



Summary of the 2014 Annual Economic Report on the EU Fish Processing Industry

This summary is part of the 2014 Annual Economic Report
on the EU Fish Processing Industry (STECF 14-21)

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KEY FINDINGS in 2012

Number of enterprises

- The total number of enterprises in the European fish processing industry was 3.454 in 2012, 54% of which having less than 10 employees, 31% with between 11 and 49 employees and only 15% with more than 50 employees, of which only 1% of enterprises have more than 250 employees
- The total number of enterprises decreased by 5% over the reporting period, although the number of firms employing 10 people or less decreased only by 2%.
- Italy possessed the largest fish processing industry in 2012 in terms of number of firms (16% of the total) and the United Kingdom in terms of people employed (16% of the total). Spain and United Kingdom followed in terms of number of firms (respectively 14% and 11% of the total), Spain and France in terms of employment (respectively 15% and 13% of the total).

Employment

- Total employment of the European fish processing industry amounted to 120,249 workers in 2012 (20% less than direct employment generated by the EU fleet in the same year) and the average annual wage was equal to €28,581 per FTE (almost 60% more than the average annual wage of the EU fisheries catching sector).
- Employment decreased 5% between 2008 and 2012¹ while the average wage increased by 16%. Over the same period, labour productivity increased by 23%.
- Most of the EU employment in 2012 is to be found in enterprises with less than 10 employees (52%) and only 14% of it in companies with more than 50 employees.
- The share of employment by gender has remained stable over the years (45% of male vs. 55% of female, in average). In some countries, employment was spread almost evenly between men and women in 2012, both in terms of number of employees and FTEs. However, at country level, some significant decrease in female employment can be observed.

Income generated, production costs and profitability

- The amount of income generated by the European fish processing industry in 2012 increased by 2% compared to 2011 (€27.9 billion, of which 98% was made up of turnover). Compared to 2008 this increase was 11%.
- Total production costs also increased by 4% in 2012 (from €23.7, in 2011, to €24.5 billion).
- The major cost items are purchase of fish and other raw material for production (53-57% of income and 63-65% of costs in 2012), other operational costs (17-19% of income) and labour costs (10-11% of income), while energy expenses represent only 2-3% of income.
- Despite the increase in production costs, the EU fish processing sector was profitable in 2012 and generated €6.4 billion in Gross Value Added (GVA), €1.7 billion of earnings before interest² and tax and a net profit of €1.6 billion³.
- The UK fish processing industry generated the highest GVA in absolute terms in 2012 (27% of the EU total), followed by the Spanish (20%) and French (17%) industries.
- Among the countries for which net profit was calculated, the UK industry generated the highest net profit in absolute terms in 2012 (66% of the estimated total), followed by the French (14%) and Italian (6%) industries.

¹ Without data from Croatia and Greece, due to incomplete time series.

² Without data from Portugal and Spain due to missing data.

Economic performance

- The available data shows a generally unsatisfactory economic performance as a proportion of total income (also in relative terms) during the period 2008-2012. However they suggest an improvement in economic performance³ over the years. In 2012, GVA and net profit generated by the EU fish processing industry (considering the MS for which data was available) were respectively 17% and 83% higher than in 2008. Compared to 2011, both indicators fell significantly (-3% for GVA and -5% for net profit) but net profit much less than from 2010 to 2011.
- Performance indicators as a share of income fell from 2010 to 2011 and GVA also fell in 2012. GVA as a proportion of income declined from 24% to 23% in 2012, while net profit as a share of income was stable at 6%.
- Economic analysis of national data reveals a much differentiated economic performance by country. The Croatian, Cypriot, German and Greek fish processing industries, made net losses in 2012, while all the other MS generated a net profit, ranging from €3 million for Slovenia to more than €1 billion for the United Kingdom.
- For 2012 the situation shows overall a mixed picture with countries with decreasing and many other countries with increasing net profits and only a few countries reported overall losses.

Trends and drivers for change

- The high percentage of the costs of raw material (compared to the overall costs) is expected to increase in the future.
- These costs are not expected to be offset by the improvements in efficiency (e.g. via innovations).
- The high dependency on imports from foreign countries will continue to leave the companies very vulnerable to developments on the world markets.
- The increasing demand for certified fish may reduce the availability of raw material and/or increase its price even more.
- The improvement in fish stocks in Europe could potentially increase the volume of landings in the future but this could take some time. Until then, there continues to be potential vulnerability in the availability of raw materials. Given that the landing obligation will probably lead to higher landings, this could potentially improve the volume of raw material available to the fish processing industry. However what the value of these landings will be remains to be seen.
- The discard ban will probably lead to higher landings, which may improve the volume of raw material available to the fish processing industry, however what the value of these landings will be, remains to be seen.

Future expectation index⁴

- Data from 2008 shows a positive expectation of the industry regarding EU-wide figures, while 2009 obviously reflects the economic crises (less positive expectations). In 2009 and 2010 expectations of the producers already turned into more optimistic scenarios again.
- The distinct decrease of the 2012 EU overall FEI (still positive) may be caused by a hold-up phenomenon, meaning that companies are waiting with new investment until the new EU fisheries funds regulations are clear and in force.
- Trends diverge from country to country. This could however partially be explained by a relocation of the industry to another country. In Germany for example, stable negative expectations are clearly visible (resulting in disinvestment in the fish processing sector), at the same time investments are made by German companies into new facilities abroad. This disinvestment decreases the German FEI, but increases the FEI of the country into which the investment was made.

³ Gross value added, earnings before interest, operating costs cash flow and net profits

⁴ The Future Expectation Indicator (FEI) has been created in order to give information about the future expectations of the companies in the sector. It is the difference of net investment minus depreciation divided by total assets. Despite the low data coverage (60-80%), more trends could be identified at a EU-level.

1. Total enterprises and employment of the European fish processing industry

Overall the countries of the European Union⁵ are forming one of the main fish importing and processing regions in the world. The EU as a whole is by far the largest importer of fish and fisheries products in the world⁶. The demand for fish products in the EU is much larger than what can be provided by the European fishing fleet and, indeed, the EU is a net importer of fish and fish products (in 2012, its seafood trade balance was equal to -33,438 million tonnes of seafood, corresponding to -€14,111 billion). The access to the world market is, therefore, of great importance. The economic crisis from 2008 influenced the economic performance of the industry which has deteriorated during the reporting period and especially from 2010 to 2011. In 2012 the situation is diverse, some countries show improvements, others a decreasing trend.

According to Member States DCF data submissions, the total number of enterprises in the European fish processing industry sector in 2012 was around 3.4 thousand, 54% of which have less than 10 employees and another 31% with the number of employees between 11 and 49 (Table 1). Over the reporting period, the total number of enterprises decreased by 5%. All size categories shrunk in number, especially the one with 50-249 employees (-14%).

According to the data submitted by MS, the number of workers employed in the European fish processing industry in 2012 was 120,249. Omitting Croatia and Greece from the trend analyses, the total number of people employed in the sector shrank continuously from 2008 to 2011 (by 5% over the entire period), while it increased slightly the year after (by 0.3%).

Contrarily to the total number of employees, the total FTEs reduced from 2011 to 2012. This can be explained by an increase of the part-time employment (the higher the ratio of FTE to total employed, the higher the full-time employment) or an increased use of seasonal work.

The average number of FTEs per enterprise showed a slight increase over the period 2008 and 2012. The average wage, measured as cost of labour per FTE shows an improvement by 5% from 2011 to 2012 and of 16% over the whole reporting period. Labour productivity, measured as gross value added per FTE, improved 23% from 2008 to 2012, but it declined slightly from 2011 to 2012.

⁵ Although Belgium delivered data this year, it was decided not to include it in the EU overview as there are still data quality problems. For Croatia and Greece, data for 2011 and 2012 were delivered but they were excluded from the analysis of trends (as no data is available for 2008-2010). Nevertheless, whenever possible, Croatian and Greek figures were included in order to provide the most comprehensive possible overview of the industry at least for 2011 and 2012. For this reason, in the tables presenting trends, along with EU totals not including Croatia and Greece (on which trend rates are calculated), 2011 and 2012 totals “with Croatia and Greece” are also shown (see, as an example, table 1).

⁶ According to FAO data, it contributed around 40% of the total value of world imports in 2010

Table 1: European fish processing industry sector overview, 2008-2012

Variable	2008	2009	2010	2011	2012	2011 (with Greece and Croatia)	2012 (with Greece and Croatia)	Δ to 2011	Develop. trend
Structure (number)									
Total enterprises	3.463	3.406	3.451	3.390	3.287	3.560	3.454	-3%	-5%
<=10 employees	1.801	1.779	1.844	1.865	1.771	1.867	1.882	1%	-2%
11-49 employees	1.092	1.134	1.112	1.033	1.026	1.039	1.066	3%	-6%
50-249 employees	476	422	413	411	410	421	425	1%	-14%
>=250 employees	76	78	77	76	76	76	77	1%	0%
Employment (number)									
Total employees	122.280	117.641	117.465	116.175	116.554	119.953	120.249	0%	-5%
FTE	112.744	108.209	108.747	108.159	107.423	111.574	110.709	-1%	-5%
Indicators									
FTE per enterprise	32,6	31,8	31,5	31,9	32,7	31,3	32,1	2%	0%
Average wage (thousand €)	25,1	26,5	26,9	27,7	29,1	27,2	28,6	5%	16%
Labour productivity (thousand €)	48,0	60,2	68,0	59,9	59,0	59,2	57,8	-2%	23%
Unpaid work (%)	1,2	2,4	2,7	1,2	2,6	1,2	2,6	115%	127%

Note: Employment figures not available for all MS (refer to Table 2 for details)

Table 2 shows the EU employment trend, by country and gender. Only for 3 countries of those that submitted data, employment is spread almost evenly between men and women in 2012, both in terms of number of employees and FTEs. For all the others, there is a clear preponderance of either male or female employees. For example in the UK, Ireland and Finland, male employment is higher than female employment, while in Portugal and Poland men are less than 35% of the total number of workers.

At EU level, the share of employment by gender has remained stable over the years (45% of male vs. 55% of female, in average). However, at country level, some specific trend can be observed. For example, in Spain, the percentage of male employees increased every year over the reporting period (from 43% to 47% in 2012), except in 2010.

Table 2: Employment in the European fish processing industry, by country and gender, 2008-2012

	2008						2009						2010						2011						2012					
	Employees			FTE			Employees			FTE			Employees			FTE			Employees			FTE			Employees			FTE		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Bulgaria	937	46%	54%	937	46%	54%	817	46%	54%	817	46%	54%	317	38%	62%	317	38%	62%	325	49%	51%	325	49%	51%	252	33%	67%	252	33%	67%
Croatia																			1,273	54%	46%	1,150	57%	43%	1,365	55%	45%	1,231	57%	43%
Cyprus	56	43%	57%	43	40%	60%	43	60%	40%	43	60%	40%	66	56%	44%	68	57%	43%	72	57%	43%	75	57%	43%	56	64%	36%	56	64%	36%
Denmark	4,379	49%	51%	4,147	49%	51%	4,227	50%	50%	3,596	53%	47%	3,791	52%	48%	3,235	54%	46%	3,704	53%	47%	3,043	53%	47%	3,409	53%	47%	2,999	54%	46%
Estonia	1,936	35%	65%	1,864	35%	65%	1,847	35%	65%	1,746	35%	65%	1,887	35%	65%	1,861	35%	65%	1,847	40%	60%	1,813	40%	60%	1,861	35%	65%	1,816	35%	65%
Finland	961	56%	44%	682	57%	43%	880	58%	42%	742	58%	42%	885	61%	39%	742	61%	39%	870	60%	40%	777	60%	40%	930	61%	39%	781	61%	39%
France	15,672	44%	56%	15,202	46%	54%	15,590	44%	56%	14,983	46%	54%	15,612	45%	55%	15,139	46%	54%	15,964	45%	55%	15,662	46%	54%	16,184	45%	55%	15,971	46%	54%
Germany	8,441	50%	50%	7,995			7,566	52%	48%	7,212			7,031	51%	49%	6,786			6,780	54%	46%	6,544			7,010	55%	45%	6,664		
Greece																			2,505	49%	51%	2,265	52%	48%	2,330	50%	50%	2,055	52%	48%
Ireland	2,867	70%	30%	2,596	70%	30%	3,020	70%	30%	2,633	71%	29%	3,064	70%	30%	2,677	71%	29%	3,200	70%	30%	2,761	70%	30%	3,342	67%	33%	2,678	67%	33%
Italy	5,425	52%	48%	4,572	52%	48%	5,285	52%	48%	4,454	52%	48%	5,950	52%	48%	5,015	52%	48%	6,109	52%	48%	5,149	52%	48%	6,197	52%	48%	5,223	52%	48%
Latvia	5,792	37%	63%	5,592	37%	63%	4,684	38%	62%	4,174	38%	62%	5,015	36%	64%	4,681	38%	62%	5,393	34%	66%	4,998	34%	66%	5,781	34%	66%	5,357	34%	66%
Lithuania	5,013	32%	68%	2,912	29%	71%	4,489	29%	71%	2,949	27%	73%	4,351	33%	67%	3,053	33%	67%	4,445	35%	65%	3,614	42%	58%	4,451	33%	67%	3,536	34%	66%
Malta	56	95%	5%	40	90%	10%	131	90%	10%	116	88%	12%	19	68%	32%	15	80%	20%	32	50%	50%	28	54%	46%	56	73%	27%	53	74%	26%
Netherlands	2,953			2,335			3,453			2,775			3,218			2,506			3,253			2,537			3,567			2,469		
Poland	16,105	34%	66%	15,580	34%	66%	15,931	32%	68%	15,351	32%	68%	15,983	32%	68%	15,348	32%	68%	15,788	33%	67%	15,108	33%	67%	15,972	33%	67%	15,088	34%	66%
Portugal	6,664	36%	64%	6,561	36%	64%	6,815	36%	64%	6,738	36%	64%	7,277	36%	64%	6,916	36%	64%	7,314	33%	67%	6,913	33%	67%	6,823	32%	68%	6,308	32%	68%
Romania	513	40%	60%	503	40%	60%	572	40%	60%	564	40%	60%	1,598	43%	57%	1,591	43%	57%	1,181	52%	48%	1,178	52%	48%	780	50%	50%	780	50%	50%
Slovenia	250	42%	58%	211	42%	58%	223	42%	58%	210	41%	59%	266	41%	59%	234	42%	58%	379	42%	58%	351	42%	58%	354	42%	58%	306	42%	58%
Spain	19,737	37%	63%	19,095	39%	61%	19,331	45%	55%	18,449	46%	54%	18,581	39%	61%	17,590	41%	59%	18,390	43%	57%	17,702	43%	57%	18,324	47%	53%	17,399	47%	53%
Sweden	2,165	55%	45%	1,773			1,991	56%	44%	1,736			2,007	55%	45%	1,807			2,126	57%	43%	1,837			2,135	57%	43%	1,831		
United Kingdom	22,358	57%	43%	20,104	59%	41%	20,746	57%	43%	18,922	60%	40%	20,547	59%	41%	19,166	60%	40%	19,003	58%	42%	17,745	59%	41%	19,070	57%	43%	17,855	58%	42%
Total	122,280	44%	56%	112,744	45%	55%	117,641	45%	55%	108,209	46%	54%	117,465	44%	56%	108,747	45%	55%	119,953	45%	55%	111,574	46%	54%	120,249	45%	55%	110,709	46%	54%

Note: the shares by gender at total level are calculated excluding The Netherlands, Sweden and Germany for which data were not available for the entire time series

As shown in Table 3, based on DCF data, in 2012 Italy possessed the biggest fish processing industry in terms of number of enterprises with 16% of the total EU figures.

In the same year, 16% of all the sector's employees were employed in the UK. Spain and the United Kingdom followed in terms of number of firms (respectively 14% and 11% of the total) Spain, France and Poland in terms of employment (Spain 15%, the other two 13% of the total).

Table 3, also presents trends in number of enterprises and employment level by Member State over the period 2008-2012, highlighting those changes in the structure of the fish processing industry have diverged across Member States. Employment in the fish processing industry increased for several countries (e.g. Netherlands and Finland); it decreased for others (e.g. Denmark and Portugal). In general terms, changes in number of enterprises fluctuated between -52% for Bulgaria and +43% for Italy (-5% at EU level) and in the number of employees between -73% for Bulgaria and +52% for Romania (-5% for the EU total).

As already mentioned, the ratio FTE/total employees provide an indication of the main type of employment (the lower the ratio, the higher the share of part-time employment). The Dutch fish processing industry appears to have the highest level of part-time employment (FTE/total employees = 69%), followed by the Lithuanian and Danish ones. On the other hand, several countries, such as Romania and Bulgaria, employ mostly full-time workers.

The increase in the total number of firms is not always coupled with growth at the employment level and viceversa. This can be explained by the fact that in some countries the number of small businesses increased over the reference period and the larger businesses decreased, while the opposite has happened in other MS. For example, in Malta, France and The Netherlands, the total number of employees increased over the period 2008-2012, even if the total number of enterprises shrank, while the employment contracted in Estonia, even if the number of firms rose.

Figure 1 shows that, although the distribution of enterprises by size category is highly differentiated by country, for most MS the number of firms with less than 10 employees constituted at least half of the total number of enterprises in 2012. In all MS, most of the other enterprises belong to the categories "11 – 49" and "50 – 249" employees, while the firms with more than 250 workers are generally a minority.

Table 3: European fish processing industry sector overview by country, 2012

Country	FTE	% of EU total	Δ to 2011	Develop. trend	Total employees	% of EU total	Δ to 2011	Develop. trend	Number of enterprises	% of EU total	Δ to 2011	Develop. trend
Bulgaria	252	0%	▼ -22%	▼ -73%	252	0%	▼ -22%	▼ -73%	10	0%	▼ -70%	▼ -52%
Croatia	1,231	1%	▲ 7%		1,365	1%	▲ 7%		20	1%	▲ 11%	
Cyprus	56	0%	▼ -25%	▲ 30%	56	0%	▼ -22%	▬ 0%	4	0%	▼ -20%	▼ -20%
Denmark	2,999	3%	▼ -1%	▼ -28%	3,409	3%	▼ -8%	▼ -22%	106	3%	▼ -1%	▼ -9%
Estonia	1,816	2%	▬ 0%	▼ -3%	1,861	2%	▲ 1%	▼ -4%	61	2%	▲ 11%	▲ 22%
Finland	781	1%	▲ 1%	▲ 15%	930	1%	▲ 7%	▼ -3%	146	4%	▲ 2%	▲ 2%
France	15,971	14%	▲ 2%	▲ 5%	16,184	13%	▲ 1%	▲ 3%	295	9%	▼ -2%	▼ -10%
Germany	6,664	6%	▲ 2%	▼ -17%	7,010	6%	▲ 3%	▼ -17%	250	7%	▼ -6%	▼ -11%
Greece	2,055	2%	▼ -9%		2,330	2%	▼ -7%		147	4%	▼ -3%	
Ireland	2,678	2%	▼ -3%	▲ 3%	3,342	3%	▲ 4%	▲ 17%	164	5%	▼ -2%	▼ -5%
Italy	5,223	5%	▲ 1%	▲ 14%	6,197	5%	▲ 1%	▲ 14%	537	16%	▲ 1%	▲ 43%
Latvia	5,357	5%	▲ 7%	▼ -4%	5,781	5%	▲ 7%	▬ 0%	101	3%	▬ 0%	▲ 6%
Lithuania	3,536	3%	▼ -2%	▲ 21%	4,451	4%	▬ 0%	▼ -11%	33	1%	▼ -3%	▼ -11%
Malta	53	0%	▲ 89%	▲ 33%	56	0%	▲ 75%	▬ 0%	6	0%	▼ -25%	▼ -14%
Netherlands	2,469	2%	▼ -3%	▲ 6%	3,567	3%	▲ 10%	▲ 21%	84	2%	▼ -5%	▼ -17%
Poland	15,088	14%	▬ 0%	▼ -3%	15,972	13%	▲ 1%	▼ -1%	196	6%	▼ -4%	▲ 4%
Portugal	6,308	6%	▼ -9%	▼ -4%	6,823	6%	▼ -7%	▲ 2%	180	5%	▼ -3%	▼ -15%
Romania	780	1%	▼ -34%	▲ 55%	780	1%	▼ -34%	▲ 52%	14	0%	▼ -36%	▲ 8%
Slovenia	306	0%	▼ -13%	▲ 45%	354	0%	▼ -7%	▲ 42%	15	0%	▲ 7%	▲ 25%
Spain	17,399	16%	▼ -2%	▼ -9%	18,324	15%	▬ 0%	▼ -7%	487	14%	▼ -5%	▼ -15%
Sweden	1,831	2%	▬ 0%	▲ 3%	2,135	2%	▬ 0%	▼ -1%	223	6%	▲ 2%	▲ 4%
United Kingdom	17,855	16%	▲ 1%	▼ -11%	19,070	16%	▬ 0%	▼ -15%	375	11%	▼ -5%	▼ -28%
EU	110,709	100%	▼ -1%		120,249	100%	▬ 0%		3,454	100%	▼ -3%	
EU (without Greece and Croatia)	107,423		▼ -1%	▼ -5%	116,554		▬ 0%	▼ -5%	3,287		▼ -3%	▼ -5%

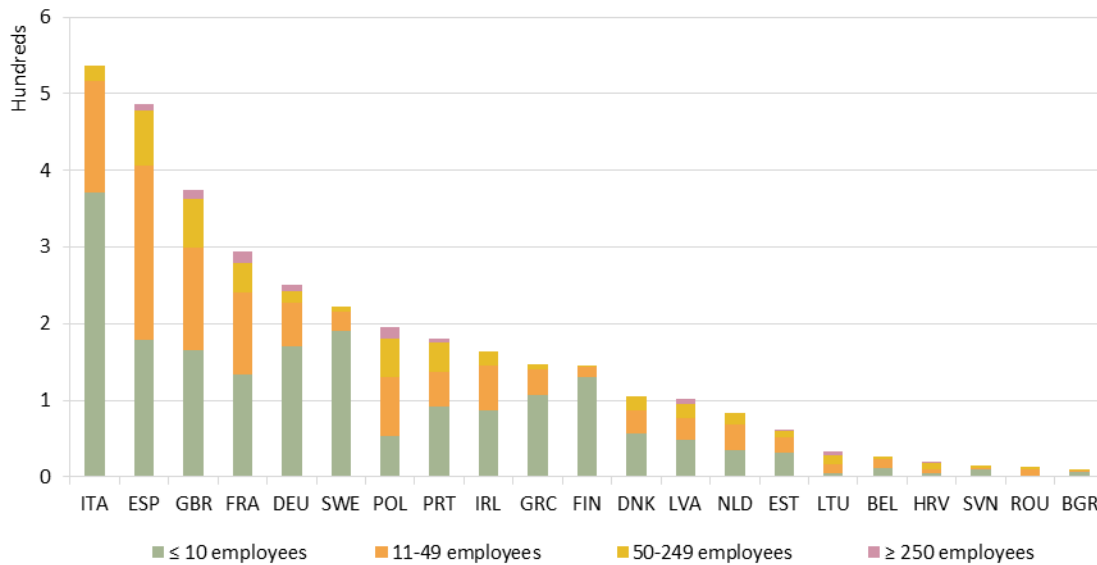


Figure 1: Number of firms by country, 2012

Data on crew costs and employment suggest that the average wage per FTE varies substantially by MS (Figure 2), with the Danish fish processing industry paying the highest salaries on average (€57.0 thousand), followed by the French the Swedish industries (respectively, €51.3 thousand and €50.2 thousand).

Labour productivity in 2012 ranged from €8.5 thousand for Croatia to €172.8 thousand for Malta. However, for almost all countries it was smaller than €80 thousand.

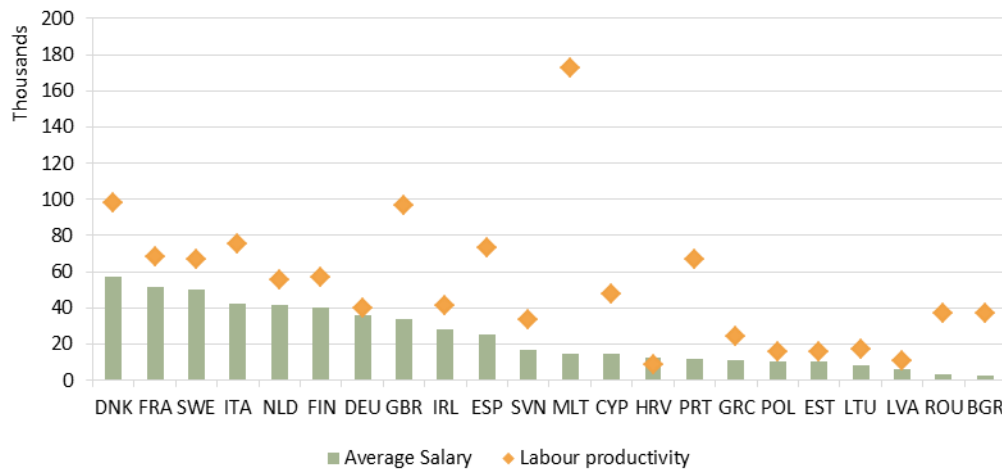


Figure 2: Average salary and labour productivity by country, 2012

As mentioned before, under the EU data collection framework, MS are requested to provide the number of enterprises and the turnover attributed to fish processing for enterprises that carry out fish processing but not as a main activity. This is one of the main differences in comparison to the data collection for the Structural Business Statistics (SBS), as industry sector companies have to deliver data under the SBS (under NACE code

10.20) only if they undertake fish processing as main activity. In cases where companies have only minor parts of their business in fish processing they will deliver data under a different NACE code and the fish processing activity will not be included in the overall numbers from EUROSTAT. Table 4 gives an overview by country of the number of enterprises which carry out fish processing but not as the main activity, based on the 2014 DCF data delivery. The table also shows how much these firms contribute to the total number of firms processing fish (firms processing fish as their main activity plus those processing fish not as their main activity).

In 2012, 872 companies were reported to carry out fish processing not as their main activity. However, taking into account that only 18 out of the 23 country participating in the DCF framework reported data on this type of enterprises (2012 figures were not available for Belgium, Bulgaria, France, Germany and Portugal), as well as the inherent difficulties in collecting the information, this number can be expected to be much higher. Nonetheless, there has been a progressive increase in reporting this data from 2001, when only 8 countries reported information on companies processing fish not as main activity.

It can be also observed that there is a high variability across MS in terms of the contribution of the firms processing fish as a secondary activity to the total number of enterprises. For example, while for Latvia and Denmark they represent less than 5% of the total, for Cyprus and Romania they are the majority.

Table 4: Number of enterprises carrying out fish processing not as a main activity by country, 2012

Country	2008	% of total enterprises	2009	% of total enterprises	2010	% of total enterprises	2011	% of total enterprises	2012	% of total enterprises	Δ to 2011	Develop. trend
Croatia							24	57%	24	55%	0%	
Cyprus	13	72%	12	80%	10	67%	14	74%	9	69%	-36%	-31%
Denmark	3	3%	6	5%	5	4%	5	4%	5	5%	0%	67%
Estonia	12	19%	13	20%	13	20%	12	18%	11	15%	-8%	-8%
Finland	22	13%	49	26%	56	28%	27	16%	27	16%	0%	23%
France			115	27%	111	27%						
Germany			95	27%			80	23%				
Greece							21	12%	7	5%	-67%	
Ireland	16	9%	16	9%	25	13%	22	12%	29	15%	32%	81%
Italy	162	30%	177	30%	233	30%	227	30%	231	30%	2%	43%
Latvia	4	4%	4	4%	2	2%	2	2%	2	2%	0%	-50%
Lithuania	2	5%	2	6%	2	6%	3	8%	3	8%	0%	50%
Malta	0	0%	0	0%	0	0%	0	0%	2	25%		
Netherlands			398	82%	451	84%	97	52%	64	43%	-34%	
Poland	52	22%	59	23%	64	25%	66	24%	61	24%	-8%	17%
Portugal	29	12%			38	16%						
Romania	30	70%	30	70%	43	70%	29	57%	24	63%	-17%	-20%
Slovenia	8	40%	8	38%	8	38%	7	33%	6	29%	-14%	-25%
Spain	1	0%	0	0%	0	0%	0	0%	0	0%	0%	0%
Sweden	87	29%	98	31%	95	30%	108	33%	120	35%	11%	38%
United Kingdom	647	55%	423	48%	353	46%	353	47%	247	40%	-30%	-62%

2. Economic performance of the European fish processing industry sector

The amount of income generated by the European fish processing industry in 2012 was almost €27.9 billion, 98% of which was made up of turnover (Table 5). This represents a 2% increase compared to 2011. Income subsidies⁷ amounted to 0.2-0.5% of the total income during the entire reporting period.

According to Member States DCF data submissions, total production costs amounted to almost €24.5 and €23.7 billion respectively in 2012 and 2011, meaning that 4% more was spent in 2012 to generate an amount of income 2% higher than the previous year. Purchase of fish and other raw material for production is the dominant cost item, accounting for 63-65% of the total costs (53-57% of income) during the period 2008-2012 (Table 5). Most of the remaining costs consist of other operational costs (17-19% of income) and labour costs (11-12% of income), while energy expenses represent only 3% of the total (2-3% of income).

The income structure is quite homogeneous across countries, with the turnover having been more than 95% of the total income for all MS in 2012, except Cyprus, Lithuania, Bulgaria, Romania and Croatia (their turnover respectively contributed 85%, 84%, 74%, 70% and 60% of the total income).

The sector received relatively small amounts of income subsidies with 0.2% of income in 2008 and 0.5% in 2012. This is an increase from €59 to €126 million (without Greece and Croatia) from 2008 to 2012.

The production costs ranged from 80% and 100% of the total income for most countries in 2012 (Table 6). However for some countries the cost/income ratio was quite far from the average (0.4 for Romania and 0.1 for Bulgaria, between 0.68 and 0.78 for Portugal, Malta, the UK and Cyprus).

⁷ DCF data on subsidies include only direct income subsidies (i.e. subsidies which have a direct impact on the income), for example subsidies on products (subsidies payable to producers in respect of their production) and import subsidies. Investment subsidies are excluded. More information is available in the 2012 final report of the Planning Group on Economic Issues (PGECON), available at http://datacollection.jrc.ec.europa.eu/documents/10213/488770/PGECON_2012_final_report.pdf?version=1.0.

Table 5: Economic performance of the European fish processing industry sector, 2008-2012

Variable	2008	2009	2010	2011	2012	2011 (with Greece and Croatia)	2012 (with Greece and Croatia)	Δ to 2011	Develop. tend
Income (million €)									
Turnover	24,699.8	24,421.6	26,768.8	26,527.7	27,101.7	26,841.9	27,382.5	▲ 2%	▲ 10%
Other income	405.6	307.2	475.6	401.1	408.5	437.5	436.1	○ 0%	▲ 1%
Subsidies	59.0	55.7	56.5	69.7	126.5	75.7	131.9	▲ 74%	▲ 114%
Total Income	24,954.8	24,607.8	27,263.7	26,970.2	27,593.1	27,326.7	27,907.0	▲ 2%	▲ 11%
Expenditure (million €)									
Purchase of fish and other raw material for production	14,146.5	12,963.4	14,313.6	15,048.4	15,756.8	15,206.4	15,919.1	▲ 5%	▲ 11%
Wages and salaries of staff	2,799.1	2,810.3	2,862.4	2,967.6	3,043.9	3,009.1	3,081.2	▲ 2%	▲ 9%
Imputed value of unpaid labour	25.3	52.1	60.7	27.0	82.3	28.6	83.0	▲ 191%	▲ 225%
Energy costs	588.4	564.2	653.3	636.5	687.1	652.7	704.0	▲ 8%	▲ 17%
Other operational costs	4,751.1	4,513.1	4,844.7	4,737.7	4,689.4	4,785.7	4,758.0	▼ -1%	▼ -1%
Total production costs	22,310.4	20,903.0	22,734.7	23,417.2	24,259.5	23,682.5	24,545.3	▲ 4%	▲ 9%
Capital Costs (million €)									
Depreciation of capital	355.5	376.5	441.4	423.0	394.4	446.7	408.4	▼ -9%	▲ 11%
Financial costs, net	346.4	296.9	326.0	242.9	181.0	264.4	208.6	▼ -21%	▼ -48%
Extraordinary costs, net	14.9	18.8	-1.0	1.2	51.7	2.7	54.7	▲ 1959%	▲ 248%
Capital Value (million €)									
Total value of assets	10,730.1	10,839.8	12,182.8	11,248.8	11,538.6	11,391.0	12,224.1	▲ 7%	▲ 8%
Net Investments	770.4	510.4	752.1	835.9	648.2	857.9	672.3	▼ -22%	▼ -16%
Debt	7,087.2	6,712.9	7,035.2	6,569.5	6,670.1	6,829.2	7,038.0	▲ 3%	▼ -6%
Performance Indicators (million €)									
Gross Value Added	5,409.8	6,511.5	7,395.5	6,477.9	6,333.4	6,606.2	6,394.0	▼ -3%	▲ 17%
Operating Cash Flow	2,644.3	3,704.8	4,529.0	3,552.9	3,333.7	3,644.3	3,361.7	▼ -8%	▲ 26%
Earning before interest and tax	1,083.8	2,081.1	2,846.5	1,784.2	1,724.6	1,851.8	1,738.5	▼ -6%	▲ 59%
Net Profit	887.1	1,906.6	2,592.0	1,651.7	1,619.7	1,697.8	1,606.1	▼ -5%	▲ 83%
Capital productivity (%)	39.3	48.1	50.6	45.7	43.8	45.6	41.9		
Return on Investment (%)	11.2	21.1	25.6	17.4	16.3	17.5	15.5		
Financial Position (%)	66.1	61.9	57.8	58.4	57.8	58.2	57.6		
Future Expectation Indicator (%)	1.7	-0.4	1.5	3.0	1.2	3.0	1.2		

Along with the income structure, Figure 3 shows the structure of costs of the fish processing industry by country and gives an overview of the contribution of the main cost items to the total production costs. As shown in the table, the cost structure is fairly similar across MS. Purchase of fish and other raw materials for production is by far the most important component of the total costs for most MS, followed by other operational costs and labour costs. Energy costs play a very minor role (4% of the total in average).

Table 6: Cost structure of the European fish processing industry sector by country, 2012

	Tot. Costs (million €)	Tot. costs/tot. Income (%)	Cost items as a share of total costs (%)				
			Raw material	Wages and salaries	Other operational costs	Energy costs	Unpaid labour
Croatia	81	101%	27%	19%	48%	6%	0.0%
Germany	2,025	99%	63%	12%	23%	2%	0.0%
Netherlands	746	96%	74%	14%	10%	1%	0.0%
Poland	1,857	95%	73%	8%	18%	1%	0.0%
Finland	253	95%	73%	12%	13%	1%	0.4%
Sweden	591	95%	61%	16%	23%	1%	0.0%
France	4,722	94%	44%	17%	33%	6%	0.1%
Ireland	629	94%	74%	11%	13%	2%	0.6%
Denmark	1,907	94%	62%	9%	28%	2%	0.1%
Estonia	138	93%	67%	14%	17%	3%	0.0%
Italy	2,387	92%	73%	9%	13%	4%	0.4%
Lithuania	316	91%	69%	10%	19%	2%	0.0%
Latvia	213	90%	60%	15%	20%	4%	0.0%
Greece	205	88%	69%	11%	15%	6%	0.4%
Slovenia	27	85%	41%	19%	35%	5%	0.1%
Spain	3,738	81%	73%	12%	13%	2%	0.1%
Cyprus	7	78%	77%	12%	6%	5%	0.0%
United Kingdom	3,927	77%	70%	14%	13%	2%	1.4%
Malta	21	72%	85%	4%	9%	3%	0.2%
Portugal	736	68%	83%	10%	2%	4%	0.7%
Romania	17	39%	79%	14%	4%	2%	0.8%
Bulgaria	1	10%	12%	59%	11%	17%	1.0%

Note: The percentage value reported for Slovenia refers to total production cost as a share of turnover (instead of income) because costs reported by Slovenia are attributable to fish processing only while total income includes also income from processing activities other than fish processing.

Table 7 gives an overview by country of the contribution of the turnover generated by the firms undertaking fish processing not as a main activity to the total turnover generated by fish processing (turnover generated by the firms processing fish as their main activity plus the turnover generated by the firms processing fish not as their main activity).

For the countries for which data are available (data for Denmark are not presented for confidentiality reasons), the analysis reveals a mixed picture. For some countries, for example The Netherlands and Cyprus, firms processing fish not as a main activity make a large contribution to the overall turnover of the industry coming from fish processing. For others, such as Lithuania and Estonia, total turnover is almost entirely generated by firms undertaking fish processing as a main activity.

Table 7: Percentage of turnover of enterprises with fish processing not as main activity, 2008-2012

Country	2008 (million €)	% of total turnover	2009 (million €)	% of total turnover	2010 (million €)	% of total turnover	2011 (million €)	% of total turnover	2012 (million €)	% of total turnover	Δ to 2011	Develop. trend
Croatia							31.3	41%	24.3	34%	▼ -22%	
Cyprus	9.8	71%	8.7	64%	7.6	36%	8.1	49%	5.7	44%	▼ -29%	▼ -41%
Estonia	1.1	1%	1.2	1%	1.1	1%	2.0	1%	4.7	3%	▲ 141%	▲ 347%
Finland	10.3	6%	128.8	40%	147.1	38%	81.2	24%	83.5	24%	▲ 3%	▲ 713%
France			683.1	14%	694.2	13%						
Germany			30.0	1%			50.0	2%				
Greece							3.2	1%	1.1	0%	▼ -66%	
Ireland	50.6	8%	52.9	9%	27.5	5%	11.5	2%	22.2	3%	▲ 94%	▼ -56%
Italy	252.7	8%	191.4	8%	228.1	8%	198.4	8%	222.3	8%	▲ 12%	▼ -12%
Latvia	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	— 0%	— 0%
Lithuania	2.7	1%	3.7	2%	3.4	1%	3.7	1%	3.1	1%	▼ -18%	▲ 13%
Malta	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%		
Netherlands			2338.3	77%	2670.9	79%	2879.8	78%	2548.3	77%	▼ -12%	
Poland	109.4	7%	62.4	4%	83.7	5%	88.7	5%	114.0	6%	▲ 29%	▲ 4%
Portugal	194.9	15%			134.9	11%						
Romania	93.4	77%	103.8	76%	6.9	1%	2.9	6%	4.3	12%	▲ 46%	▼ -95%
Slovenia	14.4	33%	12.9	33%	5.3	16%	4.4	11%	2.1	6%	▼ -53%	▼ -85%
Spain	2.8	0%	0.0	0%	0.0	0%	0.0	0%	0.0	0%	— 0%	— 0%
Sweden	73.4	12%	80.1	15%	96.6	15%	97.1	14%	111.9	15%	▲ 15%	▲ 52%
United Kingdom	622.3	13%	506.5	9%	511.3	9%	566.7	10%	654.5	12%	▲ 15%	▲ 5%

The sector accounted for approximately €6.4 billion of Gross Value Added (GVA) in 2012 (Table 8). This shows the importance of the fish processing industry in Europe compared to the fishing fleet (€3.4 billion of GVA⁸).

The amount of operating cash flow generated by the EU fish processing sector in 2012 was €3.4 billion. Earnings before interest and tax and Net Profit were respectively €1.7 billion and €1.6 billion.

DCF data suggest a clear deterioration of the economic performance from 2011 to 2012. In 2012 GVA, Operating Cash Flow, Earnings before interest and tax and Net Profit were respectively 3%, 8%, 6% and 5% less than in 2011 (with Croatia and Greece). However, with respect to 2008, the value of these indicators increased by 17%, 26%, 59% and 83%, respectively (excluding from the analysis Croatia and Greece, for which only 2011 and 2012 data are available).

Figure 5 presents trends in performance indicators as a proportion of total income from 2008 to 2012. Data show a generally unsatisfactory economic performance of the European fish processing industry also in relative terms. In addition, they reveal an improvement from 2009 to 2010, followed by a fall in 2011 and an additional slightly decrease in 2012. The GVA to income ratio increased from 26% to 27% from 2009 to 2010 and then declined to 24% in 2011 and to 23% in 2012, while net profit as a share of income went up from 8% to 10% in 2010, then down to 6% in 2011 and remained almost stable in 2012.

⁸ Estimate based on DCF data

Table 8: Economic performance of the European fish processing industry sector by country, 2012

Country	Gross Value Added (million €)				Operating Cash Flow (million €)				Earning before int. and tax (million €)				Net Profit (million €)			
	Value	% of EU total	Δ to 2011	Develop. trend	Value	% of EU total	Δ to 2011	Develop. trend	Value	% of EU total	Δ to 2011	Develop. trend	Value	% of EU total	Δ to 2011	Develop. trend
Bulgaria	9.2	0.1%	▲ 8%	▼ -8%	8.7	0.3%	▲ 32%	○ 0%	8.7	0.5%	▲ 37%	▲ 2%	8.3	0.5%	▲ 32%	▲ 5%
Croatia	10.5	0.2%	▼ -78%	○ 0%	-0.5	0.0%	▼ -101%	○ 0%	-8.0	-0.5%	▼ -126%	○ 0%	-12.3	-0.8%	▼ -147%	○ 0%
Cyprus	2.7	0.0%	▲ 176%	▼ -18%	1.9	0.1%	▲ 142%	▼ -28%	-0.4	0.0%	▲ 94%	▼ -116%	-0.6	0.0%	▲ 91%	▼ -129%
Denmark	293.9	4.6%	▼ -9%	▲ 15%	123.0	3.7%	▼ -13%	▲ 127%	87.5	0.0%	▼ -18%	▼ -105%	78.2	4.9%	▼ -18%	▲ 382%
Estonia	28.6	0.4%	▲ 31%	▲ 16%	9.9	0.3%	▲ 114%	▲ 54%	5.4	0.3%	▲ 822%	▲ 84%	4.6	0.3%	▲ 2864%	▲ 158%
Finland	44.3	0.7%	▲ 6%	▲ 34%	13.3	0.4%	▼ -5%	▲ 41%	7.5	0.4%	▼ -18%	▲ 27%	5.6	0.3%	▼ -23%	▲ 54%
France	1,087.4	17.0%	▲ 15%	▲ 21%	279.2	8.3%	▲ 38%	▼ -7%	212.4	12.2%	▲ 122%	▼ -12%	219.7	13.7%	▲ 116%	▼ -10%
Germany	267.6	4.2%	▼ -18%	▼ -26%	26.5	0.8%	▼ -72%	▼ -71%	-14.3	-0.8%	▼ -125%	▼ -129%	-27.7	-1.7%	▼ -163%	▼ -190%
Greece	50.1	0.8%	▼ -38%	○ 0%	28.5	0.8%	▼ -44%	○ 0%	21.9	1.3%	▼ -41%		-1.3	-0.1%	▼ -107%	○ 0%
Ireland	110.8	1.7%	▲ 17%	▼ -59%	38.4	1.1%	▲ 130%	▼ -80%	22.6	1.3%	▲ 829%	▼ -87%	18.9	1.2%	▲ 2232%	▼ -89%
Italy	394.2	6.2%	▲ 46%	▲ 40%	195.1	5.8%	▲ 137%	▲ 257%	129.4	7.4%	▲ 525%	▲ 1313%	98.1	6.1%	▲ 1633%	▲ 331%
Latvia	55.9	0.9%	▲ 78%	▲ 3%	24.7	0.7%	▲ 424%	▲ 9%	18.6	1.1%	▲ 4029%	▲ 30%	16.3	1.0%	▲ 1069%	▲ 32%
Lithuania	61.3	1.0%	▼ -30%	▼ -15%	31.2	0.9%	▼ -47%	▼ -36%	24.5	1.4%	▼ -54%	▼ -41%	25.6	1.6%	▼ -52%	▼ -24%
Malta	9.2	0.1%	▲ 111%	▲ 43%	8.4	0.2%	▲ 116%	▲ 64%	8.1	0.5%	▲ 141%	▲ 145%	8.0	0.5%	▲ 158%	▲ 235%
Netherlands	136.9	2.1%	▼ -5%	▼ -4%	33.8	1.0%	▼ -11%	▼ -40%	16.4	0.9%	▼ -15%	▼ -59%	20.8	1.3%	▼ -11%	▼ -56%
Poland	241.8	3.8%	▼ -2%	▼ -4%	95.8	2.8%	▼ -11%	▼ -13%	54.6	3.1%	▼ -21%	▼ -30%	47.5	3.0%	▲ 43%	▼ -1%
Portugal	421.6	6.6%	▼ -17%	▼ -16%	349.2	10.4%	▼ -19%	▼ -19%								
Romania	29.1	0.5%	▼ -47%	▲ 35%	26.6	0.8%	▼ -46%	▲ 33%	25.8	1.5%	▼ -45%	▲ 32%	25.8	1.6%	▼ -45%	▲ 94%
Slovenia	10.2	0.2%	▼ -47%	▼ -12%	5.0	0.1%	▼ -56%	▼ -33%	3.7	0.2%	▼ -62%	▼ -40%	3.0	0.2%	▼ -67%	▼ -21%
Spain	1,276.5	20.0%	▼ -4%	▲ 7%	865.5	25.7%	▼ -6%	▲ 12%								
Sweden	122.4	1.9%	▲ 13%	▲ 28%	31.3	0.9%	▲ 56%	▲ 70%	18.0	1.0%	▲ 144%	▲ 198%	12.8	0.8%	▲ 41%	▲ 143%
United Kingdom	1,729.7	27.1%	▼ -10%	▲ 89%	1,166.1	34.7%	▼ -14%	▲ 171%	1,096.1	63.0%	▼ -14%	▲ 200%	1,054.8	65.7%	▼ -15%	▲ 222%
EU	6,394.0	100%	▼ -3%		3,361.7	100%	▼ -8%		1,738.5	100%	▼ -6%		1,606.1	100%	▼ -5%	
EU (without Greece and Croatia)	6,333.4	99%		▲ 17%	3,333.7	99%		▲ 26%	1,724.6	99%		▲ 59%	1,619.7			▲ 83%

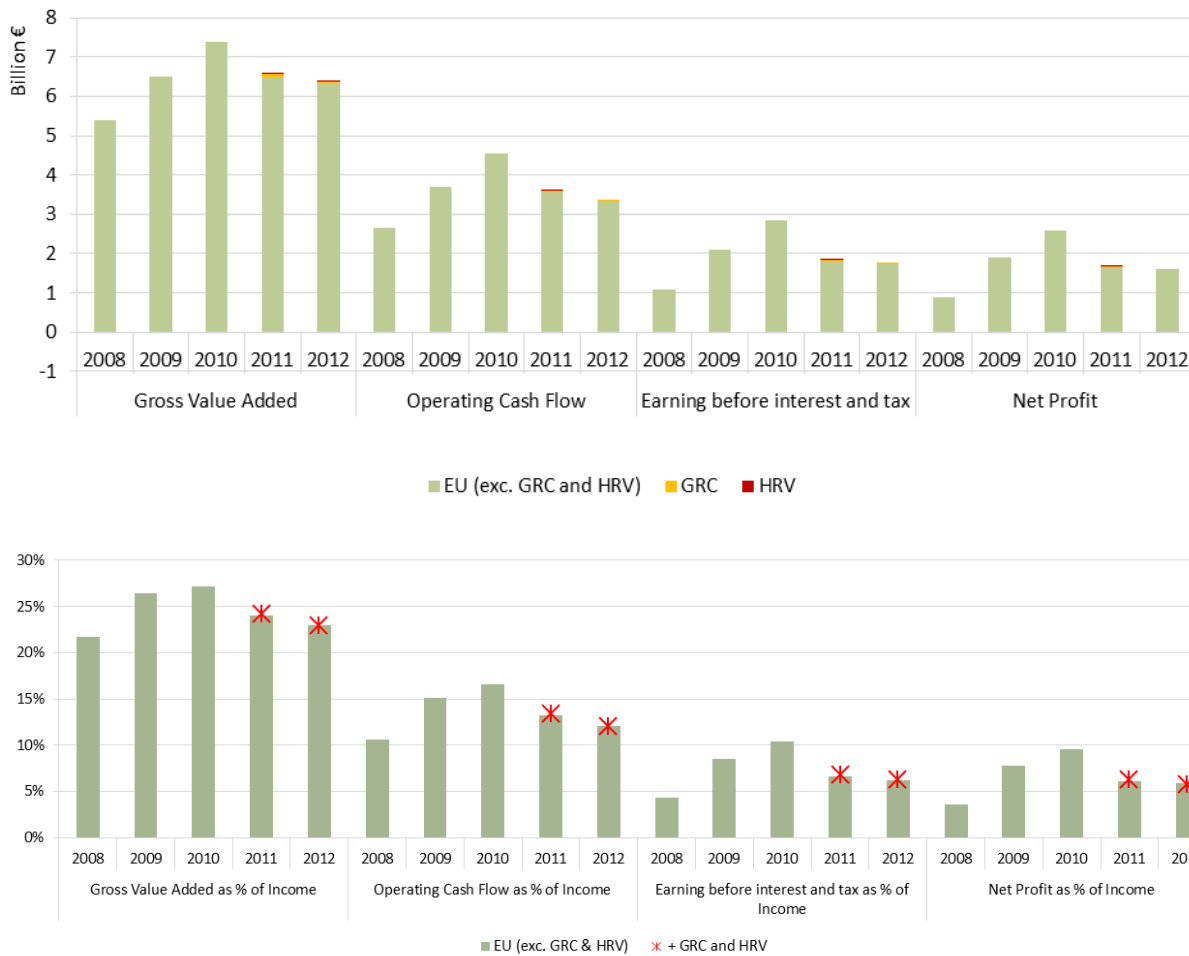


Figure 3: Economic performance of the European fish processing industry sector, in absolute terms (top figure) and in relation to income (bottom figure)

Analysis of DCF data at national level reveals a very different economic performance across Member State (Table 8). The Croatian, Cypriot, German, and Greek fish processing industries, together contributing a bit more than 5% to the European Gross Value Added of the sector, made net losses in 2012. All the other MS generated a net profit, ranging from € 3.0 million for Slovenia to €1,054.8 million for the United Kingdom.

The UK fish processing industry generated the highest GVA in absolute terms in 2012 (27% of the EU total), followed by the Spain (20%) and France (17%) ones. In relative terms, the Bulgarian fish processing industry generated the highest level of GVA in relation to income (95%), followed by the Romanian (67%) and Slovenian (32%) industries.

Among the countries for which net profit was calculated⁹, the UK industry generated the highest net profit in absolute terms in 2012 (66% of the estimated total), followed by the French (14%) and the Italian (5%) ones. In relative terms, net profit (as a share of income) ranged from -15% for Croatia to 86% for Bulgaria.

When comparing the economic performance of the last two years of the reporting period, the data reveal a differentiated picture by countries. GVA trend rates ranged between -78% for Croatia (from €47.7 to €10.5 million) and +176% for Cyprus (from -€3.5 to €2.7 million), leading to an overall GVA decrease of 3%. Variations were much more pronounced in terms of net profit, with ten countries, out of ten for which data are available, showing in 2012 an improvement compared to the previous year.

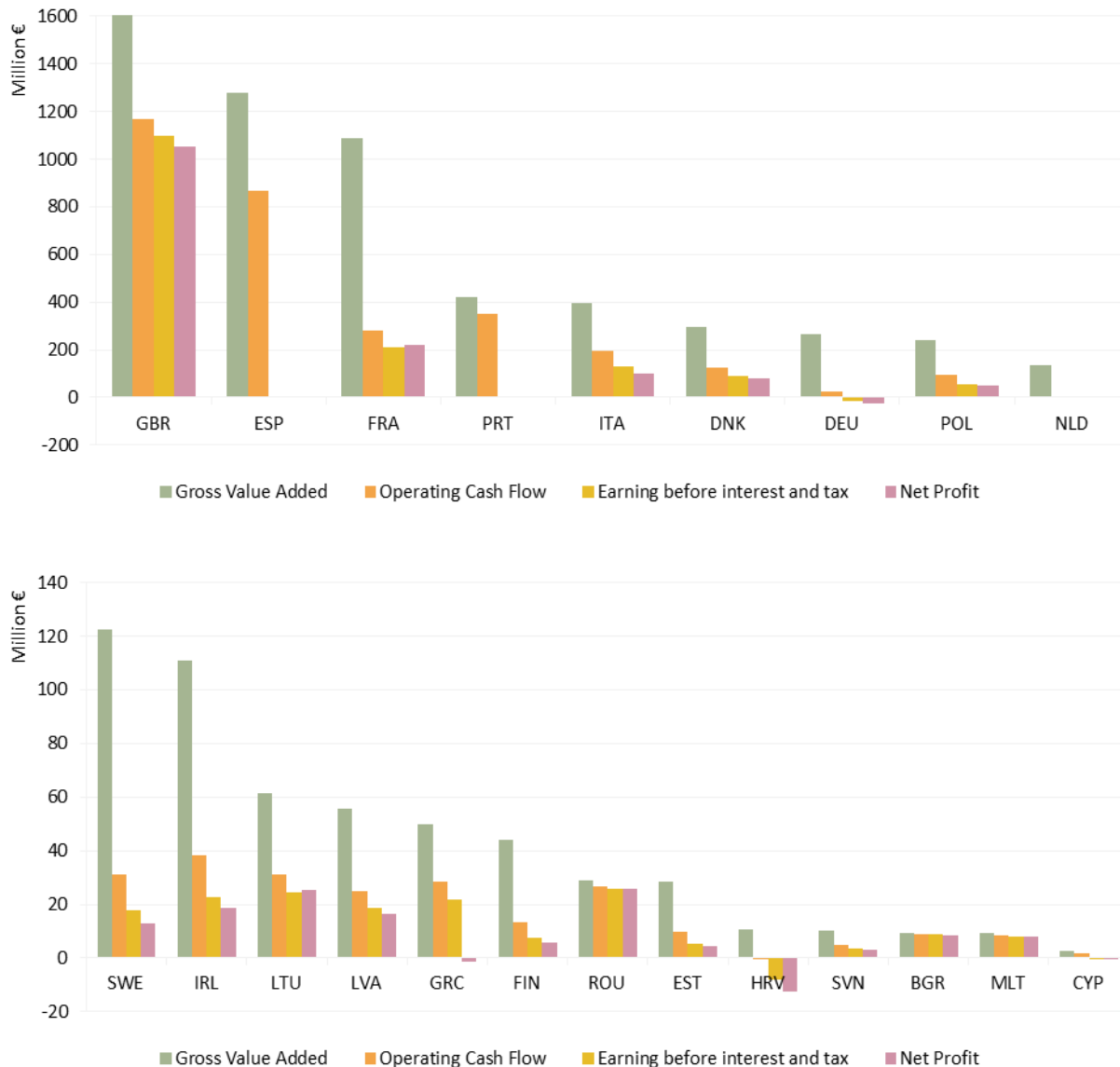


Figure 4: Economic performance of the European fish processing industry sector by country, 2012

⁹ Net profit was not calculated for Portugal and Spain due to missing data

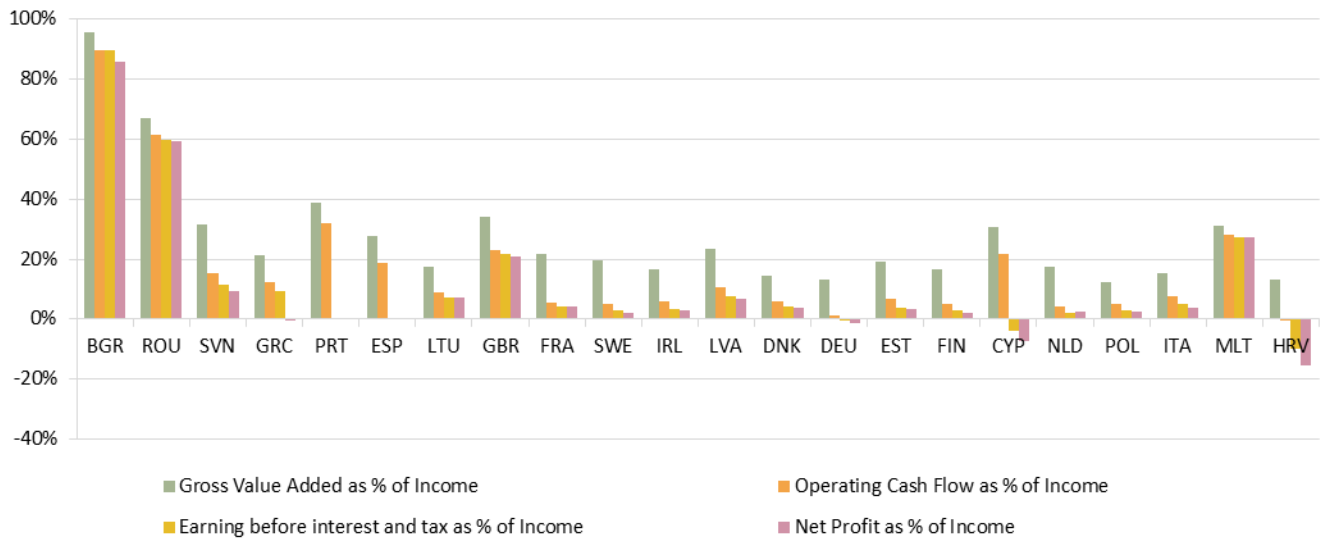


Figure 5: Economic performance of the European fish processing industry sector by country (indicators in relation to income), 2012

3. Trends and drivers for change, outlook for the industry

Dependency on raw materials and imports

Main drivers of the economic situation of the industry are still the high percentage of the costs of raw material compared to the overall costs and the high dependency on imports from foreign countries. This leaves the companies very vulnerable to developments in the world markets. The EU member states report a diverse situation as in some countries the economic situation of the industry improved while in others not. This is due to the increasing costs for raw material which seems to be a stronger effect than improvements in efficiency (e.g. via innovations). Although, several countries expected improvements in fish stocks and increased landings, for 2012 such a development is not visible and more countries now expect more problems due to decreased catches (lower quotas to reach MSY). Therefore, the vulnerability due to the high dependency on world markets is not reduced. Fish production from aquaculture may increase over the next decade but experts are expecting that the regulatory setting and the structure of the industry prevents an increase in production. There is also a vertical integration between aquaculture and processing activities observable (e.g. in Italy almost 70% of the production). This may improve the overall position of the companies and reduces the vulnerability.

Another main driver for the industry is the dependency on specific species and sources. Especially small or very specialized companies (like the industry for canned sardines in Portugal) depend on domestic landings which are often influenced by fisheries management decisions (like in- or decreasing quotas). As the improvement in the fish stocks in European waters are not that significant yet and in several cases quotas are reduced to reach MSY the small companies depending on domestic landings are still in a vulnerable situation.

Several countries reported ongoing outsourcing of activities to other member states (e.g. Denmark, Germany, and Italy in case of the tuna industry) which leads to increasing investments there (e.g. Baltic States, Poland). For these member states, e.g. in the case of Poland, this means that they increased their exports substantially.

Increased consumer demand for certified products

Over the last years the wholesale sector increasingly requested certified products as consumers demand shifted towards certified products aiming to ensure sustainable fisheries. This also means that the processing companies have to be certified. Additionally, there is a price pressure of wholesalers towards the processing industry. Together with increasing prices for raw material this forms a great risk for future economic performance. The increasing demand for certified products can reduce the availability of raw material in some parts of the year or increases prices for raw material even more. This development is especially visible in the Netherlands, Germany and Sweden.

As the list of countries with an increasing demand for certified products shows, this is basically a development in the Northern part of the EU. In the countries around the Mediterranean, a different development is taking place. Consumers have lower purchasing power than before and move from high-valued products to low-valued products (e.g. Greece). However, there are first signs of improvement in Spain which increased its exports to substitute for lower domestic demand. In other countries around the Mediterranean Sea there may be a similar development but exports may further increase. There is additionally in many countries a shift to processed products compared to fresh fish in the past. However, this is not only the case for fish products but for food products in general.

Exchange rate

Another main driver could be the exchange rate between currencies in Europe (e.g. Polish Zloty to the Euro) and to currencies outside Europe. A weaker Euro would lead to higher prices in Europe and may increase the potential for exports.

In many MS, especially in the new MS joining the EU since 2004, a lot of public money was spent to invest in modern processing facilities. However, in some other MS like Germany investment was too low in the last years to renew the capital stock. There were investments in other countries like Poland but this not fully explains this situation.

Economic crisis

In many countries of the European Union the fish processing sector suffered from the economic crisis in 2008. They reported a strong decrease in income and profits. Then in 2010 many countries reported an improved situation compared to the previous year and in fact the overall net profit generated by the European fish processing industry increased 45%. In 2011 the situation deteriorated again and many countries reported lower net profit. This could be an effect of increasing fish prices as the FAO fish price index shows. For 2012 the situation shows a mixed picture with countries with decreasing and many other countries with increasing net profits as only a few countries reported overall losses.

For example, in Estonia and Ireland the situation improved substantially, while in Germany and Croatia it continued to deteriorate. From 2011 to 2012, there was again a pronounced decline in the economic condition of the European fish processing industry (-5% in net profit). However, with the only exceptions of four countries (Croatia, Cyprus, Germany and Greece), all MS showed positive net profits, still a decrease for many but fewer MS with losses.

In several countries there is a shift in consumption habits, from high to low value products (like in Greece).

Outlook

The future economic performance of the sector is at risk due to the price pressure of wholesalers, as well as the increasing prices for raw material. Vertical integration (such as between aquaculture and processing activities which is the case for 70% of the production in Italy) may somewhat improve the overall position of the companies and reduce their vulnerability of imported goods.

With less purchasing power people are not able to buy high-valued products anymore and this will increase the demand for low valued products further. This may be also a reason why parts of the industry in a country improve while others see decreasing activity and overall this leads to a decrease in basic economic indicators.

The improvement in fish stocks in Europe will most likely increase landings in the future but it may take more time than expected in the last years. Reason for that is the move towards MSY which may make a slower increase or sharper decrease in quotas necessary to reach MSY at the latest by 2020. Also the discard ban will probably lead to higher landings instead of discarding the fish at sea. This may improve the accessibility of the fish processing industry on domestic landings and may also keep prices on a relatively low level.

4. Summary of National Chapters

Belgium

In 2012, the fish processing industry in Belgium consisted of about 240 enterprises with an estimated turnover of €826 million, employing around 2,500 people (2,200 full-time equivalents). Activity of the Belgian fish processing industry includes the production of fresh and frozen fillets, smoked fish, pickled seafood and prepared dishes.

Belgium is a net importer of seafood products, mainly from the Netherlands, France, Germany, Denmark and Great Britain. The raw materials for the processing industry are purchased on the global market for fish and fish products and the dependency on domestic landing is rather limited. The sector is dominated by small and middle-sized enterprises. The employees are mostly male and the overall number has increased over the years. The purchase of fish and other raw material was the most important expenditure and made up for 57% of the total income in 2012. The value of unpaid labour in the Belgian fish processing industry is insignificant. Subsidies represented less than 1 % of the total income in 2012.

The profitability was positive in 2012, but the economic performance of the sector is relatively low. The Gross Value Added reached €207 million in 2012 (25% of total income), which was an increase of 30% compared to 2011. A decrease of production costs was observed between 2011 and 2012, resulting in an increase in operating cash flow of the sector. Investments have increased between 2011 and 2012 denoting positive expectations for the future of the industry in 2012. All in all, the sector seems to have become more profitable despite the financial crisis.

Bulgaria

In 2012 Bulgaria processing industry registered a decrease of the number of processing units, from 33 in 2011 to 21 in 2012. Also, the staff number decreased from 325 in 2011 to 252 in 2012. Female counted for 67% and male for 33%, with a similar number for FTE, unpaid labour being insignificant. The turnover decreased from €7.7 million to €7.2 million, but total income increased from €8.9 million to €9.7 million, due to an increase of

other income by 96% in 2012/2011. The processing sector is dependent on the imports; the processing sector is not well linked with the domestic aquaculture, but is using a significant quantity of the national fleet.

No additional preliminary data are available to have the opportunity for trends and developments remarks, but, as a general remark a slight increase could be assumed.

Croatia

Republic of Croatia had 18 companies in 2011 and 20 companies in the year 2012 with the main activity in fish processing industry. Most of these companies have a multitude of other activities in which they are involved outside of fish processing but the main source of revenue and traffic comes from processing. Most of the enterprises belong to the category of 50-249 employees and that segment has the most significant impact on overall fish processing industry in Croatia.

Total number of employees in the fish processing industry was 1,273 in 2011 and 1,365 employees in 2012 which is trend indicator of processing intensity. From the total number of employees in 2011 that is increasing for 95 male employees, in 2012 for 129 employees. Except the number of employees, increased was FTE and average salary, however these indicators placed in a worse position because labor productivity.

Economic indicators are mostly negative. If we compare those two reference years (2011 and 2012) it is easy to see that almost all the indicators decreased, especially other operating costs. The part that shows better indication for the future is the total asset value and net investment. Exactly from these indicators is expected further development and stagnation in the growth of costs.

Market in Croatia is not developed and there is a lot space for improvement. Fish is usually sold directly to customers, such as farms, fish processors or resellers who then placed the fish overseas. Exports were higher than imports in the economic sense in both of the reference year, although in volume terms somewhat higher were imports (in 2012). Croatia exported mostly in Spain, Italy, outside the EU in Japan, imported from Spain, Norway and Italy. The largest part of the import comes from fresh fish as well as export. The most imported species were Herring and in export Bluefin tuna.

Trends show that the doors are opened now to the new markets, after the Croatian accession to the European Union and that all together with modernization of processing facilities, business development and unification of the company in a unique policy of product placement, there are signs for the continued successful growth for enterprises and the entire Croatian fish processing industry.

Cyprus

The Cypriot processed seafood sector is comprised of 4 enterprises in 2012. The number of enterprises has decreased in 2012 relative to 2011, thus total employment has also decreased during 2012. Total income generated by the Cypriot seafood processing sector in 2012 is €8.7 million Euros and remained the same since 2011. Nevertheless, income generated by seafood processing activities decreased during 2012. The 9 enterprises not included in the sector (i.e. seafood processing is not the main activity), generated turnover of

€5.7 million Euros attributed to seafood processing activities in 2012 while €8.1 million Euros were generated in 2011.

Production costs accounted for 78% of the total income of the sector in 2012, raw material costs being the most important part of the production cost, accounted for 60% of the total income. Wages and salaries, other operational costs and energy costs accounted for 9%, 5% and 4% of the total income respectively. Capital costs of the sector have increased by 47% in 2012. As financial costs have decreased during 2012, depreciation of capital represents the vast majority of the capital costs.

The performance indicators for the 2011/2012 period suggest positive performance of the sector and recovery from higher losses during 2011, nevertheless, €2.7 million of GVA generated in 2012 are deteriorated by the relatively high depreciation of capital resulting in negative EBIT and net losses for the sector. For the five year period (2008/2012) the sector has expanded both in terms of turnover generated by seafood processing activities and in terms of total income. Nevertheless, when turnover generated by seafood processing activities both in the sector and from companies not included in the sector is accounted for, total turnover rose during 2010 (at €21.3 million Euro) to decrease in 2012 to a level ((€13.1 million Euro) lower than the 2008 level ((€13.7 million Euro).

The Cypriot trade balance of fishery products (including aquaculture) is negative both in volume and value terms. Import volume appears to have declined since 2009 and remained relatively stable since. Export volume varies over the five years period. In terms of value, imports are relatively stable during the five years period. On the contrary, export value has significantly declined in 2009 and is slowly recovering since then. The vast majority of Cypriot exports of fishery products since 2009 are mainly comprised of aquaculture products (gilthead seabream and seabass).

In 2013, the Cypriot financial crisis is expected to negatively affect the sector as the purchasing power of the Cypriots is expected to decline. On top, rising imports of low valued processed fish, such as pugnacious, are also expected to displace the products of the sector from the Cypriot market.

Denmark

Profitability of the national sector and main trends

The profitability of the Danish processing sector has been increasing from 2008 to 2011. From 2011 to 2012 the profitability decreases, however the net profit of the industry is still positive. The enterprises have reduced the number of employees from 2008 to 2012 to increase the competitiveness and profitability of the sector partly due to the economic crisis. This has resulted in a more competitive sector increasing income, reducing costs and wages and thereby increasing the economic viability of the sector. Overall, the Danish industry has decreased in terms of numbers of enterprises (-9%) and Full time employees (28%). The industry has outsourced some of their activities to countries with lower salary costs. In particular, the salmon industry has outsourced activities to Poland.

In Denmark, the most important segment is the fish meal and -oil industry, which accounted for 64% of the total volume and 33 % of the total value, in 2012. The fish meal and fish oil factories are very important to the Danish industry and are closely linked to the fleet fishing fish for reduction. The salmon processing industry is

the most important segment processing fish for human consumption in terms of value. This industry is dependent on the large Norwegian aquaculture industry and most of the import are processed and exported to other EU countries.

The segmentation on numbers of employees show that the segment with 50-249 employees dominate the overall results even though it only contains 18% of the number of enterprises. However, the smaller segments with 0-10 and 11-49 show a higher growth in GVA from 2011 to 2012.

New developments, trends and outlook

In 2013, the profitability in the Danish fish processing sector for consumption and for processing of fishmeal are expected to increase compared to 2012. The decrease in the number of enterprises and employees are also expected to continue. Furthermore, the positive trend since 2008 showing an increasing GVA and net profit is expected to continue owing to increasing labour productivity and due to higher prices of fish and a larger volume processed.

Companies with fish processing not as main activity

The Danish industry is very “pure”. Only very few companies are processing fish outside the NACE group 10.20. Statistics Denmark have identified between 3 and 6 companies from 2008 to 2012. Unfortunately, the total income cannot be presented due to confidentiality reasons owing to the fact that one enterprise cover more than 80% of the total income.

Estonia

In 2012 there were 61 enterprises whose main activity was fish processing in Estonia, of which 85% accounted for micro- and small enterprises. The turnover of these 61 enterprises was over €143 million. 2012 showed continued recovery in economic activities and strengthening of competition in the Estonian fish processing industry sector. Compared to the previous year the total number of enterprises and turnover increased each 11% in 2012. Also the economic performance indicators (e.g. GVA, OCF, EBIT, net profit) underwent the rise. The main factors that influenced those performance indicators were increase in total income and decrease in share of production costs to total income. The total number of employees in the Estonian fish processing industry was 1,861 in 2012, of which 35% were male and 65% female. Compared to 2011, the number of FTEs maintained the same level in 2012. Additionally, there were also 11 enterprises that carried out fish processing but not as a main activity in Estonia. Their turnover attributed to fish processing was approximately €4.7 million.

The fish processing sector in Estonia is largely dependent on exports. The share of exported fish products was around 73% in 2012. Baltic herring and sprat caught by trawlers from the Baltic Sea are the most important local raw material for the Estonian fish processing enterprises. Due to its small size, the fish markets and processing enterprises do not depend on domestic aquaculture production.

According to preliminary data the number of microenterprises whose main activity is fish processing decreases somewhat in 2013. However, the growth in total production value is expected in 2013. At the end of 2013, Russia imposes import restrictions for several companies.

Finland

There were 173 fish processing enterprises operating in Finland in 2012, of which 146 companies were processing fish as their main activity. These main activity enterprises generated a total turnover of €265 million. The gross value added of processing industry was €44 million and the net profit €5.6 million in 2012. The Finnish fish processing enterprises used 80 million kg of fish as raw material, 53 million kg were domestic fish and 27 million kg were imported in 2013. The processing industry employed 781 FTEs or 930 persons.

The fish processing industry in Finland is highly concentrated in the sense that 10 companies with the highest turnover produced around 76% of the total revenue generated by the industry in 2012. The main species used in Finnish processing were Baltic herring (31 million kg), salmon (24 million kg) and rainbow trout (18 million kg) in 2013. Most of the raw material is processed to deep frozen (Baltic herring and sprat) or fresh products (fillets, etc.). The main processing products are (hot and cold) smoked products of rainbow trout, salmon and herring. There is also a notable production of salted rainbow trout.

The Finnish seafood trade balance is significantly negative. Finland imported seafood with value of little less than €300 million and exported seafood worth of around €40 million, creating a negative trade balance of €250 million.

Increasing costs and fluctuations of the price of raw materials (fish) are affecting the profitability of the industry. The decrease of salmon prices affected favorably the profitability of the industry in 2012 while automatizing of salmon processing has also increased the profits.

France

The structure of the French seafood processing industry has remained relatively stable between 2008 and 2012. Although the number of enterprises was slightly reduced from 327 to 295 during this period, the industry created 512 jobs and employs now 16,184 people. The total turnover of the industry is estimated to €4.86 billion in 2012. However, according to the French data collection office FranceAgriMer, the turnover of these companies for seafood production is only €3.82 billion (78.6% of total turnover). The French fish processing industry is highly concentrated: in 2012, the 15 companies (5%) which employ more than 250 persons cumulated 57% of the total income. The sector still includes numerous very small companies (in 2012, 45% of the companies employ less than 10 persons), but their number shows the faster decreasing rate (-17% between 2008 and 2012).

The economic performances of the fish processing sector are improving. While the turnover remained stable between 2011 and 2012, the net profit increased from €101.9 million to €219.7 million, which seems to be mainly due to the decrease of operational costs. The net profit represents now 4% of the turnover, its higher level since 2008 when it reached 6%. Investments have increased from €80.3 million to €170.9 million over the period, which may denote positive expectations from the future of the industry. The average salary has increased by 28.6% since 2008. Female employees still represent the majority of the workers (54%) and the proportion of part-time jobs is marginal and decreasing. However, part-time jobs concern also male employees now.

The activity of the French fish processing industry covers a wide range of products: fresh and refrigerated fish fillets, the production of prepared dishes with fish, crustaceans and molluscs, smoked salmon, prepared or

conserved crustaceans and molluscs, surimi and canned fish, from which 42% is canned tuna. The French seafood processing industry is heavily reliant on imported raw material; salmon, shrimp and white fish (cod and pollock) are the main imported species used by the processing industry. The cost of raw material has continuously increased since 2008, and raw material alone explains 93% of the increase of total production costs at the end of the period.

The trade deficit of France for seafood products increased by 24.5% between 2008 and 2012, mainly due to a decrease of exports volume by 18.6% and an increase of imports value by 17.4% over the period. French international trade of seafood products concerns mainly EU member States: extra-EU trade represent less than 40% of imports and less than 25% of exports. During the period 2008-2012, the trade deficit in value increased mainly between 2008 and 2009 for fresh products (+61% in value) and between 2009 and 2010 for frozen products (+29%), prepared or preserved products (+11%), and dried, salted or smoked fish (+51%). Since 2011, the context of economic crisis and the rise of the aquatic products prices attributable to the growth of the international demand have weighed on the French households demand. This context of a sluggish internal demand and increasing prices for raw material may lead the French processing industry to face more competition from imported products.

Germany

The fish processing sector in Germany is dominated by the large companies. 75% of employees and about 83% of total turnover belong to the companies with 50 and more employees. The fish processing industry is facing serious economic problems. Price increases in the raw material sector and the market power of the supermarket chains led to losses of the overall sector in 2012.

About 90% of fish in Germany is imported from other countries, with a share of about half and half between EU and non-EU countries. The seafood trade balance is increasing negative. The main species imported to Germany are salmon, pollack, herring and miscellaneous tunas. In terms of categories frozen and prepared and preserved products stand for about 70% of the imports and 80% of the exports. Fresh fish only stand for about 10% to 15% of total imports.

Consumption figures per head show stable per-head consumption of around almost 15 kg per year. Most fish is consumed by older and higher income households.

The future outlook for the German fish processing industry seems currently not to be too optimistic. Figures about investment compared to depreciation show a stable trend to disinvestment or at least less physical capital in the sector. This could reflect the transfer of production capacities to other countries, e.g. Poland.

Greece

The Greek fishery processing sector comprised in 2012 147 SME's that do fish processing, a number that has dropped by 5 since 2011 due to the continuing financial crisis but also due to company absorption, especially by the largest subsector (50-249 employees) which had the biggest decrease of 25% in terms of SME number. Approximately 73% of the SME's are small enterprises, employing less than 10 persons. The turnover of the sector decreased in 2012 13%, corresponding to turnover of €268.3 million in 2011. These enterprises employed 2,330 persons, or 2,055 in terms of full-time equivalent employment (FTE). The number of full-time

employees was decreased by 210 FTE's in 2012 compared to the number detected in 2011. FTE per enterprise is estimated at 14.0 (14.9 was in 2011). Net profit of the sector decreased 107% in 2012, compared to the previous year. Thus, average wages and salaries of staff decreased as well during the same period, approximately 17% and reached to €10,900 in 2012 from the amount of €13,200 in 2011.

Therefore, if someone is asked to justify the current underperformance of the fish processing industry in Greece in economic and social indicators could provide the following arguments. The ongoing for the fifth consecutive year financial crisis reflects to low available cash flow due to limited access, especially in the case of small companies, to bank financing and loaning and due to low net profit or yearly economic losses. These two factors prevent the much desired completion of trade agreements for fish and raw material purchases, successful application of marketing strategies and implementation of new investments. The added to the above continuous rise of the fish and raw material prices and energy costs lead also to increased cost of production.

The Greek fish processing enterprises may apply income from subsidies as investment from the European Union. The aim of this investment subsidy is to develop new infrastructure in general but also new mechanical equipment, in terms to producing high quality and high nutritional value processed fishery products and to modernise the existed processing lines for producing high added value traditional fishery delicatessen.

Ireland

There were 164 fish processing enterprises in Ireland in 2012. The number of fish processing enterprises has decreased by 5% since 2008. The total turnover of the Irish fish processing industry in 2012 was €656.5 million which is an increase of 18% from 2011.

In 2012, there were approximately 2,678 FTE's employed in the fish processing industry which was made up of 1,797 Male FTE's and 881 Female FTE's. Male employees represent around 67% of the total employees and the proportion of male/female employees has been relatively constant over time. Investment in the seafood industry has led to an increase in the numbers employed through the provision of grant aid in specific schemes and programmes.

In 2012, Ireland imported 114,469 tonnes of Seafood with a value of €179 million, which was an increase of 171% from 2008 when 42,284 tonnes of Seafood were imported.

For the same period exports amounted to 260,159 Tonnes with a value of €511 million. This was an increase of €125 million, or 32%, from 2011 driven by higher unit prices for Irish Seafood and a large increase in the volumes of seafood exported. During 2012, exports to EU countries represented 70% of total Irish seafood exports. Irish seafood exports to Russia, Egypt, South Korea and Asia continued to grow.

In terms of economic performance the estimated Gross Value Added (GVA), Operating Cash Flow, Earnings before Interest and Tax and Net Profit for the Irish processing sector, in 2012 were €110.8 million, €38.4million, €22.6 million and €18.9 million respectively.

Italy

The turnover of the Italian processing sector amounted, in 2012, to 2,557 billion €, while the total value of production (turnover + subsidies + other income) amounted to €2,582 million. Turnover represents about 99% of the total value of production. If looking at the trend, the main income items appear to have increased, compared to 2011: +12% for turnover and +35% for subsidies. The Italian fish processing industry is characterized by a double-face organization on the market: on the one hand, there is the so-called modern sector, with a few large industrial companies, and on the other hand there is the traditional sector, highly atomized and formed mainly by micro, small and medium-sized enterprises, many of which are organized on a family basis. Indeed, 70% of enterprises is represented by micro-enterprises, with less than 10 employees.

The number of people employed in the sector was equal to 6,197 people consisting in 5,223 FTE. The Italian fish processing industry is a very concentrated sector: the main segment is the canning sector with the most important products being canned and preserved tunas: in the 2012 the production of canned tuna was equal to 66.5 thousand tonnes in volume and €1.48 billion in value. Beside the tuna sector, there is also a significant number of companies processing anchovies, sardines and shellfish.

The Italian fish processing sector is highly dependent on imports as far as the supply of raw material. In general, Italy is to be considered a net importer of fish products. Indeed, the Italian seafood markets has been characterised, in the last decades from a substantial increase in the total demand for fish products mainly due to the increase in the per capita consumption (higher propensity to consume fish proteins, higher focus on more healthy products, higher life standards) and by an increase of total population. The role of imports has been and is still fundamental in satisfying the domestic demand taking into account a national apparent consumption very much higher than domestic production (from fishery and aquaculture). This has become mainly evident since the mid '90s when the increase in imports has been pushed by the decrease in domestic production. Taking into account the importance of the canned tuna products, the sector continues to record a strong dependence on imports of frozen tuna and tuna loins. Canned tuna is confirmed, also, as the main export product.

Latvia

Fish processing is very important for Latvian agriculture and for employment especially in the coastal areas. The processing sector in Latvia is fully based on the local natural resources. But North Sea and North East Atlantic Herring and Scomber imported from Norway were used for raw material for the production of canned fish. In the most cases fish processing enterprises are situated in the coastal regions. There were 5,781 persons of total employment in 2012. In the most cases in the segment with less than 10 employees fish processing is a family business. There were 101 registered economic active fish processing enterprises in 2012 with the total turnover 238.8 million Euros.

Fish processing production has important share in total Latvian export and supplies domestic market. Export of fish production was to 53 countries and import from 44 countries in 2012. The export of fish production mainly is made Baltic Sea and the Atlantic Ocean catches obtained by the Latvian fishing vessels. External trade balance for fisheries products in 2012 was 30.1 million euros.

The subsidies increased extremely in 16 times from 2008 to 2012. Total profit for the fish processing industry, which showed 12.4 million euros in 2008 changed to total loss of 1.7 million euros in 2011. The main reason of

loss in processing industry is the negative impact of global economic crisis to economic situation in Latvia. The economic situation improved in 2012 and Net Profit has a significant increase by 32% between 2008 and 2012 and was 16.8 million euro in 2012. The investments also increase significantly in 3 times for the same period and were 20.7 million euro in 2012. Several fish processing companies due to availability of the EFF, have benefited from the good investment possibilities that have been used for modernization and obtaining of new processing equipment to diversify products, improve quality of the production and increase productivity.

Lithuania

In 2012 Lithuanian fish processing industry consisted of 33 enterprises whose main activity was fish processing. For such part of industry, population changed insignificantly compare to 2011. In 2012 the total income of Lithuanian processing industry, consisting of turnover from processing and other income, was €347.6 million with 10% annual increase. The higher total income was a result of increased in other income, whereas turnover from fish processing declined by 5%. Lithuanian processing industry is highly dependent from imported raw material. In 2012 imported raw material in terms of volume accounted for 97% of the total amount used in manufacturing process. The structure of production by type has remained almost constant from year to year with the majority of supply as surimi products (29%), following by smoked fish (20%) and canned production (11%). The significant part of production from processing industry also comes as frozen cod fillets, and prepared salted products from Atlantic herring, mostly salted fillets and in brine. During 2012 in terms of value, 71.4% of production was exported. Export market consisted from 97% of EU countries, 1.7% of CIS countries and 1.3% other countries. The main commodities for export were surimi, salted and smoked salmon production, prepared and preserved fishery products. In 2012 Lithuanian processing industry employed 4451 employees, by gender consisting from 67% of female and 33% of male corresponding to 2974 and 1477 employees respectively. The number of employed females in 2012 increased by 3% compare to 2011, whereas number of employed male decline by 5%. Taking into consideration the long term cost structure, purchase of raw material took a largest part in total cost structure and increased year by year finally reaching 70% of total costs in 2012. In 2012 Lithuanian fish processing industry generated 61.3 million Euros of Gross Value Added (GVA) and €25.6 million net profit. Vertical integration of fishery production, covering higher production value chain, and increasing value of produced raw material is one of trends of fishery sector developments, especially at small scale aquaculture enterprises, providing production for local regional market.

Malta

During 2012, the number of enterprises in the Maltese fish processing industry was reduced to six from eight in 2011. Such decrease can also be reflected in total turnover of the processing sector. For 2012, the total turnover has decreased by 21.5% from 2011 while turnover for 2012 has increased from 2010 by 28.5%. It should also be noted that 67% of the enterprises in Malta's fish processing industry belong to the smallest enterprise segment (≤ 10 employees).

The year 2012, compared to 2011, demonstrated a significant increase of 89% in FTE employees in the processing sector that mainly concerned new male employees (160% increase of FTE male employees, 7% of FTE male employees). Although in 2011, there were no indication of unpaid labour within the industry, in 2012, 37500 euro were reported as imputed value of unpaid labour. This reflects an increase in number of workers within the processing industry.

Despite the fact that the total turnover for 2012 has decreased by 22%, the enterprises managed to increase their net profits by 158% from 2011. Similar increase can also be reflected in gross value added (111%), operating cash flow (116%) and earnings before interest and tax (141%). Total value of assets has increased by 50% while debt has also increased by 51% when comparing it to 2011. The 2012 performance indicators demonstrate 118.9% capital productivity, 105.3% return of investment, 74% financial position and 106.3% future expectation indicator.

During 2012, 4 enterprises were categorised under segment 1 (enterprises employing less than 10 employees) while the other 2 enterprises were categorised under segment 2 (enterprises employing between 11 and 49 employees). Since 2008, none of the enterprises in the Maltese fish processing industry sector has employed more than 49 employees. The economic performance of the Maltese fish processing industry sector is improving under both segments.

The Maltese fish processing sector is mostly represented by enterprises, whose main products are preserving and processing of tuna, shrimps, other marine fish and other products. The processed seafood is mainly exported to the Great Britain and Italy. In recent years, the trend in processing sardines has been decreasing while the trend for processing shrimps has been increasing.

Due to change in demand and production, in 2012, some enterprises in the Maltese fishing process industry have replaced their old equipment with the latest technology. Such modernization is helping these enterprises to diversify their products, improve quality of the production and increase productivity. Hence the Maltese fish processing enterprises will be able to beat the challenges of foreign competition.

The Netherlands

In 2012 there were 84 fish processing companies in the Netherlands with a turnover of €775 million. The Netherlands is an important trading hub for the transport of fish to other EU countries. The reliance of the Dutch processing industry on domestic catches has become less important because of declining catches of some of these domestic species and the increasing import of other seafood products. Most enterprises in the Dutch fish processing industry are small and have less than 10 employees. In 2012 the total income showed a decrease of 4% compared to 2011, even as the production cost. The cost for the purchase of raw material is the main contributor to the growth in the total production cost, which was 5% lower in 2012 compared to 2011. Compared to 2008 there is a 10% increase in the cost of raw material. Important drivers for the Dutch processing industry are sustainability certification, and the reform of the Common Fisheries Policy and Common Market Organisation. The fish processing industry is getting more familiar with the trading business and it is expected that trading will grow in the coming years.

Poland

Fish processing industry in Poland is strong and still developing. It has the ability of generating profits for the companies and jobs and incomes for the involved workers. In 2012 the turnover increased to €1.93 billion, by 7% compared to the previous year and 29% compared to 2008. Turnover created nearly the whole total income (99%). As a result of increase in turnover and reduction of financial costs (about 80%) net profit increased to 47.5 million Euros, by 43% compared to the previous year. The level of other economic and financial indicators of fish processing (GVA -€241.8 million; OCF -€95.8 million, EBIT-€54.6 million) shows that the sector in 2012 was in a safe financial and economic situation.

The average number of employees was 15,972, representing an increase of 1% compared to the previous year. As in previous years the majority of the employed (67%) were women and the number of female employees increased by 1% compared to the previous year and did not change compared to 2008. Most employees worked full-time and FTE amounted to 15,088.

The volume of production slightly increased to 410.6 thousand tonnes (by 13.0% compared to 2011). The prepared and preserved fish had share of 48.6% of the total production, smoked fish 20.4%, frozen fish, filets and fish meat covered 16.9%, fresh or chilled fish, filets and fish meat 5.5%, salted fish 4.6% and other inedible fish products 3.9%.

In 2012 as in previous years a key driver of fish processing sector development was of foreign trade of raw material and final products. Imports played a dominant role in the supply of raw materials because of limited ability to harvest fish from the Baltic Sea and limited production of aquaculture. Exports of fish and fish products amounted to 230 thousand tonnes, with a value of €1.04 billion which represent an increase by 13% and 36% compared to 2008.

Most of projects which modernized fish processing technologies and manufacturing process were funded from the European fisheries fund (EFF) on the basis of operational program “Sustainable development of fisheries sector and coastal fishing areas 2007-2013”. About 75% of the available allocation for subsidies for investment in fish processing, was contracted in 2012.

Further development of the fish processing industry in Poland is expected and exports and investment will be the factor that accelerates the pace of development.

Portugal

Portuguese domestic market is a large final consumer for fish and fish products, the biggest within the EU in *per capita* consumption, with around 57 Kg/person/year.

In 2012, Fish Processing Industry in Portugal consisted of 180 enterprises, 91 of which were small enterprises with less than 11 employees. Most enterprises are located in the north (61) and centre (66) of the country. All together these enterprises employed 6,823 people and production amounted to 212 thousand tonnes, and a total income of €1,078 million.

Female employees represent about two thirds of total employees.

Production in 2012: Frozen industry – 105.9 thousand tonnes; Salting and drying – 61.4 thousand tonnes; Cannery and preparation – 44.7 thousand tonnes

The Portuguese fish processing industry still has an enormous dependency on imports in order to fulfil the demand for the huge per capita consumption. This dependency will continue to grow in the near future, mainly due to restrictions on catches imposed by quota regulation. Only the canning sector still depend on domestic production (mainly for sardine and mackerel), while the salting and drying sector depends almost exclusively on imports. Dependency of cannery in imports will probably grow as the sardine catches reduce substantially (from 55 thousand tonnes in 2011 to 15 thousand tonnes in 2014). The industry will remain profitable although the expected increase in fish prices will put pressure in its profitability.

The Portuguese Trade Balance for fish and fisheries and aquaculture products is typically negative, with total imports of about twice the total amount of exports. In 2012, this deficit was of about 180 thousand tonnes or €690 million. These figures partially recovered from 2011 to 2012 in volume (-201 to -181 thousand tonnes), but get a negative increase in value (-€641 to -€690 thousand). Frozen products gives the biggest share to this reality (-131 thousand tonnes/ -€410 thousand tonnes). Dried and salted products also get big responsibility on the negative result (-53 thousand tonnes/-€233 million).

In general, some stability on structure and economic results is expected in the future.

Romania

In 2012 there were reported data for 14 enterprises whose main activity was fish processing in Romania, of which 64% accounted as small and micro-enterprises, a smaller number than 2011. The turnover was decreased amounting only over €30.4 million. 2012 showed continued in a concentration of specialized processors, mainly in the segment 11-49 employees – 50%. Processing industry sector was facing competition from the big supermarket chains and imports. Compared to the previous year, the total number of enterprises and turnover decreased, by 36% as number, and 32% as turnover in 2012. Also the economic performance indicators (e.g. GVA, OCF, EBIT, net profit) underwent the trend. The main factors that influenced those performance indicators were decrease in total income and decrease in share of production costs to total income, but only by 11%. The total number of employees was 780 in 2012, of which 49.7% were male and 50.3% female. Compared to 2011, the number of FTEs maintained the same descendent trend in 2012. Additionally, there were also 24 reporting data enterprises that carried out fish processing, but not as a main activity in Romania. Their turnover attributed to fish processing was approximately €4.3 million.

The fish processing sector in Romania is largely dependent on import. Sprat caught by trawlers and Rapa whelk are the most important local raw material for the Romania fish processing enterprises and exporters. The fish markets and processing enterprises are well linked with domestic aquaculture production.

According to preliminary data the microenterprises whose main activity is fish processing decreases, but a slight increase in total production is expected in 2013.

Slovenia

In 2012 there were 15 companies in the Slovenian fish processing sector. Between 2008 and 2012, the number of companies increased by 25%. In 2012 Slovenia had 10 companies with less than 10 employees, two companies with 11-49 employees and three companies with 50-249 employees. Among them are 6 companies with fish processing as not main activity. These companies generate €2.1 million of turnover from fish processing, which representing 6.5% of all turnover from fish processing activities.

In 2012 the turnover was €32.3 million. Between 2008 and 2012, the turnover of Slovenian fish processing industry increased by 11%.

The value of raw material decreased by 32% from 2008 to 2012 and amounted €11.2 million in 2012.

In the Slovenian fish processing sector was 354 employees in 2012. With respect to the gender of those in employment, women are predominated with 206 employees. According to the FTE there were 306 FTE

employees in 2012. Among them were 178 women and 128 men. The level of employment increased between 2008 and 2012, with total employed increasing by 42% while the number of FTEs increased by 45% over the period.

Slovenian seafood trade balance is significantly negative. Slovenian fish processing industry mainly depends on imports of raw materials. The raw material for fish processing industry is traded from all over the world, but most of the raw material comes from the EU. The largest Slovenian seafood import partners in 2012 were Italy, Spain and Croatia. Concerning export in the same year, the largest partners were Austria, Croatia and Bosnia and Herzegovina.

Slovenia consumes around 9 kg of fish per year per capita, which is well below the European average of 22.3 kg. However, fish consumption per capita in Slovenia is growing due to increasing awareness of healthy lifestyles. So in the future we can expect further development of the fisheries processing industry in Slovenia and therefore higher revenues from this sector. Because of the increased number of enterprises in the future and resulting increased competition we can expect a fall in prices of fish products and thus lower profits.

Spain

The Spanish fish processing industry keeps being an important source of employment and welfare for the coastal communities. Despite a decrease in activity between 2008 and 2011, mainly due to the impacts of the financial crisis, signs of recovery and increased efficiency can be observed in 2012.

The industry, however, has shown to be profitable in all the observed period according to Income and other economic indicators. Large companies over 250 employees have led the economic evolution of the total industry. Significant increases in labor productivity result from more capital intensive processes, allowing economies of scale. On the contrary, medium size companies have significantly reduced their contribution to the GVA and operating cash flow. A significant redistribution of the activity from smaller to large size companies appears to be happening, and may be explained by the intensification of the production processes in the larger companies.

Certain segments of the seafood processing industry, like cannery, are, as well, the main engines behind the trade flows in the international trade of fish and shellfish products, whether on the side of imports or exports. Besides being a net fish importer country in general, the negative trade balances are quite different in absolute value when disaggregating the different categories of commodities.

Sweden

The fish processing industry sector in Sweden is very heterogeneous with small family businesses processing their own landings as well as larger enterprises with large scale industrial production. Total income as well as turnover has increased during the period, but not as much as the main production cost (purchase of raw material).

The purchase of raw material for production accounts to 60% of the total production costs and the industry imports approximately 70% of all of its raw material. This makes the industry dependent on prices of raw material, tariff quotas and changes in exchange rates. Most of the indicators show an increase for the industry

as a whole since gross value added (GVA), return on investment (ROI) and EBIT (earnings before interest and taxes) all were higher in 2012 compared to 2008.

To a large extent, the Swedish processing industry uses different certifications like the MSC, ASC and the Swedish KRAV certification. Non-certified products are hard to place on the market since consumer awareness has increased. In recent years demand has increased for highly processed products that are almost ready to eat, since most consumer prefer food that are almost ready to eat, easy to cook and healthy at the same time.

Changes in the exchange rate of the Swedish krona (SEK) are of great importance of the processing industries economic performance. If the data was converted into SEK a different development (percentage change) would have been shown, especially for 2009 when the Swedish krona was weak.

United Kingdom

The UK fish processing industry has decreased in size in recent years: the latest available DCF data suggests that the sector consisted of approx. 375 businesses in 2012 whose majority of turnover was attributed to fish processing, a decrease of around 28% compared with 2008 figures. Underlying the recent contraction in industry size was a further pronounced decline in the number of businesses with 10 or fewer FTEs. This group's shares of industry income and employment of have also decreased. The total number of FTEs employed by those companies was around 17,855 in 2011, a decrease of around 11% from 2008. With the disproportionate decline seen in the number of businesses in the smallest size category, average enterprise size has been increasing and was 48 in 2012.

The combined turnover of those companies (turnover from all activities, not just processing activity) was approx. €7.5 billion euro in 2012, which was around 23% higher than in 2008 (in nominal terms) but 1% lower than in 2011. Since 2010 a combination of lower turnover and higher operating costs, particularly raw material costs, has placed additional financial pressure on the industry, resulting in tighter (albeit overall still healthy) profit margins. Processing companies have also been combating a number of other difficulties, such as difficult access to trade and longer-term credit post-crisis, increasing fuel and energy costs, etc.

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