Annual Economic Report (AER) The EU fishing fleet 2014

Anton Paulrud, Chair AER

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Natacha Carvalho, STECF Secretariat / JRC focalpoint

Angel Calvo Santos (**DG Mare focal person**)

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Why do we fish?

~~To Catch Fish~~

Money

Making a living

Employment

Food

Culture

Tradition

Fun

…

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Fishing - An Economic Activity

-Production factors for fishing – labour, capital, resource

-Indicators for efficient use of these production factors

Labour	Capital	Resource
Employees,	vessels, permits, fishing rights	TAC, Management, Policy instruments, MPA, M
GVA/FTE NVA/FTE	ROI ROFTA	RR (net profit margin)

If "fishing" is an economic activity then economic performance in the long-run is the best indicator for the complete picture

=> Simply stating the <u>importance</u> of the content in the AER

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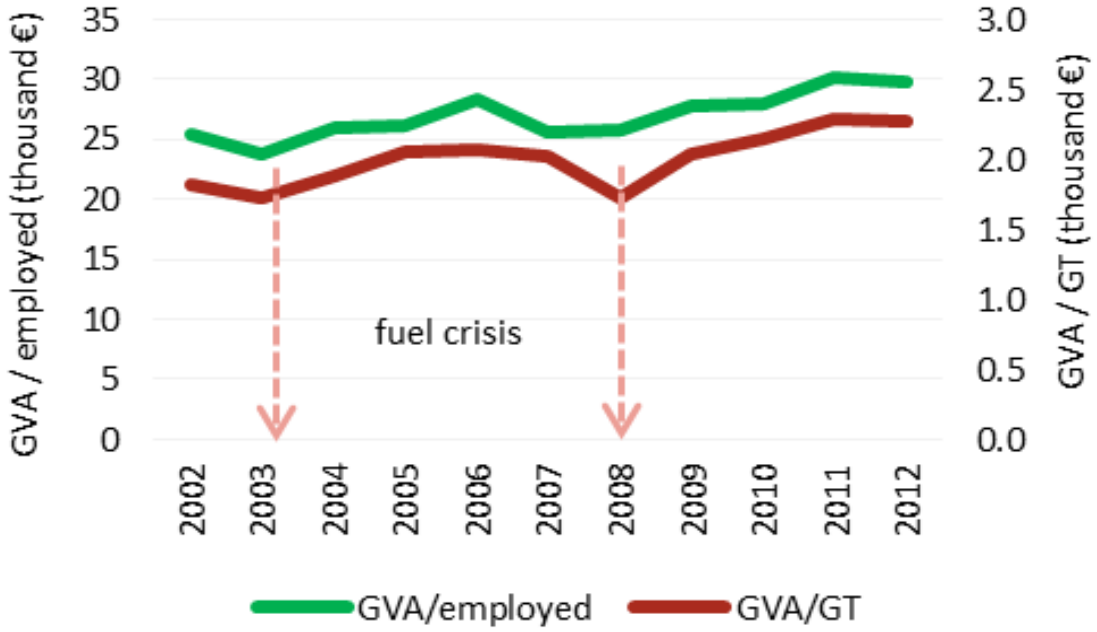
Economic Performance (GVA)



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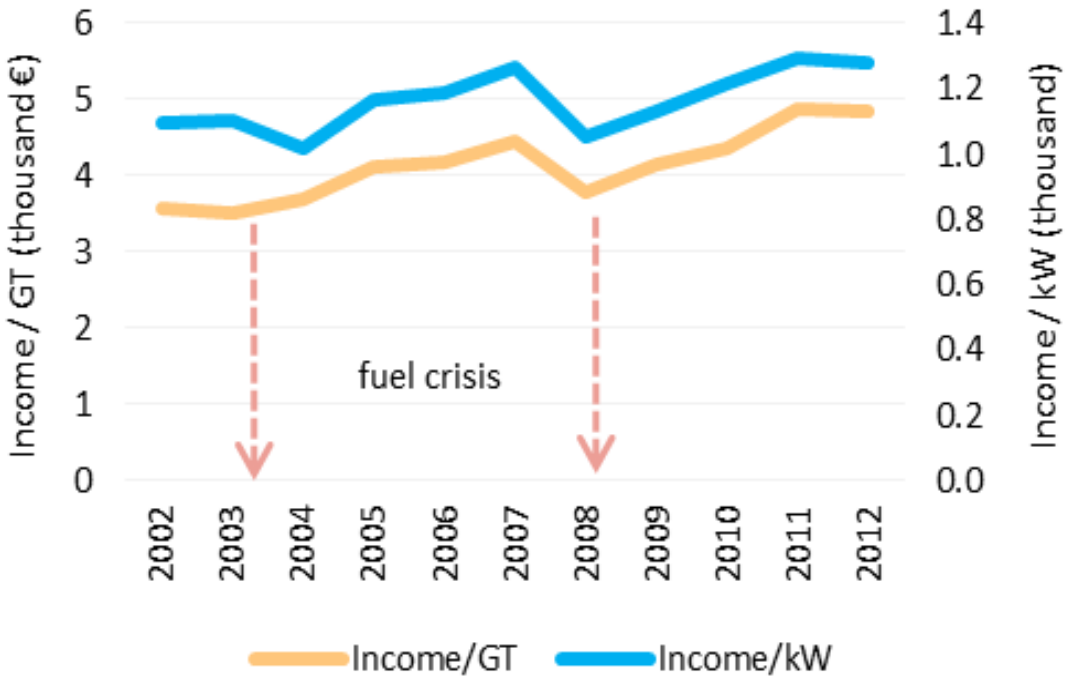
Economic Performance (income)



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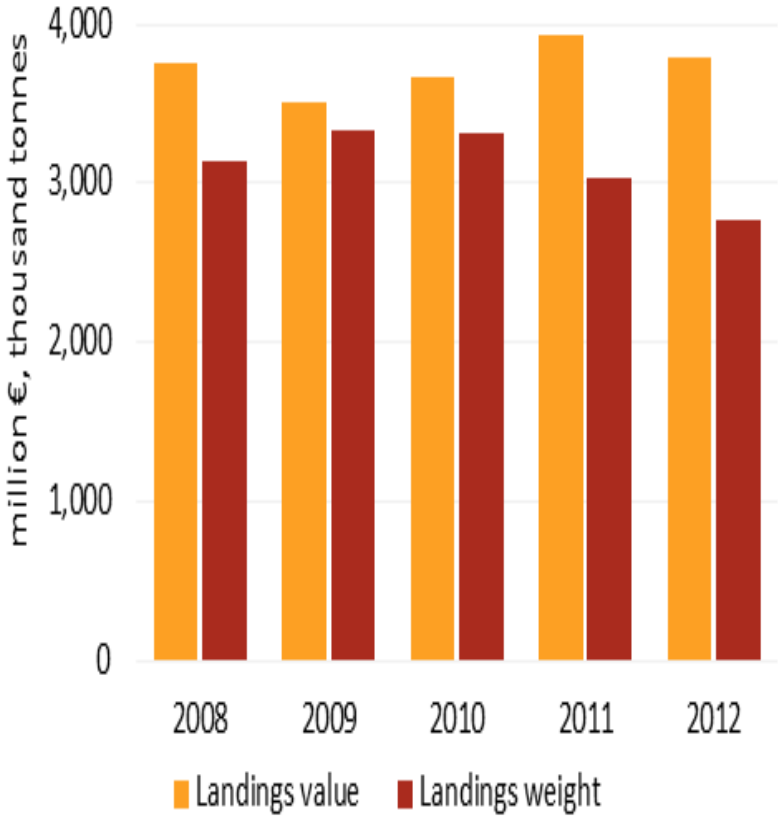
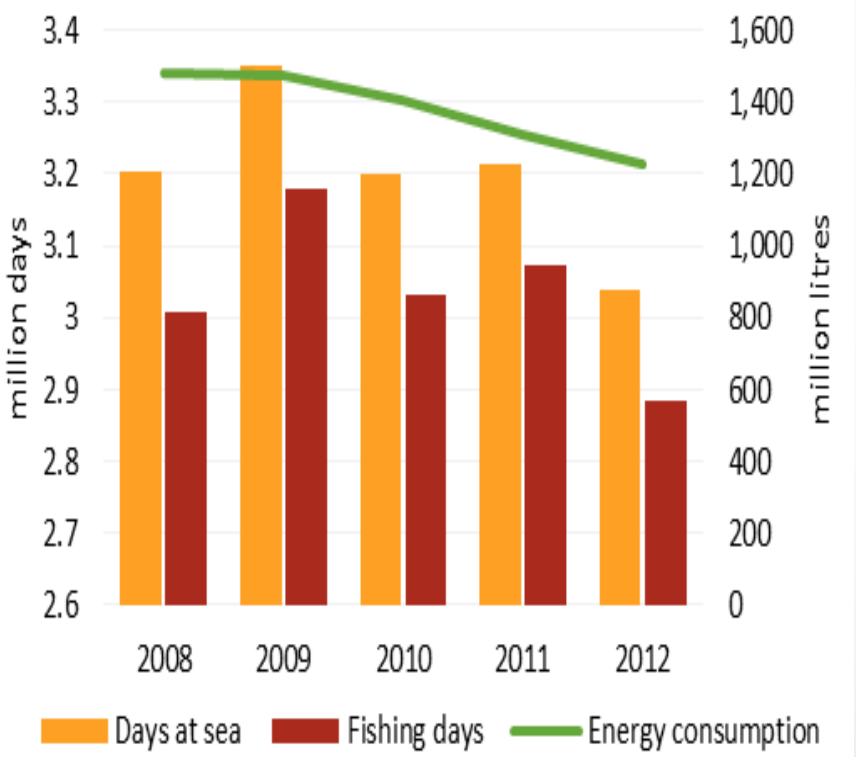
Economic Performance (landings and effort)





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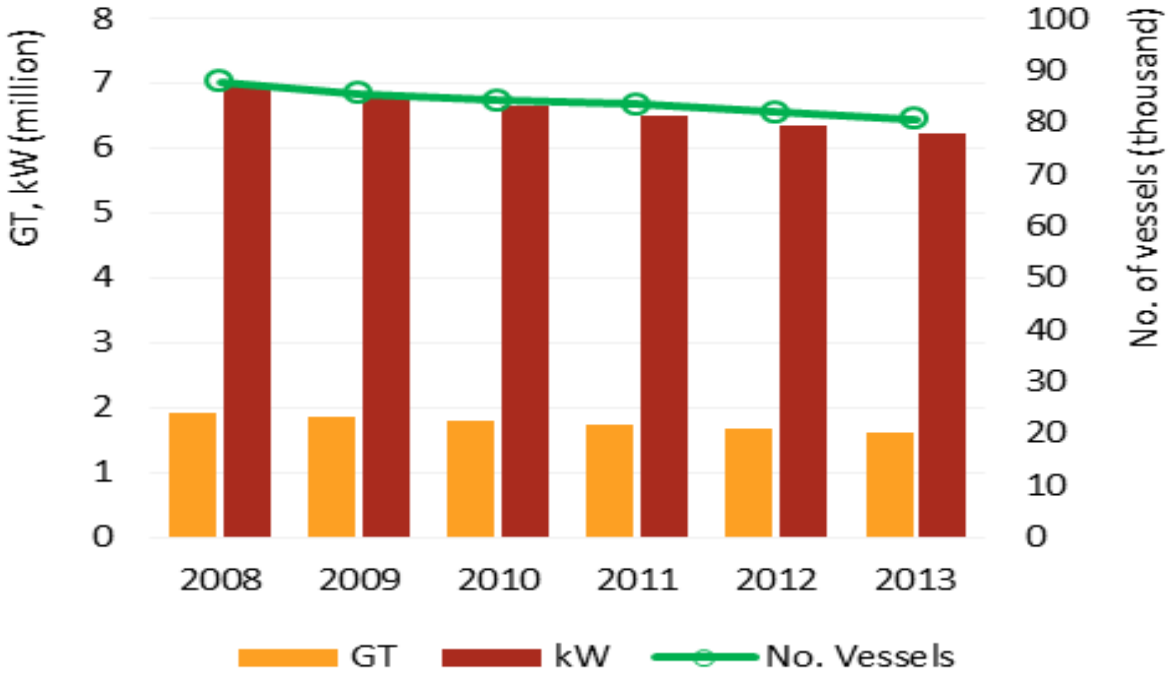
Development

The EU fishing fleet on the 1st of January 2012
- 86,283 vessels
- 1.7 million GT
- 6.7 million kW.



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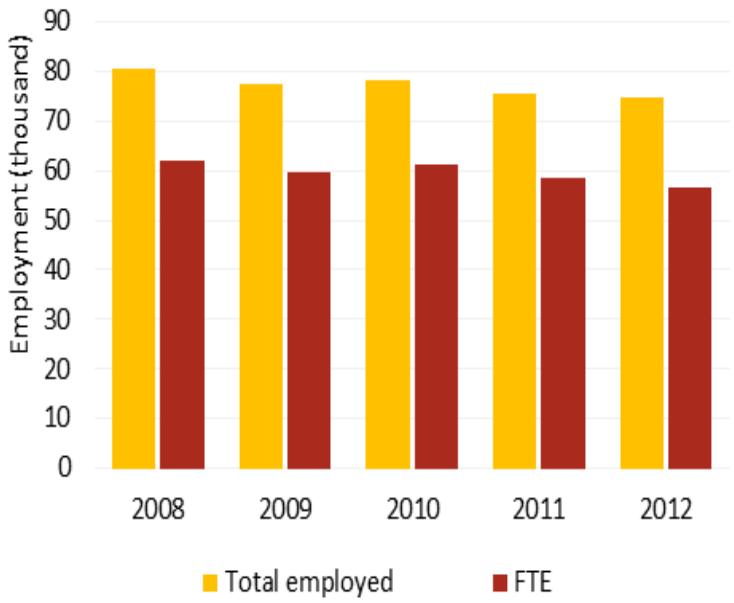
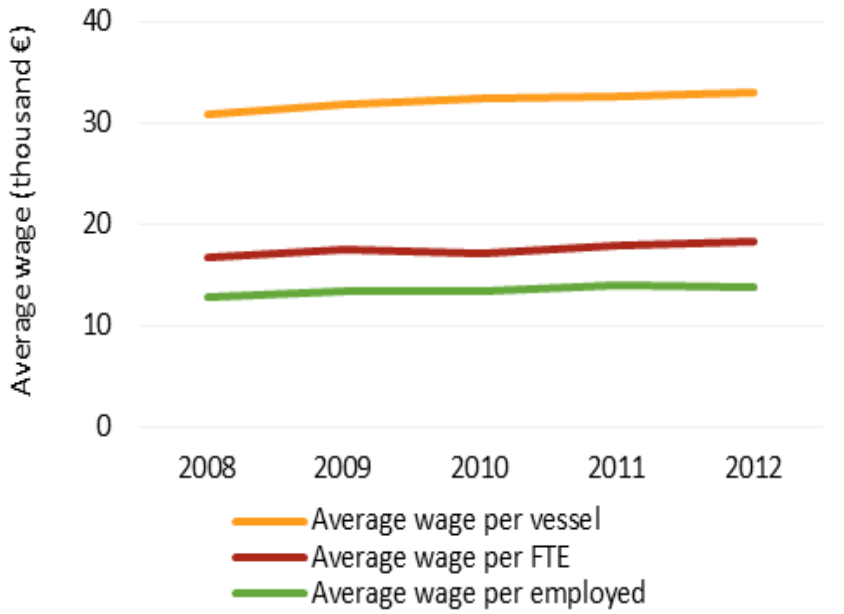
Employment





Employment in the EU fishing fleet declined on average 2% per year (and FTE).

This decrease of on-board employment followed the reduction in the number of EU vessels and rise in average wage, which increased on average 2% over the period.

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Seen so far…

- Despite fishing fleet decreased from 2002 to 2012, income levels continued to increase during that period in relative terms.
- This is due to a combination of factors

  - stocks,

  - implementation of management plans under the CFP,

  - fleet capacity reduction in some fleet segments, etc.

However the impact of fuel crisis that peaked in 2003 and 2008 demonstrates the vulnerability of the fishing sector to external shocks!

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In figures…

- In 2012, the EU fleet generated €6.9 billion in revenue
- €3.3 billion in Gross Value Added (GVA)
- €1.3 billion in gross profit
- €458 million in net profit

- While revenue and GVA decreased 3% compared to 2011, gross profit and net profit increased 2% and 49%, respectively .
- Improved performance was mainly a result of lower overall costs, which declined 5.4% when compared to 2011.
- More specifically, improved results were due to significant reductions in labour and capital costs, amounting to 6% and 13%, respectively.

- After deducting for capital costs, **6.6% of revenue was retained as net profit 2012**, up from 4.3% in 2011.

Main drivers and trends

Factors that may have **contributed to improved economic performance** include (not limited and in no specific order):

- Recovery of some stocks leading to increased TAC and quotas. the Baltic herring and North Sea plaice,
- Research and innovation projects (more selective fishing gears) funded by the EFF and national support.
- Capacity reduction (decom. with or without public support)
- Higher average first sale prices for many commercially important species, e.g. European pilchard and anchovy
- Favourable market conditions (internal and export) for several species
- Implementation of certification schemes and the growing demand for certified products
- More fuel efficient fishing techniques and fishing behaviour

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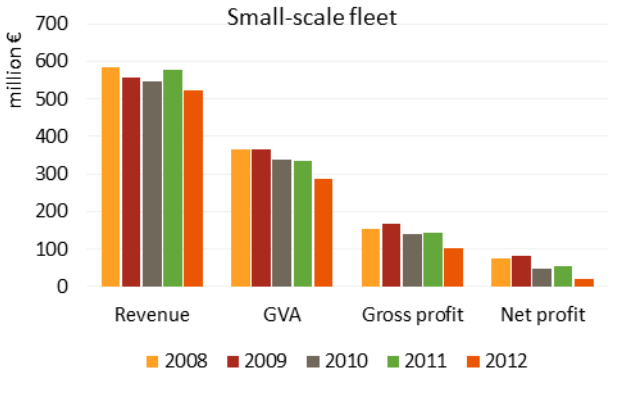
Factors that may have **contributed to poor economic performance** include, (not limited and in no specific order):

- Increasing fuel prices and other operating costs
- The effects of the global economic crisis which continues to affect internal and international markets for some species and limits access to credit.
- Reduced TACs and quotas for several key stocks, such as European sprat and Atlantic herring
- Market saturation (e.g. Baltic cod) and poor marketing to place products on new markets.
- Low abundance and/or low quality of some species and severe weather conditions and for a few number of fleets (e.g. Baltic and Celtic seas) damage caused by mammals
- Shortage of local crews as young people in fishing communities are less and less attracted to fishing as a career choice
- Increase in areas that prohibit or limit specific fishing activity/access due to the established restrictions due to energy production or temporary closures of areas for stock recovery (short-run)

Small scale fleet, SSF

- Small-scale fleet (SSF) is defined as all vessels under 12 metres using static gears.
- The SSF showed that despite only representing 8% of the gross tonnage and generated 48% of the total employment and 15 % of the total GVA.
- Over the period, the economic performance of the SSF has **deteriorated** and projection results for 2013 suggest a continuing declining trend for this segment



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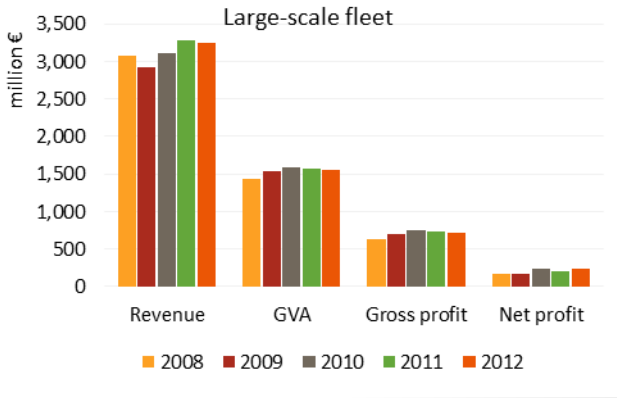
Large scale fleet, LSF

- defined as all vessels using towed gears and vessels over 12 meters using static gears operating in EU fishing regions as well as in NAFO and NEAFC fishing areas.
- This fleet segment consumed 75% of the energy used by the EU fleet.
- In relative terms, the LSF generated gross profit and net profit margins 22% and 7.6% respectively.
- The economic performance of the LSF has **improved** over the period analysed, and as the main fleet component in terms of profit generation, the overall performance of the EU fleet is largely driven by the LSF.



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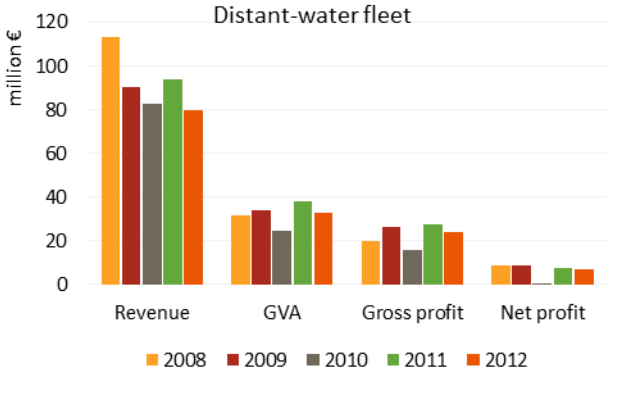
Distant-water fleet (DWF)

- defined as all EU-registered vessels over 24 metres operating in Other Fishing Regions (OFR) including EU outermost regions.
- This fleet segment accounted for less than 1% of the number of vessels but 18% of the EU fleet GT and 7% of the engine power
- According to the data available, the economic performance of the DWF fleet has **generally improved** over the last few years



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The Annual Economic Report

- The 2014 Annual Economic Report (AER) on the EU fishing fleet provides a comprehensive overview of the latest information available on the structure and economic performance of EU Member States fishing fleets.

- Data call (February / March 2014 DCF data call)

- Requested economic and transversal data for the years 2008 to 2013

- The MACRO approach to estimating economic performance

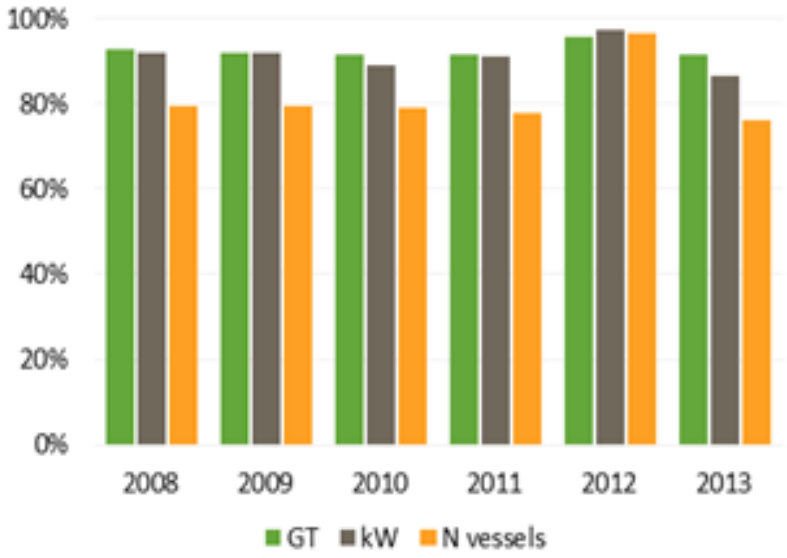
- More qualitative interpretation of results i.e. factors driving economic performance

- 2 meetings and 30 experts (ad-hoc contracts)

The Annual Economic Report 2014

- Not “yet” endorsed by STECF
- A bit delayed due to
  - Late data submissions
  - Quality issues
- Final editing still to be done

Despite… the quality and the coverage has never been better!



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Summary

Results ☺

- A lot of positive results despite some variation in performance
- Better quality
- Better coverage

Report ☺

- Hard work of the team (especially JRC), despite challenging circumstances
- An improvement on last years report in several areas (data , analysis , etc.)
- Report just needs further editing and proofing before publishing

Reminder…

- Fishing is an economic activity

- Performance in the long run is the best indicator for the complete picture

- The general performance is a positive trend

- There is large variation in performance

These results can be found in the AER

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Thank you!
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Experts (not complete list…..)

EWG 14-04	EWG 14-05	First Name	Country
X	X	Edo Avdič	Slovenia
X	X	Jörg Berkenhagen	Germany
X	X	Cecile Brigaudeau	France
-	X	Richard Curtin	Ireland
X	X	Irina Davidjuka	Latvia
X	X	Jose L. F. Sanches	Spain
X	X	Helena Galrito	Portugal
X	X	Emmet Jackson	Ireland
X	X	Edvardas Kazlauskas	Lithuania
X	X	Bernard KORMAN	France
X	X	Janek Lees	Estonia
X	X	Sophie LEONARDI	France
X	X	Carlos Moura	Portugal
X	X	Anton Paulrud	Sweden
-	-	Phil Rodgers	G. Britain
-	X	Tore Gustavsson	STECF Member
-	X	Evelina C. Sabatella	Italy
X	X	Arnaud SOUFFEZ	France
X	X	Constantin Stroie	Romania
X	X	Kees Taal	Netherlands
-	X	Mike Turenhout	Netherlands
X	X	Irene Tzouramani	Greece
X	X	Jarno Juhani Virtanen	Finland
X	-	Ivana Vukov	Croatia
X	-	Thomas Thøgersen	Denmark
X	-	Heidi Pokki	Finland
X	-	Monica Gambino	Italy
X	-	Emil Kuzebski	Poland
X	-	Steve Lawrence	Great Britain
X	-	Alfonso Cioffi	Italy

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