

**L.D.R.A.C**

Long Distance Regional Advisory Council

**Mr. José Manuel Barroso**  
President of the European Commission

**RE:** future of the EURO-ACP-GSP tropical tuna sector

**Dear Mr. President,**

The future of the European tuna canning industry, both in Europe and in the ACP and GSP countries, and of the 90 high sea tropical freezer tuna purse seines (Spanish, French and Italian) as well as the fate of the 500 000 people that directly or indirectly depend on this sector, is in the hands of the Commission.

This sector is built on the legal foundations of the agreements between the European Union and the ACP countries and on the Generalised System of Preferences (GSP), as well as on the resulting customs system.

The European investments made in these countries resulted in one of the too rare success stories of eco-industrial co-development and North-South co-operation.

Yet, the orientations taken by WTO (Doha) negotiations, the reform of the rules of origin, the negotiation of the free trade agreements, particularly with ASEAN and the possible failure of the negotiations of the economic partnership agreements (EPA) with the ACP, will destroy this sector and will slow down the development of some ACP and GSP countries.

The reasons for this catastrophe are very well known in the various General Directorates (DG Trade, DG Taxud, DG Fish) and therefore by all concerned members in your Commission.

**The general reduction of the customs duties that will result from a WTO agreement** translates itself in an equal reduction of the preferential advantage from which the tuna products manufactured in the ACP and GSP countries benefit at the moment compared to the tuna products manufactured in the Asian countries (especially Thailand) that, despite of a custom duty of 24% that is applied when entering the common market, have managed to already capture 30% of the market of canned tuna.

The very strong erosion of this tariff preference (from 24% to 7%, or -70%) will make way for the Thai competition which will wipe out the African and South-American canning industry.

The possible period of progressive application of this reduction will only postpone the closing date of the canning factories.

The only solution to maintain this industry is to exclude tuna canning from the scope of the reduction of the custom duties that might result from a possible WTO agreement on the Doha cycle (implemented so as to favour the development and not to make it recede).

**The reform of the rules of origin** as considered by certain general directorates of the Commission, will certainly have less catastrophic consequences than the general lowering of the customs duties, but, in addition to the introduction of a legal insecurity for the commercial actors of the sector, in the absence of efficient measures to fight IUU fishing, it might increase the outflow of fish caught in violation of the regulation (IUU fishing) and (or) the fish caught by vessels that do not respect the sanitary rules of the Community.

In fact, the fish caught for example by the tuna vessels under the flag of a third state having no sanitary agreement might be canned in an ACP state, exported to Europe (without custom duty) and consumed by the European consumers confident in the European sanitary rules.

In the same way, tuna caught in contravention of the rules for the management of the resources established by the competent Regional Organisation for the Management of the Resource (ORGP) might very well be sold by this channel insofar as or in the absence of the rule of origin for the fish canned by the ACP countries in the area, will reduce the existence of any traceability system associated with the rules of origin.

In that context, we want to emphasize that the package of measures proposed by the Commission for fighting illegal fishing, which will ensure that fish (for example tuna) is coming from legal sources, are highly relevant in the EU-ACP-GSP tuna trade context, and should be efficiently implemented as soon as possible, in a manner consistent with existing traceability systems implemented for determining the origin of fish (RoO and SPS systems), duly taking into account specific needs from developing countries to meet these new requirements.

Therefore, it is absolutely necessary that all reforms about rules of origin (or exemptions) should be made without prejudice to the implementation of sanitary rules and resources management prescriptions.

About this last point, the Commission's project for means to fight and eliminate IUU fishing may be a good solution for the future.

**The signing of an agreement of free exchange with ASEAN** (therefore with Thailand in particular) will be even more radical than the WTO agreements because it could lead to the reduction to zero of the customs duties on the canned tuna by the most direct and most dangerous competitors of the ACP and GSP tuna industry.

There also, the possible extension of the application period and (or) the progressiveness of this application may not avoid the fatal and irremediable outcome of the elimination of the right by 24%.

**Finally, the absence of a signature from EPA before 31.12.07 with the ACP countries,** is (together with the signing of a bad EPA agreement for the Pacific) the most immediate threat for the sector.

In fact, not signing these agreements will lead to the application, as from 1 January 2008, of the 24% duty tax on the imports of preserves and tuna loins manufactured in the ACP countries (the tuna canned in these countries not being "GSP+ or GSP").

This situation will be even more catastrophic than the lowering of the custom duty from 24 to 7 or 8%.

In fact, in this hypothesis (unfortunately possible), the loss of the custom advantage will be total and will be even worse in relation to the Asian competition in a way that these will benefit from a quota of 25 750 T/year with reduced rights (12% instead of 24%).

We would request you explicitly, Mr. President, to do the utmost to safeguard the Euro-ACP-GSP sector of the tropical tuna and the 500 000 people that depend upon it in Europe as well as in the ACP and GSP countries concerned.

Therefore, we sincerely hope that:

1- A solution will be found to ensure that preferential market for ACP tuna products are maintained after 31.12.2007. As a stop gap measure, in case an EPA is not signed in time, for those ACP that do not belong to the LDC group, we propose that the EU give them access to the GSP+ scheme as soon as possible, under the condition that these ACP take the commitments of fulfilling the necessary criteria as soon as possible.

2- In any case, more stringent EU measures for fighting illegal fishing and ensuring food safety are crucial, and the EU need to take the necessary steps to ensure the implementation of these measures does not hamper EU-ACP-GSP legal tuna trade. In the absence of such measures, any relaxation of rules of origin may increase the use of fish from illegal origin.

We therefore ask for a precautionary approach to the review of the rules of origin, ensuring that any relaxation measure is accompanied by efficient measures that can guarantee the fish used as raw material is coming from legal sources that also comply with EU sanitary standards.

3- If WTO negotiations are to resume, the EU must negotiate an exemption for the tuna sector from the application of the Swiss formula, to take fully into account the effect of preference erosion.

Only under these conditions, assuring moreover the stability of the legal foundations on which the sector is based, it will be capable to maintain itself in spite of the very strong Asian competition in general and the Thai competition in particular.

We sincerely hope to be heard, understood and supported and remain.

Yours faithfully,

**The President LDRAC**

A handwritten signature in black ink, appearing to read 'António Schiappa Cabral', written over a horizontal line.

*António Schiappa Cabral*