



Advice

STECF's Annual Economic Report on the EU Fishing Fleet (2023)

Brussels, 3 February 2023

1. Background

The Scientific, Technical and Economic Committee for Fisheries (STECF) publishes, every year, the Annual Economic Report on the EU Fishing Fleet¹, which provides a comprehensive overview of the latest information available on the structure and economic performance of EU Member State fishing fleets. As highlighted in previous advice², the report has particular relevance for the work of the Market Advisory Council (MAC) and is highly valued by all relevant stakeholders.

2. Timeline and potential time gaps

The 2023 edition of the Annual Economic Report on the EU Fishing Fleet will cover the 2008-2023 period and use 2021 as the reference year and include nowcast performance estimates for 2022 and 2023. Appropriate socio-economic future projections are essential and, as such, there should be better alignment with scientific advice data and the future projections developed by STECF. The approach of STECF should be aligned with the approach ICES has on their advice. It is particularly important to ensure that the STECF's timeline is in accordance with ICES's.

It is worth highlighting that the discussions and negotiations for the 2023 fishing opportunities will be based on economic data of 2021. The economic impacts of the 2022 fuel crisis are not

¹ The reports are made publicly available on the [website](#) of the Joint Research Centre (JRC).

² On 23 September 2020, the MAC adopted [advice](#) on "Data Collection by the Scientific, Technical and Economic Committee for Fisheries (STECF)", which included a section dedicated to this economic report. On 24 May 2022, the MAC adopted [advice](#) with recommendations to DG MARE concerning the 2022 report, including for the calculation of greenhouse gas emissions, capital allowances and capital depreciation, and the relevance of specific chapters.

included in the economic data, despite the provision of nowcasts and forecasts by STECF. The consideration of these exercises would allow for the most recent economic background to be included, and for decisions to be made based on the best available scientific advice. The COVID-19 pandemic and the invasion of Ukraine exemplify the importance of up-to-date economic data.

3. Data collection

Concerning data collection, the most important issue is having more up-to-date information. Through the process of digitalisation, it is expected that the prompt collection of data becomes easier. Therefore, Member States should invest in the digitalisation of data collection processes.

4. Social variables

In the context of the report, data is collected on several social variables³. The current variables are all relevant and should continue to be addressed in future editions of the report. The difficulty regarding social variables is the consistency of the data. Therefore, STECF should work on a formalised structure for all social data, wherever it may come from. Work needs to be done, in the context of the Regional Coordination Groups, on ensuring data quality assurance on the level that is found in the ICES's advice, particularly advice from ICES's WGSOCIAL and WGECON.

5. National and special chapters

The report includes national chapters, which are generally of good quality. The newer chapters assessing the pelagic and long-distance fleets are also of good quality. The 2022 edition included a Brexit chapter for each country, which were much appreciated by the stakeholders. A general

³ E.g., Employment by gender, employment by age, employment by education level, employment by nationality, employment by employment status, FTE by gender, unpaid labour by gender. Some Member States collect data at enterprise level, others at employee level. Member States use different sampling strategies (e.g., census, probability sample survey or nonprobability sample survey).

chapter on Brexit would be useful to overview the major impacts over the incoming five-year period.

A chapter on socioeconomic effects ashore would be welcomed, since the economic impact of fishing fleets goes beyond landings. This chapter could cover ports and auctions, trickling down to traders and processors, and onward to suppliers of provisions, nets and gear, ship repairers and ultimately new building of ships.

At EU-level, discussions around trawling activities are becoming increasingly relevant. Nevertheless, the economic and social contributions as well as the input this sector has on food security remain unknown. Considering that ICES gives advice on the environmental impacts of trawling, the STECF should provide advice on the socioeconomic impacts.

6. Breakeven fuel price point

According to information provided by STECF, the breakeven point for fishing vessels is €1.17. This estimate is based on the gross profit indicator to which are subtracted the operational costs. When net profits are considered, it is estimated that the overall breakeven revenue allows for a fuel price of €0.6-0.7, which is more in line with what fisheries members have computed.

It must be highlighted that the method of calculation is more important than figure. When communicating on the breakeven point, the method should have been put forward before the €1.17 figure. The method of net profit use gives a more appropriate figure than the use of gross profits. As an example, for the Dutch beam trawl fleet, *ex post* calculations indicate a breakeven point of around €0.55 per litre of diesel – this is closer to the net profit calculation than the gross. Therefore, the minimum requirement would be to use the net profits rather than gross profits.

In any case, the breakeven point cannot be calculated at the level of the EU fleet, as the practices of the different segments (fishing patterns, cost structure, energy efficiency) impact the point. In

general, fishers are price takers, so the detailed analysis of the breakeven price calculation is not possible, because an average EU price would not be representative of what is paid at the auction.

Finally, the prices that STECF uses for fuel do not match the prices observed by the fishers (e.g., there is an overprice for January 2022 in the 2022 edition of the report) and prices depend on the harbour where fuel is bought. In order to be relevant, there must be a breaking down of the regional prices as much as a breaking down of the segments.

7. Recommendations

For the 2023 edition of the Annual Economic Report on the EU Fishing Fleet, particularly the elaboration of the Terms of Reference for the corresponding STECF Expert Working Group, the MAC believes that DG MARE, with the appropriate involvement of STECF, should:

- a) Ensure a better alignment between the approach of STECF and that of ICES's, which provides advice for the following year, particularly an alignment of the timelines followed;
- b) When developing policy actions, such as the annual proposal on fishing opportunities, take into account the nowcast and forecast exercises of STECF, ensuring that decisions are based on the best available scientific advice;
- c) Encourage Member States to invest in the digitalisation of data collection processes, so that the prompt collection of data becomes easier;
- d) Maintain the existing categories of social variables, while ensuring the consistency of the data as well as improved data quality assurance in the context of the Regional Coordination Groups (at the same level as ICES's);
- e) Under the next edition of the report, include a general chapter on Brexit providing an overview of the major impacts, a chapter on socioeconomic effects ashore, and a chapter on the socioeconomic effects of trawl activities;



- f) When calculating and communicating on the breakeven fuel point of the fleet, use the method of net profits, instead of the method of gross profits;
- g) Under the next edition of the report, include a regional and per segment analysis of the breakeven fuel point.