

Consolidation, less specialization behind fall in number of EU fish processors

The consolidation of the European seafood processing sector, combined by a switch to seafood as a secondary process by larger protein firms, has seen a significant decline in the number of individual fish processors over the past six years, according to statistics from the EU's directorate general of maritime affairs (DG MARE).

Speaking to attendees at the meeting of EU fish processors and traders (AIPCE-CEP) on Dec. 10, Frangkiskos Nikolian, representing DG MARE's economic analysis unit, said the number of unique fish processors in the EU had fallen below 3,500 for the first time in over a decade in 2017.

"There's been consolidation, there are big firms in the sector, larger companies, and we can see that there are only 70 [fish processing] companies in the EU with more than 250 employees," Nikolian told listeners.

"But what we are observing also is that a lot of companies don't have fish processing as a first activity. There we do observe an increase in companies that have processing activities which then include fish processing activities," the analyst added. "We think this might be an indication that the specialization for fish processing is in decline."

Nevertheless, the latest statistics from the EU's Data Collection Framework (DCF) show that both employment within the fish processing sector and the income it generates for the EU is on the rise.

According to Nikolian, fish processors currently employ 131,000 people across the EU, 118,000 of which are in full-time employment.

Meanwhile, he estimated that processors currently generate approximately €34 billion in total income across the trading bloc. The four member states producing the largest chunk of that figure --



France, Spain, the UK and Poland -- have been showing a continuous increase over the past decade, Nikolian said.

"France and Spain generate more than €5bn each on processing, and the UK follows with almost €4bn. So we might observe a decline in the number of companies, but the income is increasing," he told listeners.

Although income has been increasing, production costs, too, have been steadily increasing across the EU, more and more of which is down to the relatively high cost of raw material, Nikolian said.

Although total costs for the fish processing sector fell to €30.4bn in 2017 -- a drop of 2% year-on-year -- the purchase of fish and raw material contributed 68% of this sum, compared to 12% spent on labor costs and 18% on operations.

Cyprus, Slovakia, Malta, Portugal and Belgium were the countries most affected by high raw material costs in 2017, DCF's data shows.

Collectively, the EU's fish processing sector generated approximately €7bn of gross value added (GVA) in 2017, the most recent date from the DCF statistics, around €3bn of which is net profit.

It's a significant haul, approximately as much as the fishing and aquaculture sectors combined. Furthermore, although the fishing sector employs a greater number of people in total, Europe's processors maintain a higher number in full-time jobs.

"What we are observing regarding the GVA is good; Bulgaria, Portugal, Croatia, Romania and the UK are best," Nikolian said. "The gross profit margin is around 9-10%, and the net profit around 8.8% on average. For the processing sector, I would say this is a healthy level of profitability."

The picture is not all rosy, however, with profit across the EU fluctuating wildly from year-to-year. "For Sweden and Malta, we even see that the industry is working at a loss," the analyst told attendees.



"The European green deal, sustainable food system and farm-to-fork initiative I'm sure will also influence this, making a difference to the fish processing sector in the next decade," Nikolian added. "That's for sure, not just the fish processing sector but the sector in general: the producers, the aquaculture, and the distributors."

"But we do believe that the seafood processing sector will remain a significant contributor to the blue economy. We catch, and then the processing sector adds so much value to the product, it's a source of employment, and economically the sector remains very healthy, even if its profits are volatile."

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