates with third countries, including with regard to aquaculture.

- Target for the Member States: To support the development of producer and interbranch organisations including at transnational level. This would facilitate collective management and/or self-

regulatory initiatives between producers, processors, retailers, in cooperation with consumer associations and NGOs where appropriate. To support, implement and control labelling requirements and provisions.

- Target for the Commission: To ensure that labelling legal standards, in particular as regards freshness, provenance and commercial name are respected and fully implemented. To improve markets transparency and disseminate markets information on trends at local, EU and international levels. To launch by the end of 2013 a Communication campaign on the strengths of EU aquaculture.
- Target for the Aquaculture Advisory Council: To support structuring of the aquaculture production and marketing including certification and labelling. To contribute to improved market intelligence of the sector. To facilitate self-regulatory initiatives and help communicating these characteristics to the consumer.

## 1.3 Additional opinions and reports on EU aquaculture

The European Economic and Social Committee (EESC) has provided 2 opinions, the first<sup>1</sup> following the EC Communication (2013) and another Exploratory Opinion<sup>2</sup> (2016) on “Removing obstacles to sustainable aquaculture in Europe” (October 2016). The key conclusion of the latter Opinion is the deep concern that EU aquaculture has not improved its situation despite the provisions for promotion in the CFP<sup>3</sup>, the CMO and the EMFF, noting the paradox that the requirements for aquaculture undertakings in the EU are excessively costly economically but do not ensure greater environmental protection.

While National Multi-Annual Plans for aquaculture have been prepared within the EU, the EESC notes inadequate results, attributed to the fact that the bottlenecks preventing sustainable aquaculture development are not being addressed with sufficient vigour within National administrations.

The Scientific Technical and Economic Committee for Fisheries (STECF) published an Economic Report of the EU aquaculture sector in late 2016. Its observations include:

- that providing better legal framework (e.g. licensing, environmental requirements, etc.) for the aquaculture industry is by far the most important limiting factor to be addressed to lay the foundation for future growth in the European aquaculture sector
- almost 90% of the enterprises in the aquaculture sector are micro-enterprises, employing less than 10 employees.
- EU production has a weak development with respect to production growth compared to the countries that are leading the blue revolution and makes aquaculture one of the world’s fastest growing food production processes
- administrative issues are far more important to solve than the technical ones
- environmental regulations, difficulties in the licensing process due to multi-level governance and competition for space both on land and in the coastal zones continue to be the most important areas to be addressed to support and increase growth in the EU aquaculture sector

More recently, an overview of aquaculture in the European Union has been prepared by the Research Services of the European Parliament and notes the stagnation of the sector and the fact that the expectations

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<sup>1</sup> NAT/605 – CES4359-2013

<sup>2</sup> NAT/688 – EESC -2016-03425

<sup>3</sup> CFP = Common Fisheries Policy, CMO = Common Market Organisation for fisheries and aquaculture products, EMFF = European Maritime and Fisheries Fund

of the EC Strategies have not yet been met<sup>4</sup>. The Report of the Fisheries Committee of the European Parliament confirms these issues.

The Scientific Advice Mechanism (SAM) of the European Commission prepared a Scientific Opinion<sup>5</sup>, entitled 'Food from the Oceans', in response to the question 'How can more food and biomass be obtained from the oceans in a way that does not deprive future generations of their benefits?'

The key recommendations go beyond the considerations of the level playing field; policy change is highlighted, with the deployment of best practice, stakeholder dialogue (such as practised by the AAC) and practical policy measures that link global and broad system concerns to practical aquaculture challenges.

This Scientific Opinion notes that a harmonisation of standards, quality and traceability is essential, in relation to both the licensing of mariculture firms and the establishment worldwide of a fair and level competitive playing field. It also states that there is scope and value in deploying stronger and proportionate effort at EU level to support a level playing field and increased attention to mariculture along with other aspects of obtaining sustainable Food from the Ocean - akin to agricultural policy or a broader food policy for the European Union.

## 2 Observations

Food and nutrition security (FNS) is a global issue and an urgent objective for all society. With stagnant fisheries landings and a ~65% import level to satisfy EU consumer demand for seafood, the assurance of higher levels of EU aquaculture production is required to support public dietary needs and improved market supplies. Accurate data on both EU production and the imports of aquaculture products are essential for monitoring purposes. Obesity and diet-related disease are core nutritional issues and aquaculture is well placed to contribute to solutions, since this situation exists increasingly in high income countries. Human health and food safety must be key conditions in both food supply criteria and the conditions of the level playing field.

To be able to grow, the aquaculture sector must be profitable to be able to make the investments needed to operate (in infrastructure, stocks and equipment) while profitability is only possible if the products are competitive with imports from third countries. Of the ~65% EU seafood import figure, **a significant level of imports is also provided by aquaculture in 3rd countries, from the European continent and elsewhere in the world.** However, the combination of European and national legislation, production conditions, disloyal or unfair competition, buying practices and consumer attitudes are inhibiting the growth potential of European aquaculture. Certain 3rd country producers do not face the same licensing and environmental measures as EU producers. These conditions lead to a loss of opportunities for development in the European aquaculture value chain.

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<sup>4</sup> L'Aquaculture – An overview for the European Union PE 608.655

<sup>5</sup> Food from the Oceans – ISBN 978-92-79-67730-4

The European and National rules that affect aquaculture production – each representing additional costs for EU producers - should also be transposed to imported products to establish a real level playing field. Current import inspections are on the products – not on the farming/production processes used. Controls on fresh fish (estimated at 1 in 10 deliveries) are only available after several days, once the fish has already been sold and consumed.

The plethora of rules applying to aquaculture producers in the EU means additional costs at each stage of the production process but, once the product arrives in the market, price appears as the predominant factor for purchase although additional aspects may influence the purchase decision. Fair competition means being subject to the same rules rather than benefitting economically from those who adhere to them.

European producers do not wish that EU standards be lowered but, to meet the objectives of an equitable level playing field, the basic production and environmental standards adhered to in the EU should be met equally by non-EU production that is exported to the EU markets. Advantage should be taken of the high-quality standards, increasingly certified, met by EU aquaculture products.

There is a poor public understanding of the operating conditions and advantages of European aquaculture, translated into the high quality of the products and the commitment of the European production sector to sustainability<sup>6</sup>. While national and international efforts have been made to advance this aspect, including the European Commission's 'Farmed in the EU' promotional efforts, improving the public perception of aquaculture remains a top priority for aquaculture stakeholders.

Raising and improving the awareness of consumers in respect of aquaculture remains essential. Independent consumer organisations or environmental rating schemes can play a critical role in this, and the need for better product labelling and transparency of the aquaculture process is recognised. This has already been demonstrated with wild capture fish products.

However, there is also an imbalance in operating conditions for aquaculture producers within the EU itself, notably on the availability of veterinary medicines and vaccines; examination of this circumstance is needed to avoid barriers being raised within the single market itself.

The Aquaculture Advisory Council believes that establishing the same levels of technical and social guarantees, accompanied by comparable environmental obligations, are required to establish the level playing field while the conditions of the level playing field should also exist within the EU for it to be effective with 3rd countries.

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<sup>6</sup> "Streaming Sustainability" – FEAP Dublin Declaration of 23<sup>rd</sup> May 2013

# 3 Challenges and conclusions on identified issues that affect the level playing field

## 3.1 Consumer information

### Challenges

- Correct and complete product information is essential for the consumer, allowing informed and responsible purchases and raising awareness of the quality of EU aquaculture products
  - *See also the Commission target in ‘Strategic Guidelines’*

### Conclusions

- **Adequate and reliable labelling information needs to be reinforced for all aquaculture products (produced in EU & 3<sup>rd</sup> countries)**
  - Including the date of harvest
  - Nutritional value of the product(s)
  - Improving consumer information accuracy at sale points (shops and HORECA sector)
  - Better enforcement of the CMO and FIC<sup>7</sup> regulations is needed
- **Apply Product Environmental Footprint<sup>8</sup> (Life Cycle Analysis) once such methodologies are agreed and available for food products**

## 3.2 Food safety

### Challenges (EU & 3<sup>rd</sup> countries)

- Different approaches exist in applying traceability of the complete production process at the global level, where standards promoted by 3<sup>rd</sup> party organisations (such as Global Gap, Aquaculture Stewardship Council) are applied equally at the global level
  - Includes the use of antibiotics/additives/disinfectants – different levels of application exist at the global level as well as within EU States

### Conclusions

- **Complete feed composition details and traceability of ingredients (including origin of protein meals and oils, where applicable) should be recorded in traceability records by feed producers. This information should be available to fish farmers**

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<sup>7</sup> Food Information for Consumers – Regulation (EU) 1169/2011

<sup>8</sup> The PEFCR (Product Environmental Footprint Category Rules) for feeds and feed ingredients has recently been completed and approved – see section on Feed Ingredients

- **Analysis to be achieved throughout the full life-cycle – assuring traceability from egg to harvest, including the use of antibiotics, disinfectants and additives**
- **All members of the food and feed chain should be involved in informing consumers of sustainable production processes and the associate costs for improved quality of the final product**

### 3.3 Processing of aquaculture products

#### Challenges (EU & 3<sup>rd</sup> countries)

- There is a lack of available information on techniques that are used/applied in processing aquaculture products and convenience dishes containing aquaculture (and seafood) products, including:
  - Glazing/ added water (to increase product weight)
  - Defrosting (defrosted sold as fresh) – can be done without mention on labelling
  - Processing conditions (e.g. temperature of processing areas)
  - Additives (e.g. to improve ‘freshness of the product’)
- Such techniques are regulated and company closures or removal of export licences should be imposed or enforced if these conditions are not respected

#### Conclusions

- **Scientific name and origin of all seafood and aquaculture products used in processing**
- **Glazing procedures used solely to increase product weight should be banned**
- **Any defrosting should be recorded on labels, even if the product is considered to have been ‘cooked’ (e.g. with an acidic marinade)**
- **All additives to be included on labels**
- **Processing area inspections to be made regularly (working area temperatures and conditions)**

### 3.4 Feed ingredients

#### Challenges (3<sup>rd</sup> countries)

- Feed manufacturers in 3<sup>rd</sup> countries may use raw materials prohibited for use in EU (e.g. processed animal proteins of ruminant origin). Furthermore, the EU market does not accept GM-derived feed materials nor the use of legally-allowed processed animal proteins of non-ruminant origin in feed for certain fish species.
  - Additives (anti-oxidants, medicines...) also need to be considered (EU & 3<sup>rd</sup> countries)

## Conclusions

- **To maintain consumer confidence, the highest standards for feed manufacture and use must be enforced**
- **Comparable traceability processes should be agreed in international standards (e.g. CODEX ALIMENTARIUS, OIE) and be enforced for feed use in aquaculture in 3<sup>rd</sup> countries.**
- **The EU-approved Life-Cycle Analysis (LCA) methodology used in the Product Environmental Footprint Category Rules (PEFCR) is an additional tool to improve transparency on the origin of feed ingredients throughout the feed chain.**

## 3.5 Environmental measures

### Challenges (EU & 3<sup>rd</sup> countries)

- In several areas where aquaculture is practised, these are less strict and less enforced than in the EU – it is not clear that these be accounted for (for example, environment impact assessments, water quality at farm discharge)
  - Equitable licensing conditions within the EU are a recurrent issue (i.e. cost, duration, obligations...)
  - Application and licensing of aquaculture within marine (fisheries) protected areas

### Conclusions

- **A review should be made of how comparable environmental measures could be enforced (e.g. through recognized certification schemes) for aquaculture in 3<sup>rd</sup> countries whose production is exported to the EU market**

## 3.6 Animal welfare

### Challenges (EU & 3<sup>rd</sup> countries)

- Most 3<sup>rd</sup> countries have much less strict regulations vs. EU, for example
  - different rules on live transport, on-farm husbandry, slaughter...
  - availability within EU of the same veterinary treatments, disinfectants, vaccines
  - traceability of all medicines, treatments used

### Conclusions

- **A review of comparable measures to assure best welfare practices should be undertaken, both in the EU and in 3<sup>rd</sup> countries, assuring the highest standards for all products marketed in the EU**

## 3.7 Economic issues

- The clearest issues that can affect EU aquaculture production concern the use of direct subsidies – taxes (e.g. payment of direct subsidies related to production/export levels). In addition, the non-reciprocity on tariffs in respect of bilateral trade needs to be monitored.

### Conclusions

- **Can only be achieved on a case-by-case basis upon clear identification of issue in question**
- **European actions tend to take a long time, are at the expense of the claimant and often occur too late, after the damage has been done**

## 3.8 Working conditions

### Challenges (3<sup>rd</sup> countries)

- There are enormous differences in social & working conditions (salaries, conditions, safety, training...) within the aquaculture profession globally, including:
  - Use of untrained and child labour
  - Bad working conditions in supply sectors

### Conclusions

- **Appraisal and monitoring of working conditions of staff and labourers should be included in all aquaculture certification schemes**
- **Awareness should be raised with European consumers on the human welfare risk associated with certain processes and products**
  - **Risk profiles should help the aquaculture supply chain to be able to make better informed sourcing decisions.**

## 3.9 Marketing

### Challenges (EU & 3<sup>rd</sup> countries)

There is a lack of transparency in the aquaculture value chain, principally due to the increasing dominance of large players - in production, processing and marketing. Issues of operational scale and distribution mechanisms disfavour the smaller producers within the different production sectors.

- Certification schemes should give added-value, rather than extra costs, to the producer
- Position of organic production/certification rules – differences in comparable standards (e.g. organic, 'responsible'...)

### Conclusions

- **Increased promotion of the Producer Organisation structures for SMEs to group to improve the consistency of marketing and pricing actions and reducing the competitive disadvantage of small producers**

- **Review cost/benefits of certification schemes for producers**
  - **Explore possibilities to support and improve certification procedures for SMEs**
- **Involve independent consumer organisations in the promotion and marketing of sustainable products.**
- **Review with IFOAM the conditions of organic aquaculture (post-ORAQUA project conclusions and recommendations)**

## 4 Recommendations for action

The wide range of topics identified that affect the appreciation and establishment of a Level Playing Field precludes concentrated action by the Aquaculture Advisory Council.

Several of the issues identified relate to rules (e.g. for certification conditions) and effective control measures related to these. Similarly, several issues cross over with the interests and activities of the Markets Advisory Council (MAC).

The overring goals for action intend the following:

1. Improve the competitive advantage of EU producers within the EU seafood market by:
  - a. Promoting and achieving transparency and communication on the high production, processing and environmental standards of the EU aquaculture value chain
  - b. Increasing the economies of scale using producer organisations
  - c. Addressing the difficulties, particularly marketing, of SMEs and microenterprises
  - d. Supporting the implementation of comparable production, safety, social and environmental standards for 3<sup>rd</sup> country exporters to the EU market to have fair and equitable competition

The following recommendations concern actions that could be taken by the AAC and includes others that could be followed by the European Commission. Several of the recommendations also require consultation with external organisations, including individual members of the AAC and the MAC, as well as 3<sup>rd</sup> party certification bodies.

### 4.1 Improving processing conditions, product labelling and consumer information

**Recommendation:** the AAC should discuss with the EC and the MAC the conclusions made in this document on:

1. Improved consumer information and process transparency
2. Processing conditions for aquaculture products
3. Food Safety & traceability
4. Promotion of Producer Organisation structures for aquaculture

These discussions should target agreement on actions that can be implemented in the field, recognizing that there may be different considerations for shellfish and fish producers and for processors and importers.

## 4.2 Aquaculture processes

**Recommendation:** The AAC should discuss with Certification bodies, including IFOAM (organic) – the ASC (Aquaculture Stewardship Council) - the GAA (Global Aquaculture Alliance) and Global GAP, the issues highlighted in this document on:

1. Environmental measures
2. Assurance of aquatic animal welfare
3. Working conditions on farms
4. Costs-benefits of certification schemes for producers

Common measures that can be applied in all standards need agreement with such organisations.

## 4.3 AAC reviews

The AAC itself should prepare own-initiative reviews on:

1. How to enforce comparable environmental measures for equitable recognition within professional aquaculture and society
2. Best aquatic animal welfare practices in professional aquaculture
3. Traceability actions in aquaculture - current position and future prospects.

In conclusion, for European aquaculture to achieve sustainable growth, it has to be competitive and profitable, which will only be possible with a well-established level playing field for the profession in Europe. If sustainability indicators are to be developed and used, these must be comparable at the global level and be similar within all certification schemes.

The establishment of a Level Playing Field for the aquaculture value chain will not only contribute to the sustainable growth of the EU aquaculture sector but will also be important for the improvement of the environmental, social and animal welfare conditions in aquaculture in developing 3<sup>rd</sup> countries.

The need for a Level Playing Field is recognised by the European Commission's Strategic Guidelines, in the Scientific Opinion on 'Food from the Oceans' and in the Report "Towards a sustainable and competitive European aquaculture sector: current status and future challenges" of the EP Committee on Fisheries

These actions and reviews recommended by the Aquaculture Advisory Council should also complement the conclusions and recommendations of these Reports and consider, where appropriate, the needs for more information and/or research to achieve the actions identified.



**Aquaculture Advisory Council (AAC)**

Rue de l'Industrie 11, 1000 Brussels, Belgium

Tel: +32 (0) 2 720 00 73

E-mail: [secretariat@aac-europe.org](mailto:secretariat@aac-europe.org)

Twitter: @aac\_europe

[www.aac-europe.org](http://www.aac-europe.org)