

# Annual Economic Report (AER) on the EU Fishing Fleet 2023

STECF Expert Working Group (EWG 23-03 and 23-07)

## TERMS OF REFERENCE

### *Background and general objectives provided by the Commission*

The AER is the main source of economic and social data for scientific advice on the performance of the EU fishing fleet. It is also increasingly used by scientific bodies, national administrations and international institutions.

Given the increasing number of scientific uses of the AER and its growing complexity, there is a greater need to guarantee robust, precise data and analyses as well as streamline the content of the report.

The trimming down of the AER is intended to achieve a more balanced effort/product exercise, concentrating on the core, routine tasks of the AER on the one hand, while freeing up time and resources on the other so that EWG experts can focus on more applied economic analyses.

The 2023 AER will continue efforts made in previous years to streamline the contents while providing more in-depth look at the different factors driving the economic performance of the EU fleets. This will mainly be achieved through:

- dedicated data checking exercises, covering national and regional data sets: <https://datacollection.jrc.ec.europa.eu/data-analysis>
- more concise and less descriptive chapters, supplemented by the JRC online data dissemination tool <https://datacollection.jrc.ec.europa.eu/da/fleet/>
- a continued effort to provide more analytical outcomes, notably on drivers of profitability and trends

The report should provide an in-depth look at the different factors affecting the economic performance of the EU fishing fleet with a special focus on the major drivers and issues affecting the sector (in particular, the impacts of the high prices for fuel, energy transition of the fleet and conservation measures). In addition to interpreting and explaining the quantitative results from the data collected and nowcasts, the report should contain qualitative information and analysis on the drivers and trends in 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. The analysis will be done at the EU, regional, national and fleet segment levels.

The relevance and role of the following factors should be taken into account: changes in first sale prices, operational costs, in particular fuel prices and fuel efficiency; structural and marketing measures, market and trade determinants.

Special focus should be given to the energy transition of the EU fleets (recent trends in ratios of energy efficiency for the different fleet segments), economic benefits of MSY (such as analysis of causality between stocks exploited sustainably and the improvement in the performance of the fleets; status and recovery of important stocks and the implementation of other management measures and the role of the EMFAF support in terms of innovation and sustainability).

Given the social importance of this activity in many coastal communities, particular emphasis should be paid to the social aspects, including trends on employment, salaries and labour productivity and interconnections with other sectors of the blue economy, such as aquaculture, fish processing, ocean energy, coastal tourism, etc.

The main socio-economic indicators, where relevant, should also be put into context with homologous figures at the EU and national levels (e.g., national average salaries, employment, GVA, GDP, etc.).

All relevant documentation and data will be made available on the DCF\_JRC or STECF websites or will be made available on a dedicated EWG FTP.

The final draft of the EWG report will be reviewed by the STECF during its summer plenary meeting in 2023.

### **Special requests / topics**

In light of the energy transition and the situation regarding fuel prices, experts are requested to provide an indication of the main socio-economic impacts of fuel prices on the national fishing fleets, such as, fishing activity (fishing effort and production), employment and income loss, etc. These indications should help to fine-tune the routine nowcasting exercise to estimate the performance of fishing fleets in 2023. The nowcasting will be done by region and fishing fleet category.

The experts are requested to produce a break-even revenue analysis in relation to fuel prices for all fleet segments, with enough data, of the EU fishing fleet with 2021 data for the short-term and long-term break-even revenue.

Fuel usage will be measured in two ways for all EU fishing fleets: 1) **Fuel intensity**, i.e. the quantity of fuel consumed per quantity of fish landed (litre per tonne), and, 2) **Fuel efficiency**, the ratio between fuel costs and revenue, expressed as a percentage (%).

### **Data transmission issues**

All data issues that may impact the quality and robustness of the analyses in the AER, and associated STECF reports (e.g. Balance between fleet capacity and fishing opportunities) will be reported in the Data Transmission Monitoring Tool (DTMT).

### ***Outline of the AER***

STECF is requested to provide the Annual Economic Report on EU fishing fleets for 2023 including, the following sections:

## **STECF Observations**

### **Executive Summary**

### **Expert Working Group Report**

#### **1. EU Fleet Overview**

This chapter will contain a section on each of the following topics:

- Fleet structure
- Fishing activity and production
- Employment and average salaries
- Economic performance
- Resource productivity and efficiency
- Main drivers and trends
- EU small-scale coastal fleet (key socio-economic indicators)
- EU distant-water and outermost region fleets (key socio-economic indicators)
- Assessment of the economic performance for 2022 and 2023 (nowcasts)
- Specific assessment of fuel impacts and break-even revenue analysis

#### **2. Regional Analysis**

A specific chapter for each of the main fishing regions in which EU fleets operate, namely:

- North Sea & Eastern Arctic
- Baltic Sea
- North Western Waters
- South Western Waters
- Mediterranean Sea
- Black Sea
- EU Outermost Regions
- Other Fishing Regions (distinguishing where possible by RFMO, such as NAFO, ICCAT, IOTC, CECAF, etc.).

#### **3. National Chapters**

This section of the report will contain a specific chapter for each of the EU Member State fleets and shall include a brief section on the small-scale coastal and distant-water fleets (key socioeconomic indicators) where relevant, as well as the main drivers affecting profitability of the fishing fleets.

#### **4. ANNEX**

To include sections on: Methodologies, data transmission issues, definitions, glossary, etc.

## ***Structure, workflow and outputs of the EWGs***

Following the 2023 EU-MAP call for economic data on the EU Fishing Fleet, the EWGs are requested to analyse and comment on the economic performance of the EU and national fishing fleets between 2008 and 2021, and where possible, 2022 and beyond.

Economic data series will be available up to 2021, with some provisional data up to 2022. As these data will be outdated by the time the report is published in July-August 2023, experts should provide indication on the main factors affecting the indicators used for the “nowcast” estimations (i.e. for 2022 and 2023). This becomes paramount in the current economic situation with high fuel prices.

The first EWG will focus primarily on data quality and coverage. EWG 23-03 will produce final draft national chapters, the formulation of which constitutes an integral part of the data checking process.

The second meeting (EWG 23-07) will focus on developing applied economic analysis based on the final data submitted. In particular, experts will produce a synthesis on the trends and economic results of the EU fishing fleet by main fishing region and aggregate it at EU level and identify the main factors behind these trends.

The specific objectives and priorities for the two working groups are described below.

### **EWG 23-03 (AER 1)**

The first AER STECF EWG meeting should lead to a data quality check by the attending experts, a detailed account of any data transmission (DT) issues and the drafting of concise national chapters.

As a matter of priority, the EWG is requested to ensure that all unresolved data transmission (DT) issues and failures encountered prior to and during the EWG meeting are recorded on line via the Data Transmission Monitoring Tool (DTMT) available at: <https://datacollection.jrc.ec.europa.eu/web/dcf/dtmt>

Any outstanding data issues not covered by EWG 23-03 will be followed up by EWG 23-07. This may occur if MS submit revised data after EWG 23-03. That is, according to the data handling procedure, data submission may occur up to two weeks after the first meeting upon request of STECF or the JRC.

Guidance on how DT issues should be inserted in the DTMT, log-on credentials and access rights will be provided separately by the STECF Secretariat focal point for the EWG.

### **Routine tasks AER 1**

- Experts should check national data (national totals and fleet segment) and preliminary disaggregated regional data prepared by the JRC while producing their national chapters.

- National chapters should include a section on the impacts of high fuel prices and energy transition aspects.
- Detected data issues should be corrected and resubmitted during the meeting as far as possible.
- All unresolved data issues should be flagged and where possible, revised, corrected and resubmitted before the final deadline, i.e., two weeks after the first meeting.
- Time and data permitting, estimates of economic performance for 2022 and 2023 should be carried out.

### ***National Chapters***

Each national chapter should include a short description of the national fleet, performance results by fishing activity and an in-depth look at the different factors driving economic performance.

National chapters should follow the following structure:

- **Short description of the national fleet**
  - Fleet structure
  - Fishing activity and production
  - Employment and average salaries
- **Economic performance results for 2021 and recent trends**
  - National fleet performance
  - Resource productivity and efficiency
- **Drivers affecting the economic performance**
  - Market and trade (including first sale prices)
  - Operating costs (external factors)
  - Status of key stocks, changes in TACs and quotas
  - Management instruments
  - Innovation and development (role of the EMFAF)
- **Assessment of the economic performance for 2022 and 2023 (nowcasts)**
  - Impact of the fuel prices/indicators on energy efficiency by fleet segments
- **Economic performance by fishing activity**
  - Small-scale coastal fleet
  - Distant-water and outermost region fleets (if applicable)
- **Economic performance of selected fleet segments**
- **Data issues**

### **Outputs AER 1**

Specifically, the EWG should provide:

- Data endorsement by the attending experts
- All pending data transmission (DT) issues and failures recorded in the Data Transmission Monitoring Tool (DTMT)
- Final drafts of national chapters
- A concise summary of the national chapter (2-3 lines) containing results for the main economic performance indicators for 2021; how they compare to previous year's results (improvement/deterioration, etc.) and expected outcomes for 2022/2023.

### **EWG 23-07 (AER 2)**

EWG 23-07 will continue from EWG 23-03 and produce final EU overview and regional chapters. The data checks performed for the regional analyses during the first meeting should free up time for deeper analyses.

Nowcasts for 2022 and 2023, where possible, will be completed and incorporated into the EU overview and national chapters.

### **Routine tasks AER 2**

- Nowcasts for 2022 and 2023 should be updated with the latest available information and completed
- National chapters should be finalised with nowcasts for 2022 and 2023
- Regional analyses
- EU overview completed with main drivers and trends and nowcasts for 2022 and 2023 incorporated
- Any unresolved data transmission (DT) issues and failures should be reported in the DTMT.

### ***EU Overview***

This chapter will again have specific sections on the following fleet categories:

- **EU small-scale coastal fleets:** This section will investigate the drivers/factors behind the trends of the small-scale coastal fleets, whether there are regional differences and the possible reasons for these differences.
- **EU distant water fleets:** This section will include an overview of the employment, profitability and salaries for the EU distant water fleets distinguishing by main fishing areas (e.g., NAFO, ICCAT, IOTC). It will also investigate the factors behind the trends and identified any data gaps.
- **EU outermost region fleets:** This section will include an overview of the employment, profitability and salaries across different outermost regions. It will also investigate the factors behind the trends and identified any data gaps.
- **Links between economic growth and resource use:** This section will examine key drivers behind trends in resource efficiency, in particular, landings per unit of effort (fish landed per fishing day or day at sea), fuel use and improvements in energy efficiency, labour and capital productivity.

### **Outputs AER 2**

Specifically, by the end of the second meeting, the EWG should provide:

- Revised DTMT, containing only the unresolved/outstanding data issues
- Final national chapters and summaries with nowcasts for 2022 and 2023
- Final EU overview chapter with nowcasts for 2022 and 2023
- Final Regional chapters
- Outline of the current socio-economic impacts of fuel prices and trends in energy efficiency of the EU fleets
- Draft Executive summary