

**PRELIMINARY
ANALYSIS**
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MONITORING OF THE COVID CRISIS IN THE SPANISH MEDITERRANEAN FISHERIES

Weathering the storm of COVID-19 crisis



The Spanish Mediterranean fisheries is weathering the storm of COVID-19 crisis

COVID-19 crisis has produced revenues loss in the Mediterranean fisheries sector. Nevertheless, they have been cushioned by the reduction of operative costs and the deployment of an extensive network of public aid to the sector.

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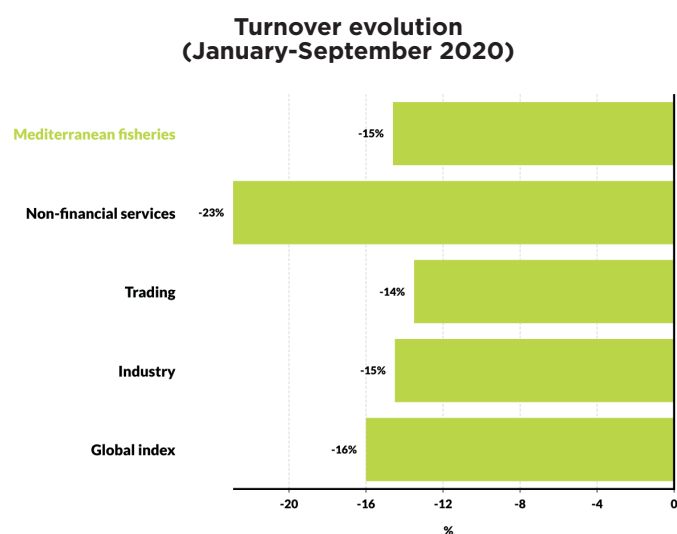


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The income decreases are slightly below the average of the main business sectors

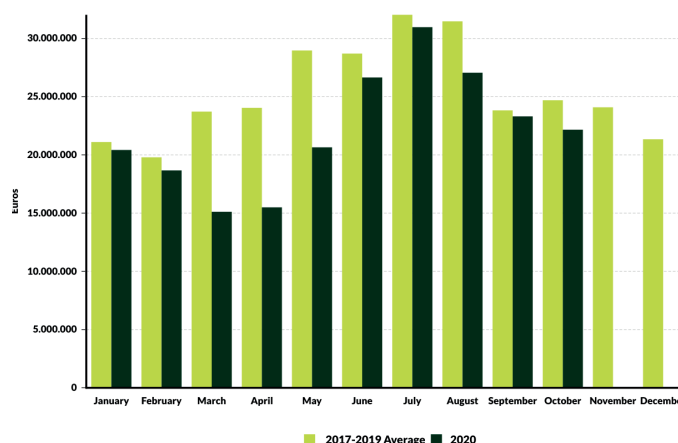
Despite the interruption to the fishing activity in the first weeks of the crisis and the temporary interruptions to the hospitality channel, domestic demand has allowed for a slightly smaller drop in turnover than in other economic sectors, as can be seen if we compare the turnover index with the evolution of turnover in the Mediterranean fishing sector for the period January-September¹.



Source: Own elaboration from the sectorial index of business turnover, INE and the monthly turnover of the Mediterranean fishing sector provided by the respective Autonomous Communities². The comparison of the decrease in turnover in the fisheries sector has been made with the 2017-2019 average to take account of natural fluctuations in the sector.

After an initial period (March-June) in which there were operational and commercial difficulties in adapting to the crisis, the sector has shown signs of improvement in the July-October period. Aggregate turnover in the January-October period compared to the average turnover for the 2017-2019 period fell by 14.6%, while in the July-October period the decline slowed down to 7.6% compared to the same period in the previous three years.

Monthly turnover evolution

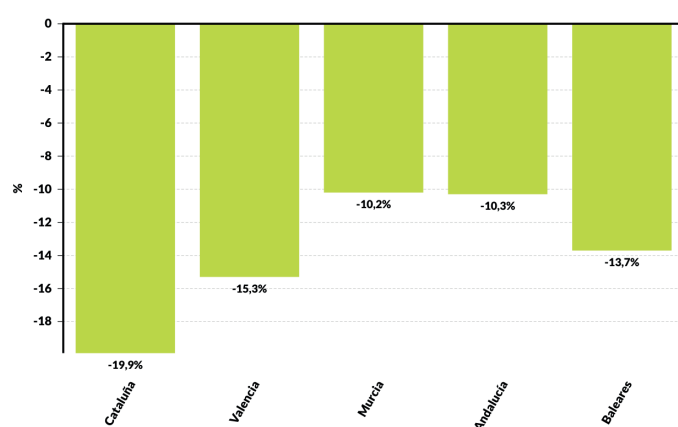


Source: Own elaboration based on the monthly turnover of the Mediterranean fishing sector provided by the respective Autonomous Communities.

There are significant differences between fishing gears that need to be studied in detail in the future to better understand sectoral resilience and geographical impact. Previous assessments point to a smaller decline in turnover for smaller gears and larger impact for trawling and purse seine³.

Similarly, the data on turnover available indicate that there have been significant geographical differences.

Turnover evolution by Autonomous Community

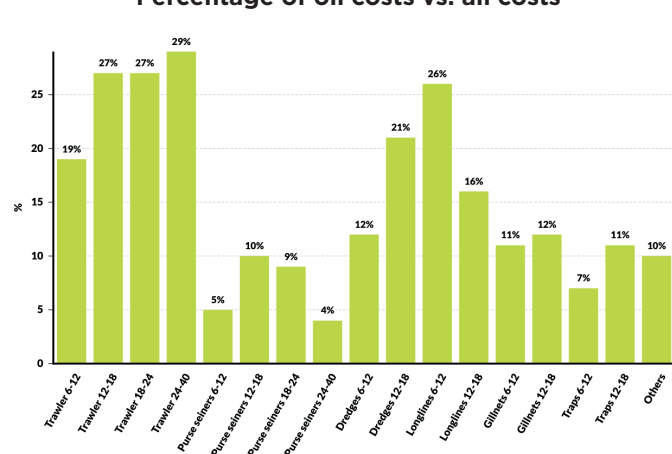


Source: Own elaboration based on the monthly turnover of the Mediterranean fishing sector provided by the respective Autonomous Communities.

Costs have fallen thanks to the fall in the cost of oil, the adjustment of fishing pressure and the deployment of a wide range of public aid

The reduction in economic activity caused by COVID has led to a significant reduction in the price of diesel oil at a global level, which has significantly reduced the costs of the fleet, especially the trawler fleet, which has higher percentages of expenditure in this area.

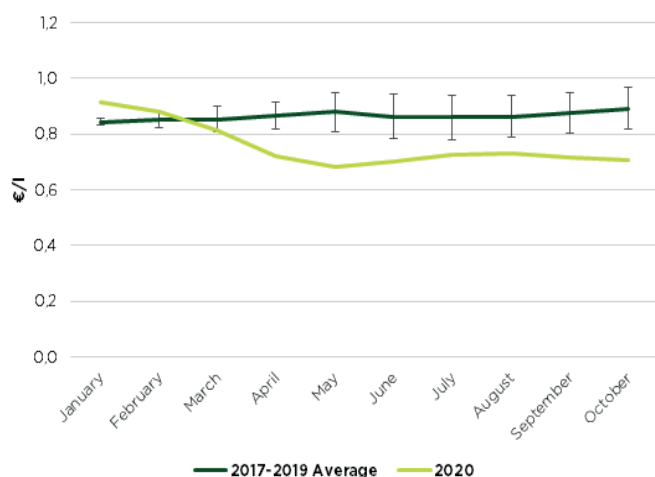
Percentage of oil costs vs. all costs



Source: Own elaboration on the basis of the economic survey of the fishing fleet, 2018. Data corresponding to the Mediterranean fleet according to fishing gear and length stretches. Note: the total expenditure includes intermediate expenses, depreciation and wages.

In the case of Spain, the average price of diesel oil B in the period January to October fell by 11% compared to the average value for 2017-2019. Once the first phase of the pandemic was over, in the July-October period the decrease was 16%.

Diesel B



Source: Own elaboration based on the CNMC petroleum products statistics.

On the other hand, the days that the vessels stayed in port due to COVID (whether for operational reasons or commercial strategy) have also meant a significant decrease in total operating costs, eliminating the cost of oil, and reducing other expenses such as supplies, baits, spare parts, etc.

At the time of this analysis it was not possible to have a complete picture of the reduction in fishing effort associated with COVID, although everything suggests that it has been very variable depending on the fishing gear and the commercial strategy adopted in each region⁴.

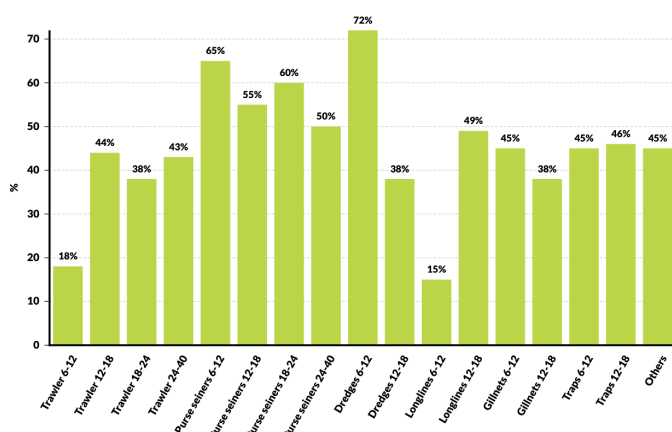
For example, in the Balearic Islands, during the most critical period of the closure, fishing pressure was reduced by almost half and measures have subsequently been taken to adjust fishing pressure to demand, thereby promoting cost adjustment and greater profitability in the sector. In Mallorca (66% of the Balearic Islands' turnover in 2019), during the first period of confinement, vessels began to fish only three days a week, and from the end of May, four days a week. On Formentera and Ibiza there has also been a significant decrease.

In Catalonia, in the period January to October, fishing pressure in 2020 compared to the average of the last three years fell by 19% in the case of purse seining and 13% in the case of trawling. As of June, operations have practically returned to normal.

Beyond the reduction in costs associated with the price of oil and variable costs, the adjustment in operations in this period has also led to a reduction in labour costs thanks to the public aid deployed to reduce staff costs on the days when fishing activity was stopped.

The highest percentages of expenditure on salaried personnel are found in the 2018 economic survey, in the purse seine sector, which was also the segment that had the most problems in the recovery of the fishing activity, due to the operational difficulties of working with many fishermen on relatively small vessels. For this reason, it was also one of the sectors that made most use of the furloughs due to force majeure, whereby the State paid the total labour costs for companies with fewer than 50 workers (the majority in the sector).

Percentage of salaries vs. all costs



Source: Own elaboration on the basis of the economic survey of the fishing fleet, 2018. Data corresponding to the Mediterranean fleet according to fishing gear and length stretches. Note: the total expenditure includes intermediate expenses, depreciation and wages.

It should be noted that furloughs were not the only public funding mechanisms used by Mediterranean fisheries. In this regard, the aid for the temporary cessation of fishing activity in the period 16 March and 15 July to deal with the economic and social impact of the COVID-19 pandemic is worth 30 million euros for Spain as a whole, through which specific aid was established for both workers and shipowners⁵. An extension of the previous one was subsequently launched with 3 million euros to increase aid to workers who had been affected by furloughs.⁶

In the trawl segment, total cost reductions due to the reduction in the price of oil and to the wage costs covered by subventions in trawling are slightly above 10% compared to the costs incurred in the same period in 2018, and slightly above 5% in the case of purse seining, which cushions the drop in turnover⁷.

This year, the amounts eligible for aid during the temporal cessation periods in some communities have also been increased. This increase in subsidies has particularly benefited those territories where more days of closure were previously unsubsidised. Thus, for example, in Catalonia there has been an increase in the maximum subsidisable period of 15 days per year for both the trawl and the purse seine or surface longline fleet in the years 2017, 2018 and 2019⁸ to a subsidy linked to the total number of working days on which a temporary halt in activity is established. Thus in the purse seine mode the maximum subsidy period has increased from 15 days before to between 17 and 37 days depending on the circumstances, in trawling between 22 and 44 days, and in surface longlining up to 63 days⁹. In Andalusia, the maximum number of eligible days for trawling and seining in the Mediterranean has been maintained with respect to the previous year in terms of the total number of days on which closures are made, 30 days per year¹⁰. In contrast, the surface longline fleet has also increased, passing to a maximum of 30 days a year in 2019¹¹ to 60 days in 2020¹². In the Balearic Islands, Valencia and Murcia there are no changes. In the Balearic Islands, coverage has been maintained by covering all the days the trawlers are closed by the Balearic regulations, as was already the case in 2019 (15 in Mallorca, 10 in Menorca, one month in Ibiza y Formentera)¹³. In the case of Valencia, the last call remains the same in terms of eligible days as the previous year and corresponds to the stops in the year 2019¹⁴, leaving the eligible days at a maximum of 15 days for purse seine and trawl fishermen and 30 days for surface longline¹⁵. In the Murcian community there has been no change either.

The increase in subsidies for temporary cessation in the communities where they have occurred will thus also contribute to a better economic balance in the annual results in the sector.

In addition, all the Autonomous Communities have allocated more public resources to support the fisheries sector through various measures specifically linked to COVID. Although it is difficult to establish a detailed picture of the use of public resources in addition to the aid already in place, the Fisheries Sectoral Conference of 15 June 2020 agreed on an extension of the allocation of the European Maritime and Fisheries Fund (EMF) to be managed by the Autonomous Communities to improve existing management and meet the needs arising from COVID-19 for both fisheries and aquaculture¹⁶.

Autonomous Community	Additional resources to Autonomous Communities
Andalucía*	1.875.000
Cataluña	3.369.345
Murcia	8.125.000
Baleares	500.000
Comunidad Valenciana	750.000

** Note: The amounts for Andalusia are not disaggregated between the Mediterranean and Atlantic areas.*

The uses have been very diverse, for example in the framework of health and safety, direct aid was established to compensate for the extraordinary costs produced by the COVID, as for example in Catalonia¹⁷ 1 million was allocated to cover needs for health equipment in the fisheries sector and they were awarded 226.922 €.

Similarly, in almost all the Autonomous Communities the operation of the fish markets has been subsidised to compensate for the decrease in turnover through which they are financed. For example, in Catalonia, 350,000 euros have been budgeted for this purpose¹⁸, 7.3 million has been allocated to aid for auctions and the agricultural and livestock sector in the Community of Valencia, but it has not been possible to discern the amount specifically earmarked for auctions¹⁹, or in the Balearic Islands the allocation of aid under this heading was 200.000 €²⁰.

Similarly, in some Autonomous Communities the creation of direct marketing channels to compensate for the difficulties in marketing agricultural products (e.g. Valencia and the Balearic Islands) resulting from the pandemic has also been extraordinarily subsidized, and in almost all cases campaigns to buy local food products have been stepped up, in addition to generalist type aid for the financing of economic operations.

Finally, it should be noted that in some autonomous communities such as Andalusia, the fishing sector has been exempted from port taxes during the period of 14 March to 14 June in the ports dependent on the community, thus reducing costs to shipowners. A strategy similar to the Valencian one in which the port taxes of the guilds active in their ports have been reduced by 50% during the first state of alarm and the following four months.

Conclusions

The Mediterranean fisheries sector in the first ten months of the year was not immune to the COVID crisis but in aggregate it is holding up slightly better than most economic sectors.

Most of the decline in income occurred in the first months of the crisis (March-June), coinciding with operational difficulties and marketing difficulties, which forced some of the fleet to stop their activities. Subsequently, until the time of completion of the analysis - the end of October - the evolution has been positive, with more moderate reductions in income.

On the other hand, operational costs have also fallen due to the decline in fishing activity in the first months of the crisis. The COVID crisis also has led to significant reductions in diesel oil costs sustained over time.

Finally, the public administration has also contributed significantly to reducing other operational costs of shipowners and structural costs in the sector with the deployment of an extensive network of public aid to the sector.



Notes

¹ Latest data for which the business indicator was available at the time of reporting.

² It includes information on all the autonomous communities. Notes: 1) The comparison of the decrease in turnover in the fisheries sector has been made with the 2017-2019 average to take account of natural fluctuations in the sector 2) No complete information on January 2017 turnover in the Valencian Community was available, so the average monthly value for January 2017-2019 has only been made with the values corresponding to 2018-2019. 3) In the data for the Balearic Islands, the turnover for Formentera corresponding to September and October 2020 has been estimated on the basis of correlations with sales on Ibiza. This estimate is considered sufficient given the modest contribution made by Formentera's fisheries to the Balearic Islands as a whole.

³ Coll, M, Ortega, M y Mascarell, Y. Socio-ecological implications of COVID-19 in marine fisheries from the Northwestern Mediterranean Sea (being prepared).

⁴ Ortega, M., and Mascarell, Y. (2020). The Spanish Mediterranean Fishing Sector and its market reaction to the ongoing Coronavirus crisis. Preliminary analysis. Fundacio ENT. <https://ent.cat/wp-content/uploads/2020/04/Coronavirus-evolution1.pdf>.

⁵ Royal Decree 703/2020 of 28 July, which approves the regulatory bases for aid for the temporary cessation of fishing activity in order to deal with the economic and social impact of the COVID-19 pandemic, calls for such aid for the first part of the 2020 financial year and amends various royal decrees relating to the regulation of professional organisations in the fishing and aquaculture sector and for the practice of recreational fishing.

⁶ Royal Decree 969/2020 of 10 November laying down the regulatory bases and the call for applications for the first instalment of the 2020 financial year for aid for the temporary cessation of the fleet for fishermen with a procedure for the suspension of contracts or reduction of working hours as a result of COVID-19 and amending Royal Decree 703/2020 of 28 July.

⁷ These values should only be considered as indicative values, and require a more detailed territorial study in the future, as they are affected by factors such as the uneven decrease in fishing pressure in each area as well as the length of closed periods. In this estimate, for example, the fixed costs have been passed on over 10 effective months of economic activity in the trawling segment, since in Catalonia, unlike other territories, there are two months of annual closures. It should also be noted that the aid for the extraordinary cessation of fishing activity associated with COVID includes other concepts - such as compensation for shipowners - which have not been included in the estimate. If this were to be done, it would lead to a greater reduction in costs over the period. During the non-active days, a zero wage cost has been considered.

⁸ Resolution ARP/2124/2019, of 22 July, by which the fishing aids for the temporary cessation of fishing activities of the fishing boats of the fishing modalities are called, The closure and surface longlining of the fleet based in Catalonia during 2017, 2018 and 2019 and the assistance to fishermen on the vessels affected by this temporary suspension, within the framework of the European Maritime and Fisheries Fund.

⁹ Resolució ARP/1687/2020, de 8 de juliol, or which grants are to be made for the temporary cessation of fishing activities by fishing vessels of the fleet based in Catalonia during the period 2019-2020 and the grants for the fishermen of the vessels affected by this temporary cessation, in accordance with the European Maritime and Fisheries Fund(ref. BDNS 515058). (DOGC núm. 8177 - 15/07/2020).

¹⁰ Order of 19 July 2020, calling for the aid provided for in the Order of 4 February 2020, approving the regulatory bases for the granting of subsidies, on a competitive basis, for the temporary cessation of fishing activity by the fleet with a base port in Andalusia, provided for in the Operational Programme of the European Maritime and Fisheries Fund 2014-2020, which fishes in the National Mediterranean Fishing Ground in the bottom trawling and purse seine modalities.

¹¹ Extract from the Order of 1 April 2019, calling for the aid provided for in the Order of 12 May 2016, amended by the Order of 29 September 2017, establishing the regulatory bases for the granting of subsidies on a competitive basis for the temporary cessation of fishing activity by the fleet with a base port in Andalusia, provided for in the Operational Programme of the European Maritime and Fisheries Fund 2014-2020, which operates in the Mediterranean National Fishing Ground in the form of surface longlines.

¹² Order of 26 February 2020, calling for the aid provided for in the Order of 4 February 2020, approving the regulatory bases for the granting of subsidies on a competitive basis for the temporary cessation of fishing activity by the fleet with a base port in Andalusia, which operates in the National Mediterranean Fishing Ground in the form of surface longlines, within the framework of the Operational Programme of the European Maritime and Fisheries Fund (2014-2020).

¹³ Resolution of the Minister of Agriculture, Fisheries and Food of 5 December 2019, by which regulate the temporary restrictions on the way people travel to the Balearic Islands.

¹⁴ Resolution of 28 May 2019, of the Regional Minister for Agriculture, the Environment, Climate Change and Rural Development, calling for aid to shipowners and fishermen of fishing vessels with a base port located in the Autonomous Community of Valencia affected by the temporary cessation of fishing activity.

¹⁵ Resolution of 26 May 2020, of the Regional Minister for Agriculture, Rural Development, Climate Emergency and Ecological Transition, calling for aid to shipowners, fishermen and fisherwomen of fishing vessels with a local port in the Valencian Community affected by the temporary cessation of fishing activity.

¹⁶ <https://www.mapa.gob.es/es/prensa/ultimas-noticias/las-conferencias-sectoriales-de-agricultura-y-de-pesca-acuerdan-la-distribucion-de-366-millones-de-euros-para-apoyar-a-las-explotaciones-de-ovin/tcm:30-539896>.

¹⁷ RESOLUTION ARP/1033/2020, of 7 May, for which an extraordinary call is published for 2020 for the grants established by the European Maritime and Fisheries Fund to provide an immediate response to the impact of the COVID-19 public health crisis on the fisheries and aquaculture sector and on the marketing and processing of fish products.

¹⁸ ORDER ARP/142/2020, of 5 August, approving the regulatory bases for extraordinary aid to holders of concessions for fish markets in Catalonia to compensate them for economic losses and facilitate the maintenance of their competitiveness as a result of the COVID-19 health crisis.

¹⁹ DECRET 59/2020 of 8 May, of the Council, of approval of the regulatory bases and of direct concession of subsidies to entities, companies and persons in the regime of autonomy of the primary sector that have suffered economic losses for the Covid-19.

²⁰ Resolution by the President of the Balearic Islands Agricultural and Fisheries Guarantee Fund (FOGAIBA) calling for aid to guarantee the marketing of fish catches during the crisis caused by the COVID-19.



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