RACMED

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To: Lowri Evans

Director General for Maritime

Affairs and Fisheries

1049- Bruxelles

Copy to: Ernesto Bianchi

Head of Unit

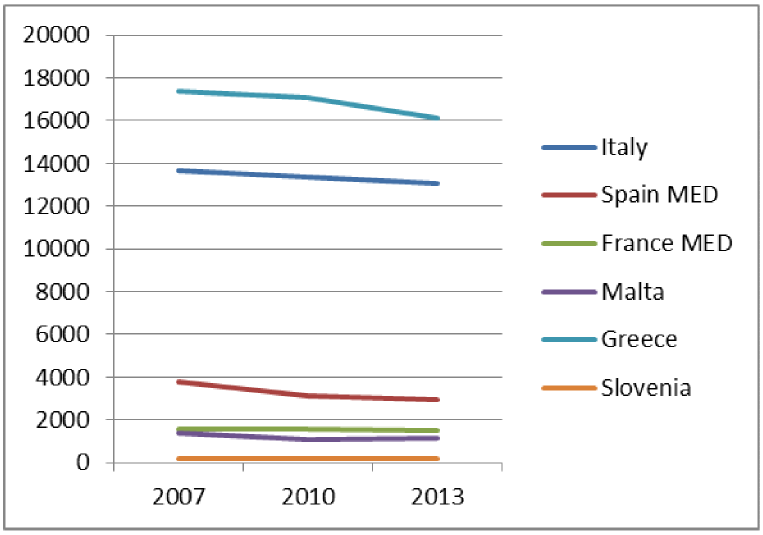
Unit A2- DG MARE

Dear Ms Evans,

During the Working Group on the assessment of the socio-economic impact of the CFP reform (WG5), the discussion focused on the state of fisheries in each Mediterranean country within the EFF timeframe. There was an exchange of views on the drafting of a questionnaire to assess, with the help of official figures, the economic impact of the application of fisheries management measures given the specific nature of the Mediterranean situation using indicators (such as, fleet composition, level of employment, level of production cost, cost of fuel, safety nets), taking three reference years: 2007, 2010 and 2013. The results of this effort are provided in appendix.

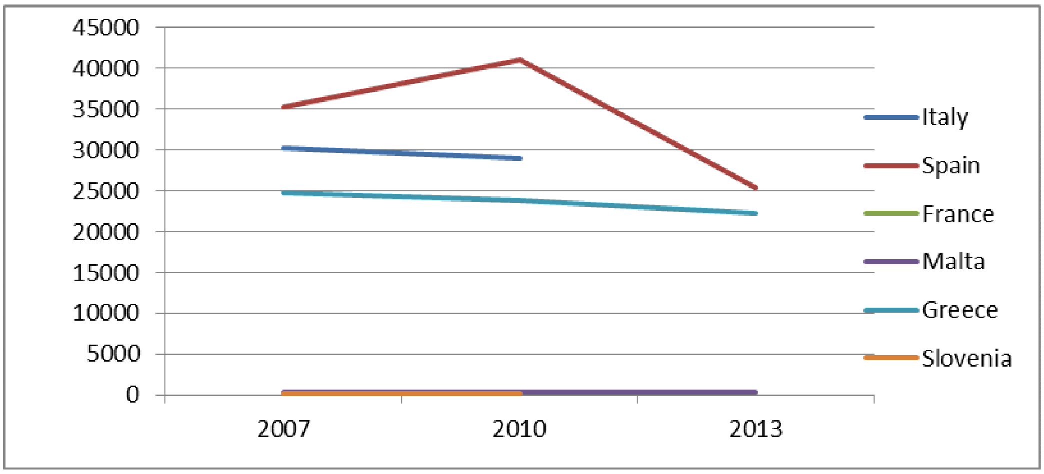
From the analysis of the numerical information provided it is clear that there is an overall decrease in the EU fishing fleets operating in the basin, as shown in Graph No. 1. The Spanish Mediterranean fleet, for example, experienced a decrease of 17.74% between 2007 and 2010 falling from 3.796 vessels registered in the Mediterranean in 2007, to 3.120 in 2010 and for 2013 it is likely that vessels will be reduced by a further 6,19% reaching a total of 2.927 boats. The same happened in Malta, where in 2010 there was a reduction of 20,5% in the number of registered vessels, decreasing from 1.371 in 2007 to only 1.090 registered vessels in 2010. This decline is the result of the policies implemented to reduce fishing capacity. In the French Mediterranean basin the number of trawlers has suffered a sharp decrease from 125 fishing vessels in 2007 to 65 fishing vessels in 2013, it means that there has been a reduction of almost 50% from to 2007 to 2013.

Graph 1: Number of registered vessels (2007-2010) in the RAC MED member countries



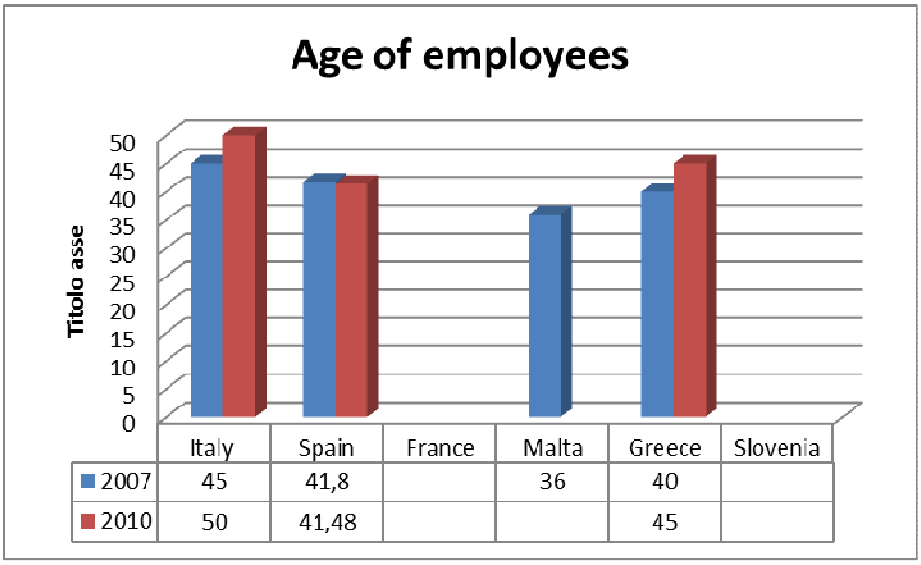
Referring to the number of employees in the fishing industry (see Graph 2), although it was not possible to extrapolate the data relative to the Spanish Mediterranean fleet, and no data was available for France, we can see a very sharp decline, on average, in the total number of employees, of approximately 5% in various countries. In Spain, where it was only possible to look at the total number of employees both for the Atlantic and the Mediterranean, there was an initial increase in the number of employees between 2007 and 2010 but the estimates for 2.013 show there would be a sharp decline, of approximately 38% compared to 2010, reaching a level of 25.440 employees. A similar pattern was registered in Malta, with an initial increase followed by a sharp decline, whereas in the other countries the total number of employees shows a constant negative trend.

Graph 2: number of employees in the fisheries sector (2007-2010)



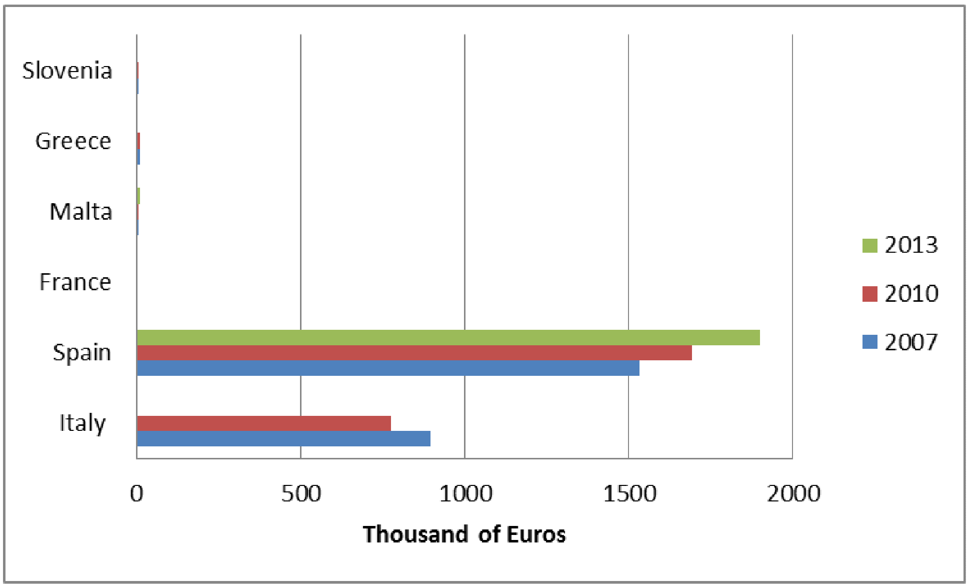
The situation seems even more serious considering that the average age of the employees in the fisheries sector for the Mediterranean countries ranges from 36 years in Malta (with the youngest workers of the MED RAC member countries) to 50 years old in Italy.

Table 1: The average age of the employees in the fishery sector (2007-2010)



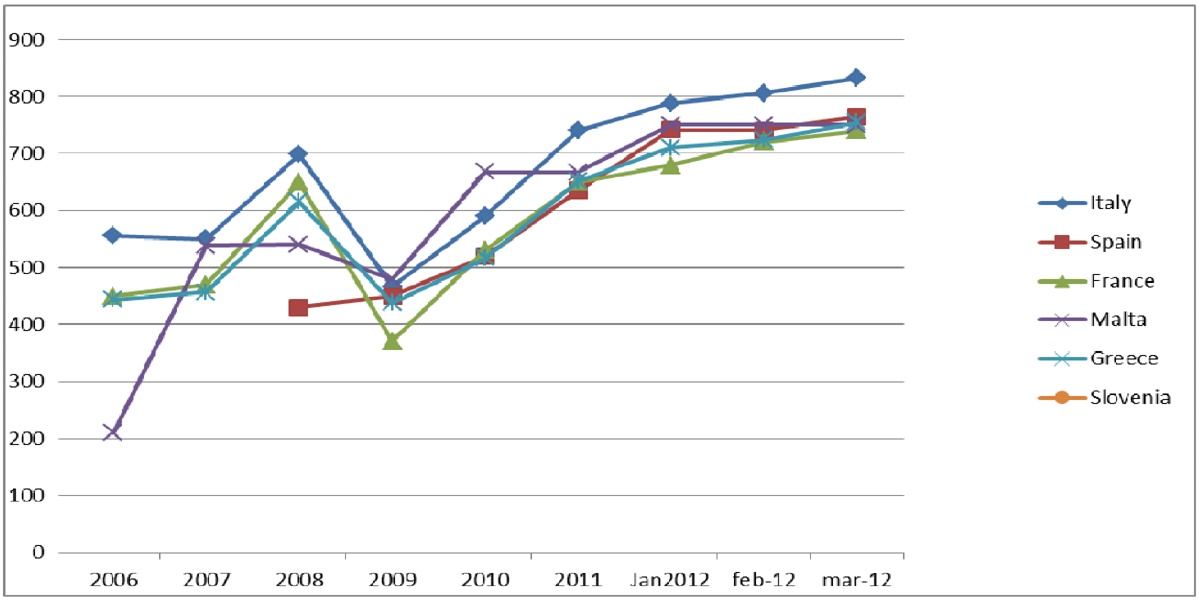
From the analysis of the information provided, there is a general increase in the operating costs as well (see Graph 3), for example in Spain costs rose from 1.532 million euros in 2007 to about 1.691 in 2010, and up to 1.900 million forecasted for 2013. Similarly there has been an increase in operating costs of approximately 29% for Malta in 2010 and by 45% for Slovenia.

Graph 3 : Management costs (2007-2010)



Last but not least, it is useful to point out that the increase in costs for the fishing industry has to take into account the sharp increase in fuel cost over the last few years (see Graph 4), which have risen by approximately 20 % from 2006 to 2012, even though in many countries fuel is exempt from local taxation.

Graph 4: Fuel cost (€/1000lt) from 2006 to the first quarter of 2012



On the basis of all this information provided by the member associations of the RAC MED, it is clear that the fishery sector is undergoing a structural crisis rather than a cyclical one. A phenomenon which started several years ago and is continuing to cause the increase in unemployment and the resulting decrease in number of the fishing companies operating in the sector, the increase in operating costs and the consequent decline in the profitability of the sector.

On the base of the data collected, the WG5 believes that it is necessary to adopt measures to revitalize the entire fishing industry designed specifically for the atypical nature of the Mediterranean basin, given the socio-economic characteristics that distinguish it (high unemployment in the Mediterranean areas, low level of education of its employees, etc.). Therefore, as already stated in the RAC MED opinion on the draft Regulation on the Reform of the CFP (October 28, 2011, ref.266/AV), it is once again pointed out, with supporting data, "*that, although the general aim of achievement of the MSY should be respected (which in the Mediterranean ought to be established by groups of species that are variable according to the season or the area in the different fishery systems) a margin of flexibility needs to be permitted concerning the deadline of 2015. An experimental period will also be necessary in order to identify the necessary measures and actions to be taken to achieve the goal, ascertain applicability and verify the results obtained*." The WG5 proposes to undertake studies on each single stock in order to improve understanding of the biological and socioeconomic aspects, with the aim of achieving greater harmony between the results of scientific research and the effective state of the stock under assessment.

Mourad Kahoul
Président

APPENDIX

ITALY

FEP Time Frame 2007-2013			
	2007	**2010**	**2012, April**
NR of registered vessels - MED[1]	**13.583* - 13.762****	**13.223* - 13.451****	**13.072****
- inactive or waiting for license	238*	276*	
Turn over / total revenue (in mln Euros)	1.338*	1.102*	
Nr of employees - Active	30.214*	28.982*	
Nr of employees - Employed			
Nr of employees - Inactive			
- age of employees (average)	50 years***		
- not directly employed in the fishery sector			
Rate of unemployment in the fishing industry			
TOTAL management costs (intermediate+labor costs**) in Mln €	894 (100%)*	775 (100%)*	
of which intermediate costs (Mln €)	*517 (57,8%)**	*459 (59,2%)**	
of which labour costs (Mln €)	*377 (42,2%)**	*316 (40,8%)**	
Fuel costs (Mln €)	264*	237*	
Amount of money invested in ameliorating the fleet (Mln €) [2]		3.315a - 1193b	
Unemployment subsidies	not structured	CIGS[3] - Art. 54bis DL 78/2010	N/A

1. High seas not included
2. Partial data only concerning EFF (art.25 Reg. 1198/06)

3. The Wages Guarantee Fund (Cassa Integrazione Guadagni - CIG) is a special public fund used to protect workers' income, financed by companies and the state and administered by the National Institute of Social Insurance (INPS) . In cases laid down by law, the CIG makes up the pay of employees affected by lay-offs (see suspension of work) or short-time working , up to 80 per cent of the lost pay.For fishery sector in Italy the CIG lays at the moment in an exception regime because usually this fund is not intended for the sector.

Source:

* IREPA - Osservatorio economico strutture produttive della pesca marittima in Italia

** Community Fishing Fleet Register

*** Studio Legapesca-SWG (2004)

a: Committed - Source: Annual Report on implementation of the European Fisheries Fund (Italy 2010)

b: Paid - Source: Annual Report on implementation of the European Fisheries Fund (Italy 2010)

SPAIN

FEP Time Frame 2007-2013			
	2007	**2010**	**2013**
NR of registered vessels - MED only*	3.796,00	3.120,00	2927**
NR of registered vessels - Spain (Caladero Nacional)*	12.473,00	10.404,00	9950**
- inactive or waiting for license***	5%	5%	5%
NR of firms	115,00	140,00	125,00
Turn over / total revenue (in mln Euros)	13.416,92	24.632,83	26.855,72
Nr of employees - Active	35.258,00	41.061,00	25440***
Nr of employees - Employed	49.800,00	33.900,00	22.000,00
Nr of employees - Inactive	- 14.542,00	7.161,00	3.440,00
- age of employees (average)	41,80	41,48	
- not directly employed in the fishery sector			
Rate of unemployment in the fishing industry	6,56%	12,75%	20%
Management costs (Mln €)	1.532,00	1.691,00	1.900,00
Amount of money invested in ameliorating the fleet (Mln €)			
Unemployment subsidies (Mln €)	3.136,00	5.180,00	7.000,00

**Source: Ministerio de Agricultura, Alimentación y Medio Ambiente and Instituto Nacional de Estadística*
**Estimates Ministerio de Agricultura, Alimentación y Medio Ambiente
***Estimates IVEAEMPA

FRANCE

FEP Time Frame 2007-2013				
	2007	**2010**	**2012**	**2013***
NR of registered vessels - MED	1.574	1.543	1.521	1.500
NR of registered vessels - France	8.109	7.222		
- inactive or waiting for license		244		
trawlers	125	105	65	65
Turn over / total revenue (in mln Euros)				
Nr of employees - Active			2705	
Nr of employees - trawlers			300	
Nr of employees - Inactive				
- age of employees (average)				
- not directly employed in the fishery sector				
Rate of unemployment in the fishing industry				
Management costs (Mln €)				
Amount of money invested in ameliorating the fleet (Mln €)		33,00		
Unemployment subsidies tempo./def. stopped		15	9	8

*Estimates

GREECE

FEP Time Frame 2007-2013			
	2007	**2010**	**2013▪**
NR of registered vessels - MED	**17.356**	**17.054**	**16.100**
NR of registered vessels	17.564	17.181	16234
- inactive or waiting for license	7.015	7.424	8112
NR of firms	16.054	15.512	
Turn over / total revenue (in thou. Euros)	335.258,00	292.602,00	
Nr of employees ^	24.745,00	23.862,00	22.338,00
Nr of employees - Active*	4.814	4.319	
Nr of employees - Employed**	9.317	8.676	
Nr of employees - Inactive***	7.818	8.046	
- age of employees (average)	40	45	
- not directly employed in the fishery sector****	11300	10000	9000
Rate of unemployment in the fishing industry			
Management costs (Mln €)*****	8,93	9,30	
Amount of money invested in ameliorating the fleet (Mln €) ******	8,72	9,29	
Unemployment subsidies	^^	^^	

▪ Estimates

* Employed in trawlers and purse-seiners, seasonally due to legislation (Hellenic Statistical Authority, Ministry & PEPMA)

** Employed in small scale fisheries and mixed vessels purse-seiners & trawlers (Hellenic Statistical Authority, Ministry & PEPMA)

*** Owners of small scale fishing vessels that fishing is not their main occupation (Hellenic Statistical Authority, Ministry & PEPMA)

****based on legislation due to the insurance carrier

***** refers only to middle range fisheries

******does not refer to the entire fishing fleet

^ Source: for 2007: EC "Facts and Figures on the CFP -Basic Statistical data - Edition
for 2010 and 2012: Estimates of PASEGES

^^ no unemployment subsidies are foreseen for fishers

Source: Hellenic Statistical Authority, Ministry & PEPMA

SLOVENIA

FEP Time Frame 2007-2013			
	2007	**2010**	**2013***
NR of registered vessels	175	185	186
- inactive or waiting for license			
NR of firms			
Turn over / total revenue (Mln €)	1,80	2	
Nr of employees - Active	123	116	
Nr of employees - Employed			
Nr of employees - Inactive			
- age of employees (average)			
- not directly employed in the fishery sector			
Rate of unemployment in the fishing industry			
Management costs (Mln €)	1,81	2,63	
Amount of money invested in ameliorating the fleet (Mln €)			
Unemployment subsidies			

*Estimates

Source: KGZS

MALTA

FEP Time Frame 2007-2013			
	2007	**2010**	**2013***
NR of registered vessels - MED	**1371^**	**1090^**	**1132^**
NR of registered vessels	1373^	1091^	1132^
- inactive or waiting for license	19^	21^	20^
NR of firms	N/A	1.076	878
Turn over / total revenue (in mln Euros)	9,70	9,2	7,40
Nr of employees - Active	344	361	310
Nr of employees - Employed**	344	361	310
Nr of employees - Inactive	N/A	N/A	N/A
- age of employees (average)	36	N/A	N/A
- not directly employed in the fishery sector	N/A	N/A	N/A
Rate of unemployment in the fishing industry	N/A	N/A	N/A
Management costs (Mln €)	5,25	6,74	7,21
Amount of money invested in ameliorating the fleet (Mln €)	1,70	1,40	1
Unemployment subsidies (Mln €)	0	0	0

*Estimates

**Refers to the number of jobs which are paid for by the firm/vessel (Does not include Vessel owner)

^ According to Fleet Vessel Register data source

FUEL COSTS (€/1000lt) - (no VAT and other tax costs added)

ITALY	2006	2007	2008	2009	2010	2011	2012		
							JAN	FEB	MAR
fuel cost €/1000lt	556	550	699	466	590	740	788	806	832

Source: MSE - DGERM

SPAIN	2006	2007	2008	2009	2010	2011	2012				
							JAN	FEB	MAR	ABR	MAY
fuel cost €/1000lt			460-400	480-420	600-440	730-540	742	741	765	777	761

FRANCE	2006	2007	2008	2009	2010	2011	2012		
							JAN	FEB	MAR
fuel cost €/1000lt	450	470	650	370	530	650	680	720	740

GREECE	2006	2007	2008	2009	2010	2011	2012		
							JAN	FEB	MAR
fuel cost €/1000lt	444	457	615	438	516	652	710	724	755

MALTA	2006	2007	2008	2009	2010	2011	2012		
							JAN	FEB	MAR
fuel cost €/1000lt	210	539	540	480	668	667*	750*	750*	750*

*Values obtained through average price per liter * 1000