



MEDAC

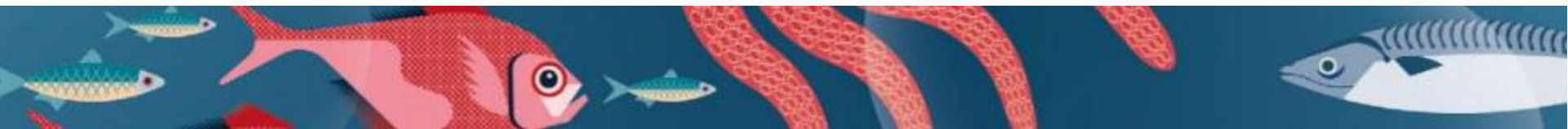
MEDITERRANEAN
A D V I S O R Y
C O U N C I L



Co-founded by the
European Union

The EU fishing fleet 2020: Trends and economic results

Extract of the MARITIME ECONOMIC
PAPERS No 08/2020 - Information of
interest for MEDAC members



Key figures for 2018



Active vessels: 59 000 **(- 3 %)**
Direct employment: 134 945 **(- 4 %)**
Employment in FTEs: 97 867 **(- 5 %)**

Days at sea: 6.2 million
Landings: 4.5 million tonnes
Landing value: EUR 6.7 billion
Gross value added: EUR 3.8 billion
Gross profit: EUR 1.5 billion
Net profit: EUR 791 million
GVA-to-revenue ratio: 56 %
Gross profit margin: 22 %
Net profit margin: 12 %

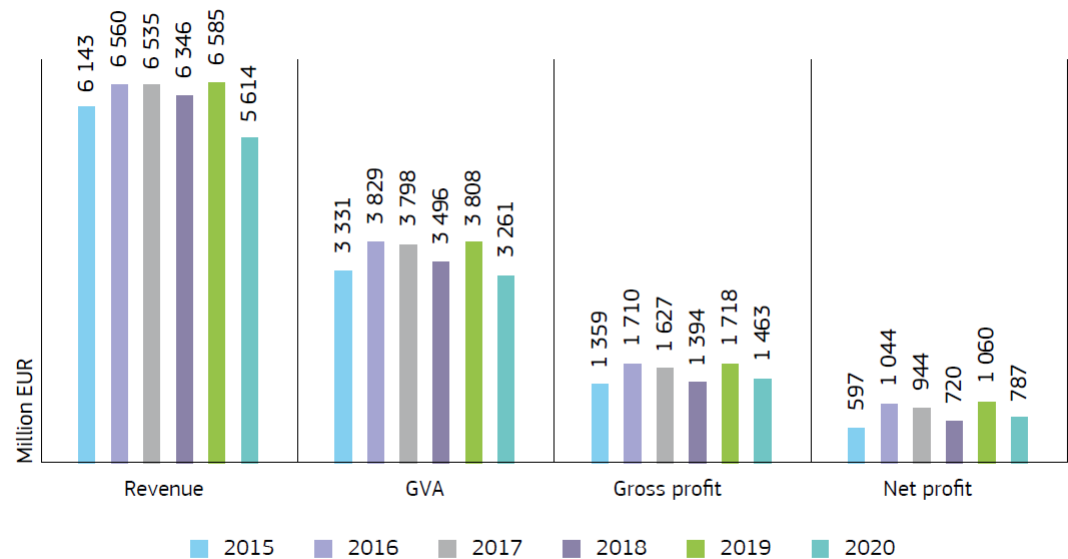


The EU's fleet capacity continued to decrease at a rate similar to that observed in previous years (around 2 % on average).

Difficulties and challenges

- At Member State level there are significant differences, with one national fleet sustaining gross losses and three national fleets suffering net losses in 2018.
- **All Member States' fleets are expected to generate gross profits in 2019 and 2020**, while four national fleets suffered net losses in 2019 and 5 may suffer net losses in 2020.
- **Aggregate employment in the catching sector is continuing to decline**, albeit at a slower pace. On the positive side, **average annual wages are continuing to increase**, as is labour productivity.
- **Profitability nowcasts for 2019 indicate an increase**, mostly due to a decrease in fuel prices and capital costs. **Results for 2020 are expected to deteriorate slightly compared to 2019, mainly due to the COVID-19 crisis.**

Figure 2. Trends in revenue and profits for the EU-27 fishing fleet



Source: Member States' data submissions under the 2019 fleet economic data call (MARE/A3/ACS(2019)); all monetary values have been adjusted for inflation; constant prices (2015). Nowcast values for 2018 and 2019.

2020 percentages of comparison with 2019

A **13 % decrease in revenue**

Decrease in fuel costs (– 25 %) and labour costs (– 14 %).

The profitability of the EU fleet as a whole is projected to **fall** sharply, **by 15 % in gross and 26 % in net terms,**

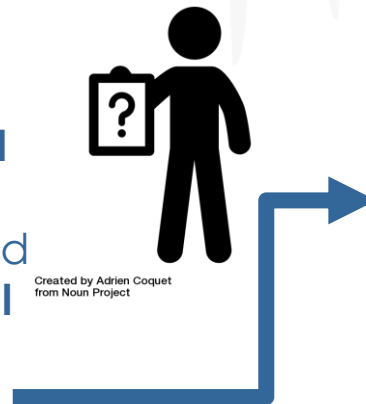
while still posting healthy profit margins.



The **COVID-19 outbreak**, with the restrictive measures adopted in the EU in March and April 2020, has had a **significant socioeconomic impact** on the fisheries sector and its stakeholders.

- There has been a **decrease in fishing activities** compared to previous years and, according to catch data, reductions at the Member State level are **between 1 % and 58 %**, with the average expected to reach 11 % for the EU fleet.
- Despite the impact of COVID-19, **projections show that the EU fleet would end 2020 with a reasonable level of profitability**. This suggests a greater level of resilience on the part of the EU fleet, which is the result of:
 - the combined efforts made by the sector in previous years to achieve the maximum sustainable yield (MSY) objective
 - low fuel prices.

In addition to the **uncertainties triggered by COVID-19**, the sector's performance will also be affected by policy reforms and **a multitude of other internal and external factors**, especially in the next decade, due to major changes in relation to



- NATURAL ENVIRONMENT?
- RESOURCE AVAILABILITY?
- NECESSARY ENERGY
- TRANSITION OF THE EU FLEET?
- INTERNATIONAL TRADE RULES AND TARIFFS?
- MARKETS TRADE IN THE SHORT TO MEDIUM TERM.

The Med Sea in socio-economic numbers 2018

59 % of the EU
fleet by number
of vessels

Employed 51%
of FTEs

over 65 % of the
days at sea



30 % of landings
by value

only 10 % of
landings by
weight

**The Mediterranean fleet obtained the highest revenues
(EUR 1.98 billion) and profits**

FACTORS LEADING TO IMPROVEMENTS

- ✓ **High average prices for some key species:**
 - Several commercial strategies have been implemented that are aimed at improving the **traceability and quality** of local seafood
 - The **SSCF sells at higher prices** compared to the LSF thanks to a **shorter supply chain** and direct sales to end consumers and restaurants.
- ✓ **An increase in the EU quota for bluefin tuna.**

This had a positive impact on the profitability of purse seiners and vessels using longlines involved in tuna fishing.
- ✓ **Annual wages and salaries increased in the LSF.**

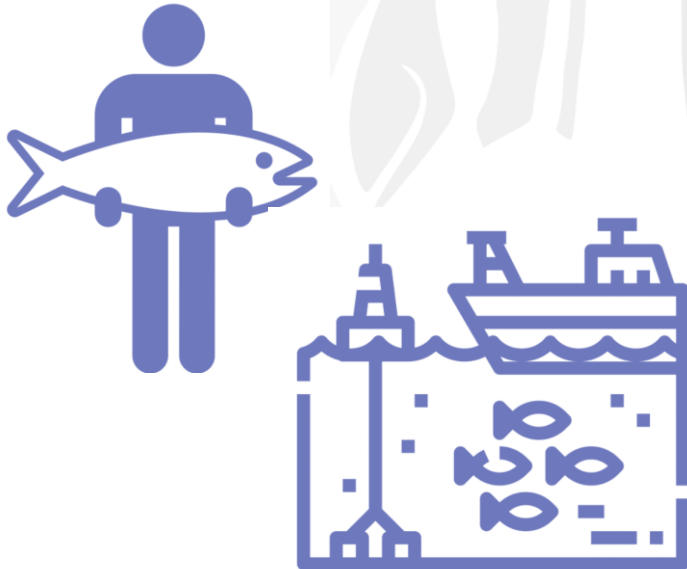
The improvement can be linked to the positive trend in revenue as, in most countries, labour costs are directly related to the gross value of landings and variable costs.



Pictures created by Bernd Lakenbrink and Vectors point from the Noun Project

FACTORS LEADING TO DETERIORATION

- ✓ **Stock status:** the overall level of overfishing generally remains too high.
- ✓ Increasing pressure on marine resources and ecosystems driven by the diversification and **intensification of marine and maritime activities.**
- ✓ Small-scale vessels **do not have sufficient financial resources** for new investments, and larger vessels have limited access to credit.



- ✓ **Energy efficiency has not improved**, mainly due to low levels of investment in new fishing gear and equipment with a lower environmental impact.
- ✓ **Moderate increase in fuel prices** resulting in higher energy costs, especially for pelagic fisheries and trawlers.
- ✓ **Lack of crew recruitment**, as jobs in the sector are not seen as particularly attractive due to low wages and relatively poor working conditions.

The Med fleet performance by Member State 2018

CROATIA. Overall performance improved and has been positive since 2017. **Revenue** amounted to EUR 86.7 million (+ 6 %), **GVA** EUR 51.4 million (+ 6 %), **gross profit** EUR 24.2 million (+ 5 %) and **net profit** EUR 3.8 million (+ 312 %). **Some deterioration is expected in 2019 and 2020.**

CYPRUS. Overall, performance deteriorated compared to 2017, but improved when evaluated over the time series. **Revenue** amounted to EUR 6.6 million (– 34 %), **GVA** EUR 2.6 million (– 57 %), **gross profit** EUR 1.6 million (– 69 %) and net loss – EUR 0.98 million (– 140 %). **Some improvement is expected in 2019**, with higher gross profits (+ 10 %) and a significant reduction in net losses.

FRANCE*. Performance down slightly in 2018. **Revenue** amounted to EUR 1.31 billion (unchanged), **GVA** EUR 707 million (– 5 %), **gross profit** EUR 215 million (– 12 %) and **net profit** EUR 122 million (– 11 %). **Further deterioration is expected in 2019 and 2020.**

GREECE. An improved situation. **Revenue** amounted to EUR 440.6 million, **gross profit** EUR 115 million and net profit EUR 70.9 million. **Several inefficient SSCF vessels exited the sector or remained inactive**, making room for the remaining vessels to improve their economic sustainability.

*EU fleet performance considering both Atlantic and Mediterranean sides

The Med fleet performance by Member State 2018

ITALY. Overall performance deteriorated. Revenue unchanged at EUR 950 million, **GVA** EUR 569 million (– 5 %), **gross profit** EUR 299 million (– 8 %) and **net profit** EUR 139 million (– 11 %). In 2019 a reduction in fishing effort is expected, resulting from the entry into force of the national management plans for demersal fisheries and the WestMed plan.

MALTA. Overall, an improved performance, moving from gross losses to profits but still operating at a negative net margin. **Revenue** amounted to EUR 14.5 million (+ 33 %), **GVA** EUR 8.4 million (+ 58 %), **gross profit** EUR 2.6 million (+ 68 %) and **net profit** EUR 0.5 million (+ 162 %).

SLOVENIA. A positive performance with mixed results. Revenue amounted to EUR 2.1 million (– 3 %), **GVA** EUR 1.7 million (– 2 %), **gross profit** EUR 1.3 million (+ 15 %) and **net profit** EUR 1.27 million (+ 17 %).

SPAIN*. Performance deteriorated. Revenue amounted to EUR 1.8 million (– 10 %), **GVA** EUR 940 million (– 18 %), **gross profit** EUR 287 million (– 35 %) and **net profit** EUR 177 million (– 47 %). Results varied significantly by fishery, with revenue increasing in the Mediterranean Sea. An improved situation is expected for 2019, with some deterioration in 2020.

*EU fleet performance considering both Atlantic and Mediterranean sides



MEDAC

MEDITERRANEAN
A D V I S O R Y
C O U N C I L



Co-founded by the
European Union

THANK YOU FOR YOUR ATTENTION
The Coordinator of WG5 Antonio Pucillo

For further information do not hesitate to
send an e-mail to segreteria@med-ac.eu

