



**STECF EXPERT WORKING GROUP
November 2019**

**TERMS OF REFERENCE
The EU Fish Processing Sector. Economic Report 2019**

Background and objectives

The economic report on the fish processing industry is one of the main sources of economic and social data for scientific advice on the performance of the EU fish processing industry. It is also increasingly used by scientific bodies, national administrations and international institutions.

Following the 2019 DCF/EU-MAP call for economic data on the EU fish processing sector, the EWG is requested to analyse and comment on the economic performance of the EU and national fish processing sectors between 2008 and 2017 (2018 when available).

The final draft of the EWG report will be reviewed by the STECF.

The report should provide an in-depth look at the different factors affecting the economic performance of the EU fish processing industry with a **special focus on the major drivers and issues affecting the sector**. Besides interpreting and explaining the quantitative values, the report should contain qualitative information and analysis on the drivers and trends in the fish processing performance and other aspects of policy relevance **based largely on the scientists' expert knowledge**. The main objectives of the report is **to obtain high quality interpretation of all data outputs** to ensure the usefulness of the report for DG MARE's policy development, Member States and the industry.

Experts are asked to **analyse the sector and its components**, e.g. by markets and trade determinants by main segments of processing activities, competitiveness, market prices and consumption, certification, innovation, links and level of dependency with the local fishing fleet and aquaculture sector, the role of European Maritime Fisheries Fund support, contribution to the local communities and the Blue Economy, strengths, weaknesses, opportunities and threats.

Given the social importance of this activity in many communities, particular **emphasis should be paid to the social aspects** of the analysis including trends on employment, salaries, labour productivity and breakdown of the fish processing employment by gender, education level and nationality (nationals, EU nationals, non-EU nationals).

Structure and content

Being the basis for the structure of the report, the EWG is requested to work and comment on, at least, the following items:

- An **executive summary** containing the key findings (abstract).
- An **overview of the economic performance of the EU fish processing industry**. This should include the drivers and main trends based on expert knowledge. It must include specific sections on:
 - o EU fish processing sector overview (including recent developments).



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Maritime Policy and Blue Economy
Economic analysis, Markets and Impact assessment

- Economic data and performance indicators (e.g. revenue items, cost items, earnings, profitability, etc.), including contrasting company size (e.g. SMEs vs. non-SMEs), when possible.
 - Employment and social indicators (e.g. employment by gender, labour productivity and average salaries, education level, nationality, etc.).
 - Comparative across Member States highlighting the differences and similarities of national industries.
- **National chapters** on the economic performance of the fish processing industry providing¹:
- National fish processing sector overview (including recent developments).
 - Economic performance indicators, including by size category (e.g. contrasting SMEs and non-SMEs when possible).
 - Employment and social indicators (e.g. employment by gender, labour productivity and average salaries, education level, nationality, etc.).
 - Description of trends and drivers based on expert knowledge.
 - Outlook.
- **Special Chapter on raw materials.** As indicated in previous reports, the purchase of fish and raw material is the dominant cost item, accounting for almost 70% of the total production costs. Anecdotal evidence indicate that the majority of the raw material is imported from third countries².

Understanding which segments and Member States use EU raw material (either from wild fisheries or from aquaculture) and which ones depend on imported supplies is of high importance for assessing the strengths and vulnerabilities of the sector. While the compilation of such information has revealed quite costly and challenging, a series of initiatives have already been undertaken. This includes pilot studies conducted in some Member States, a work package within the SECFISH project³ (focusing on the methodology to collect raw material data and the systematic collection of such data in a few Member States). Combining these various sources, the expert group should provide an assessment of the sources of raw material (e.g. internal catches, internal aquaculture, imports) detailing, to the possible extent, potential specificities by species, type of industry and Member State.

The EU legislation includes **autonomous tariff quotas (ATQs)**, which allows fish processors to import raw material with a preferential or zero tariff. This chapter will also assess the benefits obtained by the industry from the ATQs. When it would not be possible to identify Member States or subsectors making use of specific ATQs, the assessment could be based on several assumptions or on a theoretical scenario where ATQs are used in full compared to an alternative scenario where ATQs would not exist. The impact of ATQs should be quantified in absolute terms (e.g. euros) and relative to the economic performance of the sector (e.g. percentage of production cost).

- **Annexes**
- Data coverage and quality.

¹ Given the use of EUMAP as well as Eurostat data, it should be clearly identified the source of data. A more detailed discussion about data coverage and quality issues could be included in an Annex.

² See last year report, page 43.

³ Agreement number - MARE/2016/22 (Thünen) - SI2.768889.



Streamlining of the report and data issues

After six reports, efforts should also be invested in streamlining the structure and content of the report. In particular, the following should be taken into account:

It shall be considered whether some specific (sub)sections provide limited value added and therefore should be dropped from the report.

The narrative should add value to the figures compiled in the charts and tables. This could be achieved by highlighting a few figures with special relevance and by explaining what are the drivers and/or consequences.

The main **socio-economic indicators**, if possible and where relevant, should also be **put into context with homologous figures at the EU and national levels** (e.g., national average salaries, GDP, etc.), or in relations with the other fisheries sectors (the fishing fleet and aquaculture).

Given that under the new EU-MAP, the transmission of data about the fish processing sector is only done on a **voluntarily basis**, the **use of complementary source of data (e.g. SBS and PRODCOM from Eurostat)** may be required for some countries. The special Chapter 3 of the last report provides some insights on the usability of these alternative sources of data.

When aggregating national indicators to obtain the EU totals, special attention should be made to maintain a homogeneous number of Member States. The data for **EU total** should reflect an estimation of the actual evolution and **should not be distorted by the inclusion (or exclusion) of Member States throughout the analysed period**. The compilation of EU aggregates may require the use of imputation in some Member States. The imputation of missing values should follow the principles approved by the STECF plenary.

The economic report on the fish processing industry **is produced on a biennial basis. This should be taken into account when presenting the information and making the interpretations**. Besides the long-term evolution, a special focus should be made not only on the last year, but rather on the last two years, when relevant. Indications on the latest developments should be presented in annual terms and not with respect to the previous report (which implies an increase or decrease over two years).

A discussion and explanation about **data coverage, data issues** and how they were addressed should be included in an Annex.

Data transmission

As a matter of priority, the EWG is requested to ensure that all unresolved data transmission (DT) issues encountered prior to and during the EWG meeting are reported on-line via the Data Transmission Monitoring Tool (DTMT)⁴. Guidance on precisely what should be inserted in the DTMT, log-on credentials and access rights will be provided during the EWG.

⁴ For details refer to ToR 7.1 of STECF plenary report 19-01.