Advice

STECF's Economic Report on the Fish Processing Industry (2025 edition)

Brussels, 18 September 2024

1. Background

The Scientific, Technical and Economic Committee for Fisheries (STECF) publishes, every two years, the Economic Report on the Fish Processing Industry[1], which is one of the main sources of economic and social data for scientific advice on the performance of the EU fish processing industry. As highlighted in previous advice[2], the report has particular relevance for the work of the Market Advisory Council (MAC) and is highly valued by the relevant stakeholders.

Based on the Data Collection Framework (DCF) and the EU Multi-Annual Programme (MAP)[3]'s call for economic data on the EU fish processing sector, the experts analyse and comment on the economic performance of the EU and national fish processing sectors. Issues covered include structural aspects, economic data and performance indicators (e.g., revenue items, cost items, earning, profitability), social indicators (e.g., employment by gender, labour productivity and average salaries, education level, nationality), national chapters on the economic performance of the fish processing industry at Member States level. There can also be special chapters on specific topics (e.g., impact of energy crisis on the sector).

[1] The reports are publicly available: https://stecf.ec.europa.eu/reports/economic-and-social-analyses_en.
[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.
[3] More information on the Data Collection Framework and the data calls, including the legal framework, can be found online: https://dcf.ec.europa.eu/data-calls_en.

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On 3 February 2023, the MAC sent advice to the European Commission on the Terms of Reference of the STECF Expert Working Group (EWG) launched that year to analyse the 2021 data[4]. The advice recommended, *inter alia*, a modification of the periodicity of the report to annual, the establishment of mandatory data collection on selected items, collection of information on the purchase of fish and raw material, and the inclusion of special chapters on various topics (e.g., energy crisis, Brexit, raw material costs, logistics, circular economy).

Under the Work Programme of Year 8 (2023-2024), the MAC committed to sending advice to the European Commission on the Terms of Reference of the STECF EWG to be launched in 2025, which will focus on the 2023 data.

2. Timeline and time gaps

The 2025 report will use 2023 as the reference year and include nowcast estimates for 2024 and 2025. The 2023 report used 2021 as the reference year and was only officially published at the beginning of 2024. As highlighted in previous advice, annual editions of the report would be welcomed, as it would allow stakeholders, including companies, to have access to more current data on the sector. The analysis carried out by STECF should continue to be in an *ex-post* framework, while being supplemented, when necessary, by expert analysis on the most recent trends or events.

3. Voluntary collection of data on fish processing

Under the DFC/EUMPA, the collection of processing data is no longer a mandatory requirement. The STECF-23-14 report informs that 15 countries delivered data according to the data collection programmes, Eurostat data was used to fil the gap for 10 countries no delivering data, and that

[4] MAC Advice on STECF's Economic Report on the Fish Processing Industry (2021), February 2023

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there was a lack of homogeneity of the data submitted, especially concerning raw material and social data.

In the view of the MAC, the data in the report should be harmonised for the covered countries. To ensure harmonisation, the data should comply with established requirements, which is difficult to achieve when certain countries do not provide the data due to the voluntary nature. Therefore, mandatory minimum data should be established.

At the same time, double collection for items adequately covered in the PRODCOM survey (e.g., sales of products manufactured by volume and value) should be avoided. Relevant elements to collect data on include:

- Number of companies specialising in fish processing
- Total number of jobs and the number of full-time equivalent jobs
- Quantity of raw materials used for "fishery and aquaculture products", calculated in whole fish equivalents to allow comparison

Regarding the quantity of raw materials, this information appears to be collected at the level of the Member States by the FAO (Fishstat DNC and Fishtat FC1 questionnaires), so it would be relevant for the European Commission to discuss with FAO about harmonisation and sharing of information.

4. Other data collection issues

Under the 23-14 report, STECF notes that the analysis carried out by the EWG was strongly impacted by data issues. STECF notes that for raw material data to be meaningful, it should be collected by geographical origin and production environment. STECF notes that the EWG suggested that data is collected by type of activity (e.g., filleting, freezing or canning), providing

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as an example that the analysis of energy costs was limited by the availability of more disaggregated data.

In the view of the MAC, for data on raw materials to be relevant, it should be collected mainly by species (or group of species) and harmonised in whole fish equivalent to allow comparisons. It would also be interesting to distinguish between the production methods of the raw material (wild capture or farming). The collection by geographical origin could make the data collection more complex and less efficient. Regarding the collection of data by type of activity, it is necessary to establish the criteria for the collection, as industries can allocate the merchandise to different activities. For example, whole frozen fish, which is intended for filleting and subsequent freezing.

5. EU overview

The report provides an overview of the structure and economic performance of the fish processing industry in the EU (e.g., total enterprises, employment, turnover), economic performance (e.g., turnover, total income, personnel costs, net investments, Gross Value Added, operating cash flow, labour productivity, cost structure), and trends, drivers and outlook.

In the view of the MAC, for data on the economic performance of enterprises to be relevant, it should allow for comparison in each Member State between enterprises in the fish industry and the general food industry. Additionally, it could be relevant to provide data on sustainability aspects of the processing sector, such as the carbon footprint and circular economy aspects.

6. National chapters

The report includes national chapters on the economic performance of the fish processing industry at Member States's level.

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It is important to keep in mind that, as pointed out in the 23-14 report, data for some countries was absent, so extrapolations had to be made from other data sources. Additionally, in the view of the MAC, to ensure the accuracy of the data, the report should take into account data made available by the associations active in the fisheries and aquaculture sector, namely from the public reports published by the main sector associations.

7. Special chapters

The report can include special chapters on specific topics.

A special chapter dedicated to raw material could be an opportunity for further analysis of the points raised in sections 3 and 4 of the present advice.

Based on the publicly available lists of seafood processing establishments, the report should a special chapter to identify geographical clusters of seafood processing establishments in the Member States. In these regions, seafood processing companies play a vital role in the local economy, providing employment and economic scope for the service industry and logistics. These clusters are particularly sensitive to any fluctuations in raw material supply and other driving factors. Therefore, in order to raise awareness for this key element of resilience, the report should try to relate employment figures and further economic indicators to these regional clusters. Based on this information, future policy advice to sustain and support the development of these clusters can be developed.

8. Recommendations

In the development of the next edition of the Economic Report on the Fish Processing Industry, particularly the adoption of the Terms of Reference for the STECF Expert Working Group, the MAC believes that European Commission and the Member States, with the appropriate involvement of STECF, should:

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a) Modify the periodicity of publication from biennial to annual, maintaining the *ex-post* framework, while supplementing it, when necessary, with expert analysis on the most recent trends and events;
b) Ensure harmonisation of the data collected, including through the establishment of mandatory requirements as well as for of mandatory minimum data for certain elements, while also avoiding double collections for items adequately covered by PRODCOM;
c) Engage with FAO to assess the possibility of harmonisation and sharing of information on the quantity of raw materials;
d) When collecting data on raw materials, collect by species (or group of species), harmonise in whole fish equivalent to facilitate comparisons, and distinguish between production method (wild capture or farming);
e) When collecting data by type of activity, clearly establish the criteria for the collection, taking into account that operators can allocate their products to different activities;
f) Under the EU overview, provide the data in a way that allows for comparisons in each Member State between enterprises in the fish industry and the general food industry;
g) In the context of the EU overview, consider the relevance of provision of data on sustainability aspects, such as the carbon footprint or circular economy aspects;
h) When developing the national chapters, take into account the data made available by the associations active in the fisheries and aquaculture sector, namely from the public reports published by the main sector associations;
i) Include a special chapter on raw materials to further analyse the related issues, such as on quantity, species, whole fish equivalent, production method, geographical origin, plus a special chapter on the identification of geographical clusters of seafood processing establishments.

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