



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MARITIME AFFAIRS AND FISHERIES

The Director-General

Brussels,
MARE/A2/EL(2022)

Subject: AAC recommendation on the rising production costs in aquaculture

Dear Mr Ojeda,

I would like to thank you for your letter of 27 April 2022, including the recommendation in relation to the rising production costs in aquaculture.

As regards your concerns on the increasing energy prices and your request to temporary offset or suspend the carbon emission quota at EU level, I can reassure you that the Commission is closely following the development of prices in the European gas, electricity and carbon markets. We are fully aware of the challenges these represent and are working with Member States to ease the situation for European citizens and industries including aquaculture.

However, I have to emphasise that, although multiple factors contribute to the current situation, it is not the result of the carbon price. For example, the Communication on energy prices toolbox from October 2021¹ showed that the effect of the gas price on the electricity price increase is around eight times bigger than the effect of the carbon price increase.

As regards your concerns on the role of speculation in the price increase in the EU Emissions Trading System (ETS), the Commission has asked the European Securities and Markets Authority (ESMA) to analyse the trading practises in the European carbon market. On 28 March 2022, ESMA published a comprehensive report on the European carbon market², which shows that the market functions properly from a financial market perspective, and that market trends in emission allowances are comparable to other energy markets. I would like to remind that emission allowances are classified as

¹ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Tackling rising energy prices: a toolbox for action and support, COM(2021) 660 final

² <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-its-final-report-eu-carbon-market>

Mr. Javier Ojeda
Chairman of the AAC
ojeda@apromar.es
Rue de la Science, 10
B – 1000 Brussels
Belgium

financial instruments. This means that robust EU financial legislation, which applies to other financial markets, also applies to the EU carbon market.

I would also like to point out that the ETS is a cornerstone of the EU policy to address climate change and the EU fit for 55 package³ adopted in June 2021, which aims to reduce our carbon emission to 55% by 2030 as compared to 1990. The overall objective of the ETS is to incentivise emitters to reduce their emissions and also for consumers, households or industrials, to modify behavior and make investments in renewable energy, energy efficiency and heating systems. Over time, the transition will result in less dependence on fossil fuels and lower energy bills for European consumers and businesses.

The review of the Energy Taxation Directive is also part of the Fit for 55 package and will also contribute actively to the goals of the REPower EU, by increasing taxes on fossil fuels while reducing taxes on less polluting fuels with the effects of reducing consumption of fossil fuels, increasing the up-take of green hydrogen, green electricity and advanced biofuels, enhancing energy efficiency and increasing energy independence through more use of renewables and less of fossil fuels.

As you indicate in your letter, the military aggression of Russia against Ukraine is impacting on operators of the fishery and aquaculture sector in the Union. The disruption of trade flows of key commodities for the fishery and aquaculture sector from Russia and Ukraine abruptly intensified the increase in prices of key inputs such as energy and raw materials. Part of the Union fleet has ceased fishing because of the decrease in profitability of that activity and the impossibility of offsetting the increase in input costs such as soaring prices for energy. The combined impact of the cost increases and shortages is also being felt by the seafood farming and processing sectors.

In light of these disruptions and the consequent socio-economic impacts, the Commission activated several financial packages to support the fishery, aquaculture and processing sectors:

1. A temporary state aid framework that covers the fishery and aquaculture sectors, allowing for individual businesses to be supported by up to €35,000 with state aid.
2. The crisis mechanism of the European Maritime, Fisheries and Aquaculture Fund (EMFAF), allowing Member States to use their EMFAF allocation to provide financial compensation for economic losses and additional costs related to the disruption caused by the crisis, and to compensate producer organisations if they use the storage mechanism of the common organisation of the markets. This crisis mechanism can be implemented immediately by Member States, even if their EMFAF programme is not adopted yet (indeed, there is a rule on retroactive eligibility of expenditure). The Commission published a technical note⁴ to help Member States frame their methodology for compensation.
3. A legislative proposal to amend the European Maritime and Fisheries Fund (EMFF) to introduce crisis measures, i.e. financial compensations to operators of the fishery, aquaculture and processing sectors for their income forgone and additional costs, to owners of fishing vessels for the temporary cessation of fishing activities where the

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality, COM/2021/550 final.

⁴ https://oceans-and-fisheries.ec.europa.eu/funding/famenet_en

military aggression of Russia against Ukraine jeopardises the security of fishing operations, and to producer organisations implementing the storage mechanism of the common organisation of the markets. That proposal is now adopted and entered into force on 23 July 2022⁵.

Additionally, the Commission calls on Member States to ensure a swift implementation of the measures.

I am looking forward to our continued fruitful cooperation. Should you have any further questions on this reply, please contact Ms Pascale COLSON, coordinator of the Advisory Councils (Pascale.COLSON@ec.europa.eu; +32.2.295.62.73).

Yours sincerely,

Charlina VITCHEVA

c.c.: Cecile Fouquet : cecile.fouquet@aac-europe.org; secretariat@aac-europe.org

⁵ See REGULATION (EU) 2022/1278 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 July 2022 amending Regulation (EU) No 508/2014 as regards specific measures to alleviate the consequences of Russia's war of aggression against Ukraine on fishing activities and to mitigate the effects of the market disruption caused by that war of aggression on the supply chain of fishery and aquaculture products (OJ L. 195, 22.07.2022, p.1)