

WG3: Horizontal Issues Focus Group: Rising costs	Draft Recommendation on rising costs / Author: Andrea Fabris and Marco Gilmozzi  Adopted by FG on the 21/03/2022	Step: For Comments by WG3 Deadline: 29/03/2022
---	--	---

## **Draft recommendation on Rising Production Costs**

### **Introduction – Scenario**

Production costs of aquaculture have suffered an impressive price increase since mid-2021. Raw materials for fish feeds, probably linked to the restart of global production activities after Covid but also dragged along by speculation have attained prices that are beyond what the fish farming sector can pay for and, furthermore, some are becoming unavailable.

The aquaculture sector has also been hit hard by the increases in energy prices which as a result generated higher additional operational costs (oxygen, packaging material, transport); this began a few months before the starting of the war in Ukraine which made all these aspects worse.

The increase in costs is affecting all European aquaculture farms and is becoming unbearable. In the case of energy costs, these are affecting the viability of all farms but mainly of energy-intensive ones, including those which produce on-land trout or bass and bream, or that consist of RAS systems, or hatcheries. The increase in costs is moving them out of scale and could lead to the collapse of a very important part of the aquaculture sector in Europe.

The AAC stresses that to prevent the closing of a large percentage of European aquaculture farms, it is necessary and vital to intervene drastically aiding the aquaculture sector to cope with the energy crisis and the increases of production costs.

### **Recommendation.**

AAC recommends the following actions in the short and medium-term by the European Commission and the Member states. These will be essential to ensure the survival of an aquaculture sector that provides employment, economic activity in rural areas, and contributes to the supply of nutritious food to the European Union.

- Reduce the taxation and cost of energy supplies and fuels, extremely heavy in some Member States, for aquaculture companies and all value chain operators in the same way as other key sectors have. In particular, a revision or better the momentary suspension of CO2 offsetting quotas at EU level is

WG3: Horizontal Issues Focus Group: Rising costs	Draft Recommendation on rising costs / Author: Andrea Fabris and Marco Gilmozzi  Adopted by FG on the 21/03/2022	Step: For Comments by WG3 Deadline: 29/03/2022
---	--	---

deemed necessary, which is subject to strong speculation in the stock market probably driven by EU big competitors.

- A revision of Energy costs at EU level, today connected at 100% to natural gas prices also for the quota produced without gas, like hydroelectric, wind, solar.
- Facilitated access for aquaculture farms to finance the introduction of renewable energies into the farm, and sustainable exchange modalities such as "energy communities" should be offered.
- Promotion and bureaucratic simplification to use of authorizations / licenses for aquaculture also for the production of energy in the most suitable forms permitted by the different types and technologies (e.g. hydroelectric, photovoltaic, biomass, wind).
- The European Commission additionally to the existing framework for state aid to aquaculture (de minimis) , to set up a temporarily state aid framework (similar to the COVID one) that will provide more flexibility to the Member States and will allow extraordinary support for companies affected from the Russian invasion.
- The European Commission, to explore the possibility, given the limited time, to all different financial support options to overcome the crisis in addition to the state aid.
- Member States to launch the European Maritime, Fisheries and Aquaculture Fund (EMFAF) offering support to compensate operators of the aquaculture sector for their income foregone or additional costs due to the exceptional events that are causing a significant disruption of markets. A horizontal simplified methodology to calculate the additional costs should be considered in order to avoid further delays.