



Import of subsidized portion sized rainbow trout from Turkey

Recommendation – July 2019



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1 Introduction

EU rainbow trout farmers face unfair competition practices from imported subsidized portion-size Turkish rainbow trout producers and exporters.

It is in the interest of both the EU and the Turkish government to find a mutually agreeable solution that meets the concerns of both sides and brings long-term legal certainty. The EU farmers welcome competition from third countries if such competition takes place on a level-playing field and at volumes and prices that allow a healthy competition environment.

2 Context

- Countervailing duties are in place in the EU since February 2015 to prevent this kind of unfair competition from Turkish imports, as a result of a complaint lodged by the Danish Aquaculture Association on behalf of EU trout farmers. The countervailing duties range from 6,7% to 9,5%.
- In July 2017, an interim review was initiated at the request of the Aegean Exporters Association on behalf of the Turkish trout producers/exporters. The review request was rejected by the EU Commission in June 2018, who agreed with the EU trout farmers arguments and concluded 'that the system of implementation of direct subsidies is characterized with constant changes in the legal basis, the eligibility criteria and in the actual amounts of subsidization'.
- The current duties are set to expire in February 2020 and the EU trout farmers shall lodge an expiry review request before 26 November 2019 if they want to seek an extension of the measures.

The EU aquaculture industry is assessing the interest of lodging a sunset review and all available alternatives.

An important concern is that the Turkish government constantly changes its trout farmers' subsidy programs in order to avoid countervailing duties. DG Trade is aware of the mechanisms used by the Turkish government to dissimulate the market reality and hide the existing and longstanding subsidies that it provides to its farmers. The Commission's June 2018 decision is a good example of the capacity of DG Trade to investigate beyond the facts alleged by the Turkish government and farmers.

Today, Turkish trout farmers continue to receive subsidies which allow them to import into the EU at prices which are very close - if not below- EU farmers' cost of production. The long-term sustainability of the EU aquaculture industry requires that such unfair practices are tackled in a lasting manner.

In addition, the EU aquaculture industry has been informed that the Greek authorities have seized a truckload of illegally imported trout (no countervailing duty paid) from Turkey and that the products were subsequently destroyed. This shows that while countervailing duties are currently in place, their effectiveness is hindered by illegal trade taking place.

The EU aquaculture industry is convinced that there are various legal and diplomatic approaches that could be sought to counter the effects of unfair imports from Turkey. A relevant example is the 1998 Association Agreement between the EU and Turkey which includes a clause aiming at assuring that the preferential

regime does not cause "disturbance" in the Turkish or EU markets. It provides for consultations in case either the imported products' quantities or the prices cause or threaten to cause "market disturbance".

The regular meetings between the EU and Turkey, both in the context of the trade committee meetings and in the context of more regular meetings, constitute good opportunities during which the EU can address the issue.

The EU Delegation in Turkey is certainly in a good position to share the EU trout farmers concerns and to seek a mutually agreeable solution. In terms of timing it is essential that a solution is found no later than September/October.

If no solution is found, the EU farmers will have to lodge an expiry review on November 2019 and continue the endless disputes that will not tackle the problem at the source and consequently will not create a stable and lasting commercial environment beneficial for any of the two sides concerned.

Recently, the EU Parliament 'Call[ed] on the Commission to ensure that under trade agreements with third partners preferential market access is made conditional upon respect for sustainability and animal welfare standards equivalent to those applicable in the EU' (Towards a sustainable and competitive European aquaculture sector: current status and future challenges, EU Parliament, Committee on Fisheries, May 2018).

3 Recommendation

The AAC supports the concept of a level-playing field for the EU aquaculture producers: 'The aquaculture sector must be profitable to be able to make the investments needed to operate while profitability is only possible if the products are competitive with imports from third countries' (Position paper 'Level playing field', AAC, August 2018).

Considering the above, the AAC calls on the Commission to take all necessary steps to find a lasting mutually agreeable solution with the Turkish government so as to grant the EU trout farmers with a level-playing field competition environment.



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