

**Opinion of the European Economic and Social Committee on 'The situation of the EU tropical tuna fleet and the challenges facing it' (exploratory opinion)**

(2011/C 48/05)

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On 20 January 2010 the Spanish EU Presidency decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on

*The situation of the EU tropical tuna fleet and the challenges facing it' (exploratory opinion).*

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 31 August 2010.

At its 465th plenary session, held on 15 and 16 September 2010 (meeting of 15 September), the European Economic and Social Committee adopted the following opinion by 118 votes to one with two abstentions.

## 1. Conclusions

1.1 The EESC considers that the high social, health, food safety, environmental, legal, maritime safety, governance and monitoring standards required by the Community system are a shining example of how to exploit resources rationally and sustainably.

1.2 However, applying these principles adds to the cost of a product which has to compete with production from other countries which enjoy a looser approach to these aspects. The EU must continue to promote the application of all these elements in the world's other fleets: levelling up, with the EU standard as the benchmark for other operators.

1.3 The Committee believes that the main challenge facing the European tropical tuna sector is to survive in an environment of unfair competition from third party fleets and the strict legal framework created by the EU itself.

1.4 The application of stable legislation that fosters free but fair competition is Europe's international goal. It is crucial to forge an integrated Community policy that is consistent in all respects, allowing the competitiveness and sustainability of the EU tropical tuna sector to be maintained in its three aspects: economic, social and environmental, as defined in the Convention on Biological Diversity signed in Rio de Janeiro in 1992.

1.5 Regarding piracy, the Committee calls on the Member States and the Council to arrange for the mandate of the Atalanta anti-piracy operation in the Indian Ocean to specifically cover the tuna fleet.

1.6 The EESC considers that maintaining the fisheries partnership agreements (FPAs) is crucial to the continued operation of the EU's tropical tuna fleet. It therefore urges the Commission to expand the network of tuna agreements to reflect the needs of the EU fleet, and to give urgent consideration to the possibility of introducing an exception to the FPA exclusivity clauses, so that the European fleet can also obtain private fishery licences, provided that the state of resources, according to the best available scientific data, so permits.

1.7 EU leadership within the regional fisheries organisations (RFO) in order to promote responsible and sustainable fishery principles is crucial to achieving proper management of resources globally. The Committee feels that EU needs to step up its efforts in this field.

1.8 Maintaining the CAP and GSP+ preferential systems without changes such as granting global sourcing to Papua New Guinea and Fiji, which is upsetting the world tuna market, is of vital importance in ensuring the survival of the EU industry and its investment in third countries. The Committee considers that, with a view to possible future disturbances in the EU tuna sector, the surveillance and safeguard measures laid down in the Pacific Economic Partnership Agreement should be envisaged and, if appropriate, implemented.

1.9 Keeping EU tariffs for processed tuna products in place is of key importance to preserving the competitiveness of the European industry. The EESC considers that efforts must be made, in both the WTO framework and EU trade negotiations with third countries, to achieve the highest possible level of protection.

1.10 In the light of the above, the EESC is convinced that the EU institutions must uphold the principle of Community preference. Similarly, it considers that the compensatory allowance for tropical tuna delivered to the processing industry by the EU fleet should be set at its original level, i.e. at 93 % of the Community reference price, since in recent years the allowance has been substantially devalued, falling to 87 % of the cost of production.

## 2. Current state of the EU tropical tuna fleet

2.1 European tuna fisheries began to develop in the mid-20th century in Spain and France in order to meet the growing demand from the canning industry supplying the domestic market. This initially consisted of coastal fisheries concentrating on albacore (*Thunnus alalunga*). With time and improved technology, fisheries expanded to the south to take in catches of tropical tuna species: yellowfin tuna (*Thunnus albacares*), skipjack tuna (*Katsuwonus pelamis*) and, to a lesser extent, bigeye tuna (*Thunnus obesus*). Fishing started in waters close to France, Spain and Portugal. Later, in the 1960s and 70s, fleets turned to the western coasts of Africa; subsequently, in the 1980s and 90s, to the Indian Ocean and eastern Pacific and lastly, at the beginning of the 21st century, to the western Pacific.

2.2 The tropical tuna fishing carried out by the Community purse seining fleet is pelagic and selective. It targets the large schools of tuna concentrated in the tropical belt of the three main oceans. Catches are made either on the high seas or within third-country exclusive economic zones (EEZs).

2.3 Tuna varieties, much appreciated on account of their nutritional properties, form part of the basic diet of many countries around the world; they are traded on a large scale and represent a major source of income for the countries involved in fisheries, processing and marketing activities.

2.4 These factors explain why tuna fishing is a highly significant economic activity in certain countries. More than 4 million tonnes of tropical tuna are currently caught globally using all gears; of this, purse seining provides some 2 million tonnes. The populations of these species are generally being exploited on a sound basis, with appropriate management programmes being run in each ocean by RFOs.

2.5 The EU fleet comprises 54 freezer tuna seiners (34 Spanish and 20 French), with a joint catch of some 400 000 tonnes annually, representing nearly 10 % of world catches.

2.6 Most of these vessels operate in international waters under the 13 fisheries partnership agreements between the EU and third countries (six in the Atlantic, four in the Indian Ocean and three in the Pacific).

2.7 Globally, some 30 countries have 580 tropical tuna fisheries vessels, amounting to 650 000 GT<sup>(1)</sup>. The EU fleet, with 97 500 GT, accounts for 9 % of the world's vessels and 15 % of world tuna fisheries capacity.

2.8 The main fishing ground for tropical tuna varieties is the Pacific Ocean with 67 % of world catches, followed by the Indian Ocean with 22 % and the Atlantic with 11 %.

2.9 Tropical tuna catches are managed by four specific RFOs:

2.9.1 ICCAT (International Commission for the Conservation of Atlantic Tunas) covering the Atlantic Ocean and adjacent seas, such as the Mediterranean. Set up in 1969.

2.9.2 IOTC (Indian Ocean Tuna Commission) covering the Indian Ocean. Set up in 1997.

2.9.3 IATTC (Inter-American Tropical Tuna Commission) covering the eastern Pacific (Americas zone). Set up in 1949.

2.9.4 WCPFC (Western and Central Pacific Tuna Commission) covering the eastern and central Pacific (Oceania and Asia zones). Set up in 2004.

2.10 The EU fleet is subject to a range of administrative checks by various national ministries and European Commission directorates-general. For a vessel to operate and place its production on the market under an EU Member State flag, it must meet the necessary administrative requirements in order to obtain certificates concerning tonnage, hull, machinery, refrigeration plant, crews, seaworthiness, sea rescue, workplace health and safety, veterinary approval, special fishing permits, fishing licences in the different countries where it operates, satellite monitoring, supervision by on-board observers, verification of catches by on-board electronic logbook, verification of sales, etc. Maintaining the validity of these certificates, permits and licences entails managing annual renewals and periodic reviews that no other fishing fleet in the world has to experience so intensely. All these requirements add significantly to the operating costs of European fleets.

(1) Gross Tonnes: a measurement of a vessel's volume or tonnage.

2.11 Similarly, the EU fleet is subject to the provisions of the Common Fisheries Policy, unlike third country fleets. Applying the principles of this policy, based on responsible fisheries, RFO recommendations, compliance with health, navigation, safety, environmental and workers' social protection standards entails heavy costs for European vessel owners, and erodes their competitiveness compared with vessels from countries where these obligations either do not apply or are applied more loosely.

2.12 In addition, in recent years the EU fleet has encountered difficulties arising from piracy in the Indian Ocean. In addition to the fear and insecurity felt by crews on board vessels engaged in a legitimate commercial activity, this situation is leading to less fishing and higher operating costs, incurred by hiring on-board security.

2.13 The bulk of tropical tuna production goes to the canning industry, which is considered to be the world leader in fish processing. Europe is the world's largest market with annual consumption of canned tropical tuna amounting to 800 000 tonnes, more than half of which is imported from third countries.

### 3. Developments in the EU tropical tuna fleet

3.1 Over the last 50 years, the EU tropical tuna fleet's fortunes have gone hand-in-hand with those of the European tropical tuna processing industry.

3.2 Tuna was the first fisheries product fully liberalised from the Community tariff to protect the processing industry. The then EEC introduced a compensatory allowance paying vessel owners the difference between the sale price and 93 % of the reference price set each year. As the percentage has subsequently fallen to 87 %, the allowance has no longer been paid to EU vessel owners in recent years and is now completely ineffective.

3.3 The EU fleet and canning industry have for many years been contributing to economic development in third countries under the EU's trade policy. In this regard, the Yaoundé, Lomé and Cotonou agreements have provided a stable framework for trade between ACP and EU countries. Likewise, GSP+ has boosted trade between the EU and its trade partners in Central America and the Andean Community.

3.4 Under the terms of the economic partnership agreements (EPA), the ACP countries enjoy free access to EU markets when

exporting tropical tuna products (whole, in fillets or canned) with a 0 % tariff. These conditions have enabled the EU tuna processing industry to invest directly in the Côte d'Ivoire, Ghana, Madagascar, the Seychelles and Mauritius, and indirectly in Kenya and Senegal. These investments have helped to create more than 40 000 jobs in these countries, and have facilitated technology transfers.

3.5 Similarly, the Generalised System of Preferences (GSP+) was introduced by the EU to extend favourable trade conditions to the countries of Central and South America, applying a 0 % tariff brought to fisheries products. EU investment has gone to countries such as Ecuador, El Salvador, Guatemala, Brazil (general third country GSP with a 24 % tariff for canned products) and Chile (through the free trade agreement with the EU), and indirectly to Colombia and Venezuela, helping to safeguard 50 000 direct jobs in the tuna industry.

3.6 Thanks to these agreements, EU companies have transferred a part of their vessels to third countries in Africa, America and Oceania, under the flags of those countries that the EU identifies as preferential partners of the Union and with which it recommends mergers or the creation of joint companies with businesses from those countries.

3.7 A portion of the 400 000 tonnes caught by the EU tropical fleet is landed and processed in installations built in third countries. The EU fleet therefore provides numerous port jobs, pays port charges for landing or transshipping fish, takes on supplies in third country ports and makes a significant contribution to their development.

3.8 Taking the tuna sector as a whole, the fleet and processing industry have developed hand-in-hand, forming the only EU fisheries sector with a transnational interbranch structure, due to the scale of common interests shared by EU industrialists. The EU tuna sector, as indicated above, has provided multiple investments and has generated economic activity in third countries in line with EU guidelines, channelled to countries benefiting from the systems of preferences granted by the EU.

### 4. Challenges facing the EU tropical tuna fleet

4.1 The main challenge facing the EU tuna fleet and industry is unfair competition from other operators who have focused their growth targets on the European market, which consumes 50 % of world (EU + third countries) canned tropical tuna production.

4.2 World production of canned tuna stands at around 1 600 000 tonnes annually, of which approximately 330 000 are produced by the EU <sup>(2)</sup>.

4.3 The EU tuna fleet's principal competitors are the Asian purse seining fleets operating in the planet's richest fishing grounds in the Pacific Ocean, where more than 60 % of world tropical tuna catches take place. These fleets mostly supply the largest tropical tuna processing zone represented by the Thailand-Philippines-Indonesia triangle. Their products – of lower quality – are highly price-competitive on the European market, securing a 35 % share despite facing a 24 % tariff.

4.4 Similarly, the tuna product processing sector suffers from loss of competitiveness vis-à-vis third countries not belonging to either the ACP or GSP+, comparable to that described above for the fleet. In most cases, buying cheaper raw materials, lower taxes, the difference in workers' pay and social protection costs and less rigorous health guarantees for the finished product are aspects that undoubtedly push down production costs and allow sales at prices lower than those for EU produce.

4.5 There are broadly two distinct types of tuna production in the world. Firstly, the pattern represented by the EU fleet or EU investment in third countries (ACP or GSP), supplying the European or ACP-GSP processing industry, with the highest workplace safety, social protection, food safety, environmental protection and responsible fisheries standards. The other – and growing – pattern is that of fleets and industries untroubled by concerns for sustainability and with far lower social, labour and health standards.

4.6 Since in order to gain access to an EU system of preferences, the ACP and GSP countries are required to comply with a series of international agreements governing all these aspects, other countries exporting to the EU should meet these same standards in order to be able to enter the market, guaranteeing fair competition with EU production and the EU's preferential partners.

4.7 A further important threat to continued European tuna activity is represented by changes to EU legislation governing the delicate balance on the world tuna market. This legislation has, through the economic partnership agreements, played a key

role in directing investment and the development of the EU tuna sector towards countries designated by the Union as priority partners.

4.8 This development framework, which has proved to be particularly effective for the tuna sector, is threatened by the WTO negotiations, possible EU negotiations with other countries or groups of countries regarding free trade treaties, and the recent amendment to the rules of origin granting global sourcing <sup>(3)</sup> to Papua New Guinea and Fiji.

4.9 In connection with both the WTO and the bilateral negotiations, the greatest risk facing the tuna sector is the removal of customs tariffs from processed tuna products. Frozen whole tuna has been completely liberalised (zero tariff) for more than 30 years with the aim of ensuring supply for the EU processing industry; as a result, the EU fleet is obliged to compete openly with other fleets that export frozen whole tuna to the European market. However, further liberalisation of processed tuna products would only lead to the progressive decline of the European industry and the loss of jobs and businesses in favour of non-EU competitors with lower costs.

4.10 Granting global sourcing arrangements for fish products under the Pacific Economic Partnership Agreement for Papua New Guinea shifts the balance on the world tuna market, with catastrophic consequences for the industry in Europe and the other ACP and GSP countries. The removal of the ACP or EU origin requirement for tuna to be processed in Papua New Guinea or Fiji, in order to secure a zero tariff on the EU market, is prompting the main competitors, principally Asian, to build new processing plants in Papua New Guinea.

4.11 With this concession, the EU is encouraging over-exploitation of Pacific tuna resources, where populations have already been pushed to the limit. Moreover, the companies that will gain zero tariff access to the EU market are mainly Asian ones, who are being encouraged to boost canned production capacity on a market where prices have been pushed down by excess supply. The EU presence in the western and central Pacific is limited to four tuna vessels in line with the political wishes of the countries of the Forum Fisheries Agency, headed by Papua New Guinea.

<sup>(2)</sup> FAO 2007.

<sup>(3)</sup> Council Regulation (EC) No 1528/2007 of 20 December 2007 applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreement establishing, or leading to the establishment of, Economic Partnership Agreements – Annex 1, Article 4(3)(a).

4.12 This concession puts the other ACP and GSP countries at a disadvantage by giving an exclusive advantage to Papua New Guinea and Fiji in terms of obtaining low-cost raw materials: the former have to comply with the rules of origin, while the latter do not. It may also provide a means of 'laundering' products from illegal fisheries.

4.13 Yet another challenge facing the EU tropical tuna fleet is that of maintaining the network of fisheries partnership agreements. This network is crucial, as it guarantees access for the EU fleet to highly migratory resources within a framework of legal certainty and transparency that is unique in the world. Tropical tuna is not concentrated in space and time according to any fixed pattern of movement, which is why operating the tuna fleet requires the maximum number of fisheries agreements in the three greatest oceans.

4.14 There is currently a serious shortage of fishery licences for the freezer tuna vessel segment in the Atlantic Ocean. This is due in part to the decline of agreements in recent years and, in particular, to piracy in the Indian Ocean, leading to some vessels operating in that area to seek refuge in the Atlantic, where fisheries are able to continue with a minimum of security. It is therefore vital for the EU to urge coastal countries to extend the quota of licences under all the Atlantic FPAs, provided that the state of resources, according to the best available scientific data, so permits.

4.15 Such an extension could last longer than wanted, as it does not depend on the EU alone. The EESC therefore proposes that urgent consideration be given to the possibility of introducing an exception to the FPA exclusivity clauses (that prevent vessel owners from obtaining private fishery licences in countries having an FPA) so that the European fleet can obtain private fishery licences, provided that the state of resources, according to the best available scientific data, so permits,

4.16 The tropical tuna fleet therefore considers that, in line with the 2004 Council conclusions, the EU must consolidate the importance of the fisheries partnership agreements within CFP reform and resume a policy of extending the network of agreements to the most important countries in each ocean, negotiating new agreements with the following:

— Atlantic: Senegal, Guinea, Sierra Leone, Liberia, Ghana, Equatorial Guinea and Angola.

— Indian Ocean: Kenya, Tanzania, the French islands of the Mozambique Channel, the British Indian Ocean Territory and Yemen.

— Pacific: Ecuador, Colombia, Peru, Panama, Costa Rica and a regional agreement with the *Forum Fisheries Agency*.

4.17 The EU tropical tuna fleet also considers it vital for the EU to keep a presence in tuna RFOs, so that it can continue to provide a model for responsible fisheries, as it does at present through the behaviour of its tuna fleet.

4.18 Together with Japan and Korea, the EU is the only contracting party to the four RFOs (ICCAT, IOTC, IATTC, WCPFC), and it must provide itself with the means it needs to promote the principles of responsible fisheries coherently and objectively.

4.19 The EESC considers that the EU should promote a management system that is as homogeneous and consistent as possible at world level, as a clear response to the reality of a totally globalised market such as that for tropical tuna, with the future aim of an international organisation managing horizontal issues relevant to world tuna fisheries. This global management system has reached the embryonic stage with the Kobe process to review how the tuna RFOs work.

4.20 Regarding piracy in the Indian Ocean, the EU tuna fleet is seriously concerned about the spread of attacks on tuna vessels throughout 2009 and continuing in 2010, that are occurring increasingly further away from Somali territorial waters, some as far as 1 000 nautical miles from the Somali coast, and even within the EEZ of the Seychelles and other coastal countries (Kenya and Tanzania).

4.21 The tuna fleet is particularly vulnerable to attacks by pirates. Unlike merchant ships, which are constantly under way, tuna vessels are stationary for two to three hours at a time while fishing with their nets extended, meaning the risk of attack and boarding by pirates is higher. Moreover, the low freeboard of these vessels and their stern ramps make boarding easier for pirates.

4.22 For these reasons, it emphasises the need to amend the mandate of Operation Atalanta (Council Joint Action 2008/851/CFSP of 10 November 2008 on a European Union military operation to contribute to the deterrence, prevention

and repression of acts of piracy and armed robbery off the Somali coast) to specifically include protection of the tuna fleet operating in the Indian Ocean in order to avoid attacks and hijackings such as the Playa de Bakio (2008) and Alakrana (2009) incidents.

4.23 Due to the shortage of licences in the Atlantic and the quota measures agreed under the Pacific FPOs, European tuna vessels currently encounter numerous difficulties in moving from the Indian Ocean to other oceans. In addition, many jobs in vessel-owning and third country businesses, in both

canning plants and fleet home ports, depend on the fleet working in the Indian Ocean. Leaving the Indian Ocean would entail major job losses not only in the EU but also in the Seychelles, Madagascar, Kenya, Mauritius, etc.

4.24 These are the challenges facing the EU tropical tuna fleet and tuna processing and canning industry with regard to its stability and continued global presence: they do not involve any economic burden on the European Fisheries Fund (EFF), requiring only political decisions by the EU.

Brussels, 15 September 2010.

*The President*  
*of the European Economic and Social Committee*  
Mario SEPI

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