



POLICY BRIEF No 2019/41, MAY 2019

The Difficulties and Development of Greek Aquaculture

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Key points

According to the Fisheries and Aquaculture Organization of the United Nations (FAO), more than 50% of the global demand for fish is coming from aquaculture. As for the production of Mediterranean marine fisheries, Greece holds by far the first position among the Member States of European Union in the production of Seabass and Sea Bream. Despite the major global production share, Greek aquaculture faces some vital problems holding her back and down.

Although EU promises fair competition in the single market, Greece suffers from unfair terms in the main produced fishery products. Turkey, the biggest non-EU competitor in the Mediterranean species, being outside the EU Turkey's aquaculture is not subjected to the European Commission Directives addressing the mandatory standards for such activities, the ban of subsidies for exports and extra tariffs on imports. This fact gives a significant advantage for Turkic products and unfair competition for the Greek aquaculture industry.

The second mistake of the Greek aquaculture is the focus on just two fishery species, Sea Bream and Seabass. Multi-species production orientation leads to greater stability in profits, achieving risk spreading from price volatility of each of the species. Finally, the technology used is not updated and is considered one major factor that holds back the development. Not dealing with all these matters will lead to disastrous consequences to a much-promising economic sector and will hold back the industry from this globally developing activity.

Recommended action consists in:

- Dealing with the unfair competition via the European Commission assessments of the custom union with Turkey and the triggering of the Council Regulation against subsidised imports
- Targeted Research and Development (RnD)
- Introducing new species for diversification

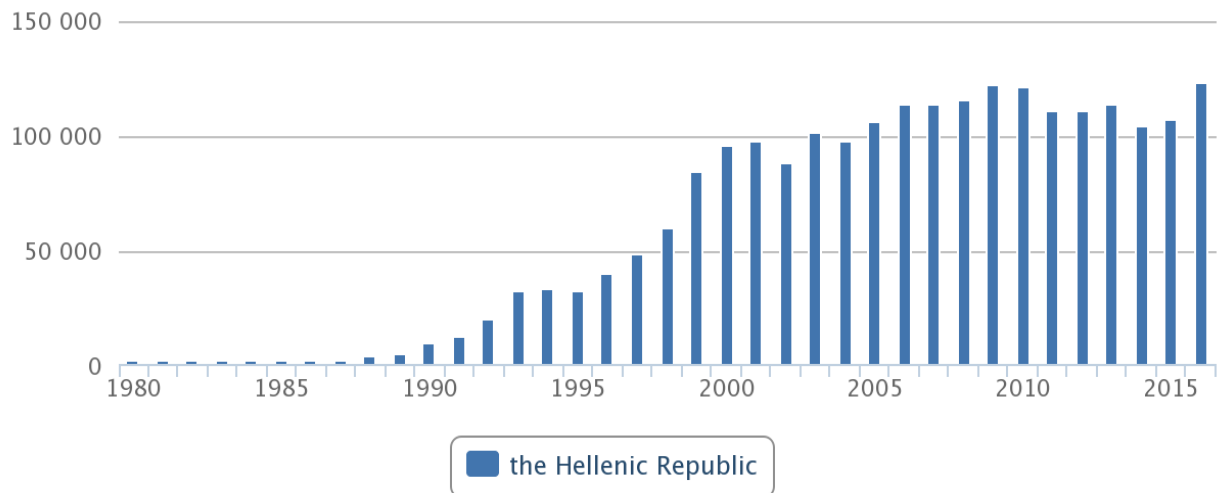
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Introduction

Starting at the early 1980s and achieving mass production at 1990s the Greek aquaculture, despite the many crises in the sector (1999-2002 and 2007-2008), managed to hit the 120.000 tons milestone in the production of Mediterranean marine fish farming and being the leading European producer. In 2015, despite operating lower of the capacity limits, due to the Greek economic crisis, is still a major global producer of European seabass and gilthead seabream.

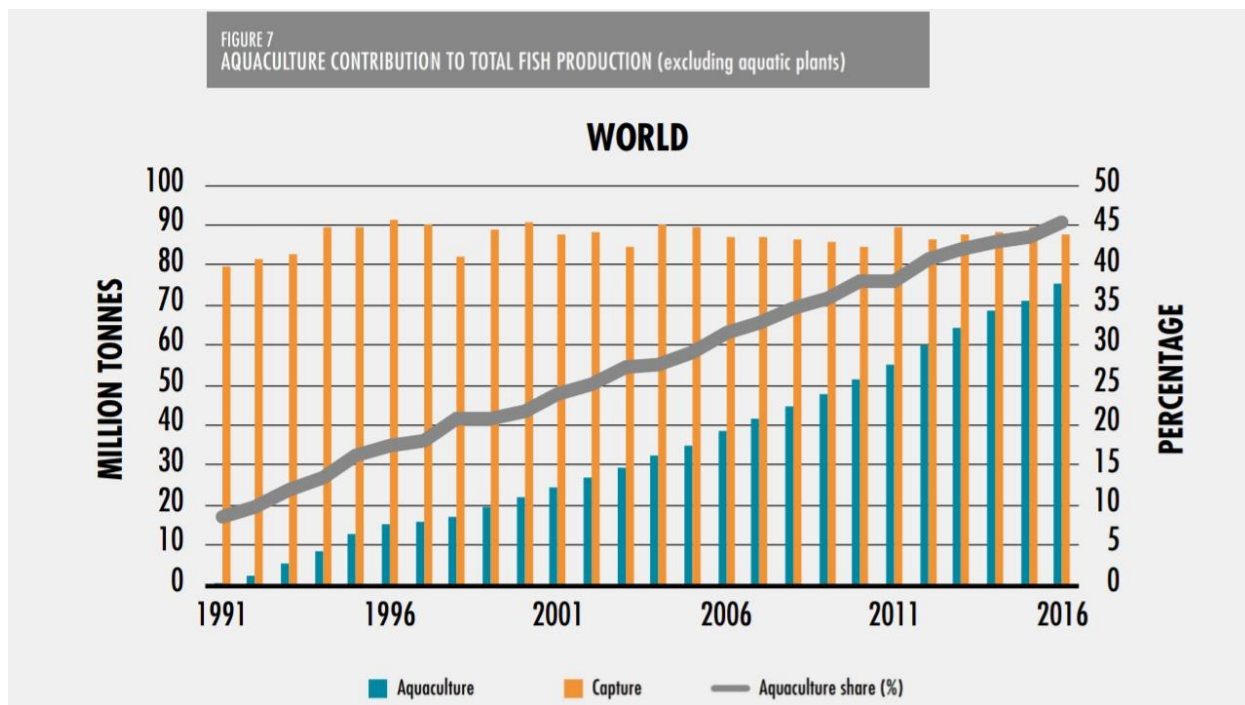
Total aquaculture production for the Hellenic Republic (tonnes)
Source: FAO FishStat



It has been discussed by many international organization and forums that aquaculture is going to be one of the biggest and most profitable activities in the food producing industries. It was provisioned in 2005 by FAO that until 2025, aquaculture fisheries would provide more than 50% of the global demand for fish. By the 2009 the world was consuming more than half of its fish from aquaculture.



FIGURE 7
AQUACULTURE CONTRIBUTION TO TOTAL FISH PRODUCTION (excluding aquatic plants)



2005 FAO projection
for World Aquaculture and Fisheries Captures





Taking into consideration the fact that the global demand for fish is only going to be higher in the future years, the biggest question that Greek aquaculture is facing is whether is ready or is going to be ready to provide and cover this demand. It is forecast that throughout the EU there will be a 4 percent annual production increase of Mediterranean species up to 2030, producing 305.000 tonnes. As for the latest available data, at 2016 the total production of Greek aquaculture was estimated at 133.000 tons (105.000 being Seabream and seabass alone). Although this production volumes places Greece among the 2 biggest producers worldwide for the Mediterranean species, the Greek industry has to more than double the existing production volume in order to cover the estimating rise in demand.

Of the many obstacles that have to overcome, the biggest difficulties Greek aquaculture is facing are: the protection against competition, the security against the market instabilities, and the necessary Research and Development.

Analysis and Evidence

Competition

The major competitor in the Mediterranean marine fish aquaculture of Greece is Turkey, both producing Seabass and Seabream. Being neighbor countries, they share the same water and consequently they have similar potential in this kind of species production. There is, though, a striking difference that leads to a huge imbalance at market terms. Greece is a Member State of the European Union and Turkey is not. Being member of the EU equals following certain mandatory directives in order to operate in some sectors. Aquaculture is part of the Common Fisheries Policy and the European Commission exercise control in areas that think it is important to be set some rules. Turkey, on the other hand, is not obliged to follow any of these Directives.

European Union has set some mandatory standards that need to be fulfilled on the aquaculture facilities. Some of those refer to legal provision on animal health requirements for aquaculture animal, on the prevention and control of certain diseases. It has also stressed out the importance of sustainable aquaculture development, addressing environmental protection in particular, focusing on the high-quality aquatic environments and prevention of deterioration. Although Greece follows and has implemented completely the mandatory directives, from the industry perspective this leads to higher production cost and thus higher price. As a result, the Turkish aquaculture is in an advantageous position since has lower production cost and can sell its product to lower prices.

Furthermore, needs to be taken into account that under the EU-Turkey customs union, zero tariffs are applied to Turkish aquaculture products imported into the European



market. On the contrary imports of such European products into Turkey does not enjoy the same terms with high taxes and duties on imports of aquaculture products.

Lastly, the granting of subsidies is against the rules of competition in the EU market. Still, since Turkey is not an EU member and those rules are not mandatory, has granted such assistances to the aquaculture exports against European products, especially the Greek seabass and seabream, resulting to higher prices in the European market for those species.

All the facts above result to unfair terms of trade and competition that harm especially the Greek aquaculture industry and need to be addressed and resolved immediately. Taking into consideration that EU imported in 2017 over 51.000 tons of seabass and gilthead seabream, marking an historic high in import volume, and that 98% of that amount was imported from Turkey, it is easy to understand the extreme need and the major benefits of Greece dealing with this matter.

Technological Development and Diversity in Production

For years the Greek aquaculture industry is focused in production of a limited amount of fish species. Fish are estimated that cover the 88% of the volume produced and reach the 99% of the value, and the rest is covered by the production of mussels with 12% of the volume and just 1% of the total value. From the fish, the most part consists of Seabass and Seabream amounting to 101.000 tons combined in 2016 and 110.000 tons in 2017.

Greek aquaculture refers to the production of Mediterranean marine fish. One advantageous aspect of this category is the variety in the available species that can be produced. Is estimated that there are 519 native marine fish species in the Mediterranean Sea. In Greece the expansion of the produced species has started around the same time with Seabream and Seabass, but it has stayed at very low levels with a total volume of 3.100 tons in 2016. Meagre, common seabream and sharpsnout seabream are some of the secondary produced species. One of the reasoning behind this kind of focus is that the current methods and available technology used are not effective for the cultivation of more species.

As a result, Greek aquaculture is facing the market demands with just 2 products being produced at a higher price due to the ineffective production methods. Furthermore, the severe competition, as we have already discussed, worsens the market position of Greece and lowering its market share. Lastly, it goes without saying that depending in the selling of a single product is leaving the Greek companies exposed in the risk of the unstable prices of the market.



Recommendations

In order to deal with the unfair competition against Turkey, European Commissions involvement is mandatory. Coming into force on 31 December 1995, EU and Turkey are linked by an agreement forming a Customs Union. The first chapter of this Decision is setting a free of custom duties and charges trade between the EU and Turkey. In order to be found settlement of this issue, Greek industry must formally share specific concerns directly to Commission and discuss about possible means to address those concerns. Since this issue affects other Members States as well, such as Spain (Spain being the second largest EU producer of Seabream and Seabass), and the European Market as a whole (non-EU standard produced products imported) should be motivated to address this issue as well.

According to the Council Regulation (EC) No 597/2009 subsidised imports in the EU market may be subjected to countervailing duty. For such measures to be applied, Greek aquaculture industry needs to send a properly documented complain to the Commission which need to include sufficient evidence of countervailable subsidisation, injury, and a causal link in line with the same Regulation.

In order for the Greek aquaculture to diversify its fish production, it is necessary to prioritize is knowledge development and upgrading the technology and methods used in the production. Ensuring that, aquaculture industry will be able to establish the production of new species and no longer depend on a 2-fish production. This way it will be able to fit better in the markets demands and face the competition. Additionally, expanding to a variety of product will achieve a spread to the risk originating from the price swings in the market. As for the already operating production of Seabream and Seabass, the new technology and methods will be far more efficient and the production cost will be lowered, leading to a more competitive price in the market.



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