

To: DG MARE / STEFC
JII-99, B-1040, Brussels

Madrid, 18th of April 2018

Subject: Request to improve data quality and methodology for the EU distant water fleet (DWF) under the STECF Annual Economic Report (AER)

Dear Director General of DG MARE, Mr. Aguiar Machado

The LDAC wishes to show its appreciation and acknowledges the work developed by STECF since 2008 in producing every year its series of Annual Economic Reports (henceforth, AER). These reports constitute a valuable public resource for understanding the economic performance of the European fishing fleets stratified by segments, gears, flag states and areas.

However, the picture painted by these reports may sometimes be outdated given the dynamic and changing nature of fishing activities over time. These changing trends might, for example, be due to a complex mix of factors including regulatory changes made by legislators and policy makers; business decisions made by the fishing operators in light of the economic context; along with some critical, exogenous, factors like changes in fuel costs or market prices (e.g. first sale value of fish); as well as ecological and biological factors such as shifts in the distribution of stocks as a result of climate change; amongst others.

Looking at the specific dynamics of the EU distant water fleet (DWF), the STECF AER 17-12 classifies them under "Other Fishing Regions" (OFR) and gives the following overview (figures referred to 2015)¹:

- *The DWF represented 1% of all active EU vessels.*
- *Comprised 285 vessels and covered 19% of the total gross tonnage and 7% of the engine power.*
- *Employed 6,417 fishers or 7,957 FTEs (4% and 7% of the total, respectively), with an average annual wage per FTE of €25 400,*
- *Contributed 14% to landings in weight and 14% to landings in value.*
- *Generated €331 million in GVA, €133 million in gross profit and €54 million in net profit.*
- *In relative terms, this amounted to 31% GVA to revenue, 13% gross profit margin and 6% net profit margin.*

¹ See page 63 of STECF AER 17-12:

<https://stecf.jrc.ec.europa.eu/documents/43805/1820920/STECF+17-12+-+AER.pdf>

However, the reliability of the information contained in this report seems to be somehow put in question when viewed against the statement made in the opening section of the Report under *"Data Sources and Coverage"*: "[...] *due to the reduced number of vessels and/or enterprises, several MS, including Germany and the Baltic States, do not deliver sensitive data on their distant water fleets, making coverage at the EU and regional levels incomplete*"².

To understand better the results of the most recent AER report and to jointly discuss ways in which the report might be improved, the LDAC invited Dr Michael Keatinge to its last LDAC Executive Committee meeting held in Madrid on 23 November 2017. Dr Keatinge provided an excellent presentation on the economic performance and trends of the Distant Water Fishing Fleet³. Following an exchange of views, the LDAC members concluded that there is a room for improvement. This might include both a review of the methodology and ways to improve procedures thus ensuring that accurate, reliable and updated economic data from the EU distant water fleet are available insofar as possible.

It is the LDAC's opinion that this would be a step forward to ensure greater accountability and transparency around the activities of the distant water fleet in light of the existing legislative framework, including the EC Regulations on Fisheries Control (No 1224/2009) and the ongoing fight against IUU Fishing (No 1005/2008), together with the upcoming adoption and entry into force of the new Regulation on Sustainable Management of External Fishing Fleets (SMEFF). The latter is an important piece of legislation for the external fishing fleets as it will oblige flag states to share and publish all information related to the fishing activities of their vessels and direct (public) and private agreements with countries in the EEZ of third countries as well as at the RFMOs.

² See Page 7 of STECF 17-12

³ Presentation by Dr. Keatinge can be downloaded here:

<http://ldac.ldac.eu/attachment/4e87507a-2c69-477f-8a88-e64ab8ed7cf2>

In view of the above, the LDAC would like to help create an improved information flow to and from our members leading to an improved knowledge base that will increase our understanding of the economic performance and trends of our distant water fleets. To this end, we request that:

- The European Commission undertakes a review of the existing data sources used in the AER for the distant water fleet. This review should also look at the categorization of the sub-groups under "Other Fishing Regions". This could be accomplished by giving a specific mandate either to STECF or to an external peer reviewer, in order to test the robustness and reliability of the methodology and the results drawn from it.
- In light of the results of this review, if necessary, the EC shall allocate more human and economic resources for STECF to improve the collection, processing and analysis of economic data for EU DWF. In particular it would be important to get updated data that enables STECF make better medium term (2-3 year) economic projections, as well as agree a standardised process for the calculation of critical metrics, for example net profit, for each of the MS fleets concerned (*i.e.* we need to ensure that such calculations are being done in a harmonized way at a European level).
- The DWF industry could assist in providing updated economic data at an appropriate spatial level (e.g. activity and landings at ports linked to fishing areas). The LDAC might also assist STECF providing feedback on their analysis on available data on labour costs (including beneficial ownership, self-employed and employed fishermen), operational and exploitation costs (including fuel costs and consumption per fleet segments) and income (landings in volume and value) at an aggregated level.
- DG MARE should continue to update and keep public the Community Fishing Fleet Register⁴ and, where feasible, consider making appropriate links and cross-references to the STECF AER.
- Member States should be asked to ensure adequate resources are made available to meet their legal obligations under DCR and provide reliable and up to date biological and economic data for all their fleets including, where appropriate, the distant water fleet. In addition the possibility of losing funding from EMFF should be considered where a Member State deliberately ignores a data request without any justified reasons. Of course, this must be done in a manner compatible with the existing rules governing the use of commercially sensitive data and information.

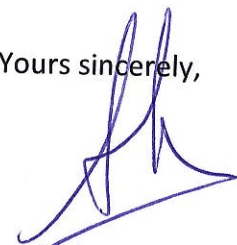
⁴ EC Fleet Register is accessible here: <http://ec.europa.eu/fisheries/fleet/index.cfm>

The LDAC notes that STECF AER is the only publicly available resource that, combined to the EC Fleet Register and Eurostat, could provide a fair and reliable picture of the economic performance and activities of external fishing fleets to inform policy decisions as well as carry out robust socio-economic impact assessments of the above mentioned regulations as they relate to the external dimension of the CFP.

The EC must be firmly committed to follow the duty laid out in Recital 50 of the CFP Regulation on ensuring coherence of fishing activities of the EU fleet outside and inside EU waters, and promoting a level-playing field for EU operators.

Last, the LDAC is pleased to offer its cooperation and shows its willingness to participate in expert/observer capacity at future STECF EWG tasked with preparing and producing this AER, subject to invitation.

Yours sincerely,



P.P.

Iván López van der Veen
Chair of the Long Distance Advisory Council