



The European Association
of Fisheries Economists



Mediterranean Aquaculture Integrated Development

Overview of the economic situation of seabream and seabass companies in the Mediterranean area

EAFE Conference 2019

2-4 April



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Context & Objectives | Methodology | Results & discussion | Conclusions

MedAID – Mediterranean Aquaculture Integrated Development

WP1 – Holistic sustainability assessment of Mediterranean marine fish farming sector

Task 1.5 – Assessment of the economic performance of the industry

The task focuses on analysing the **economic and financial structure** of the production process in the Mediterranean industry → providing a **more comprehensive view** about the **economic sustainability**

Subtasks included:

- Description of the current production processes used
- Analyses of production costs and cost structures (fixed and variable)
- Analysis of the economic and financial structures regarding aspects such as business performance or debt



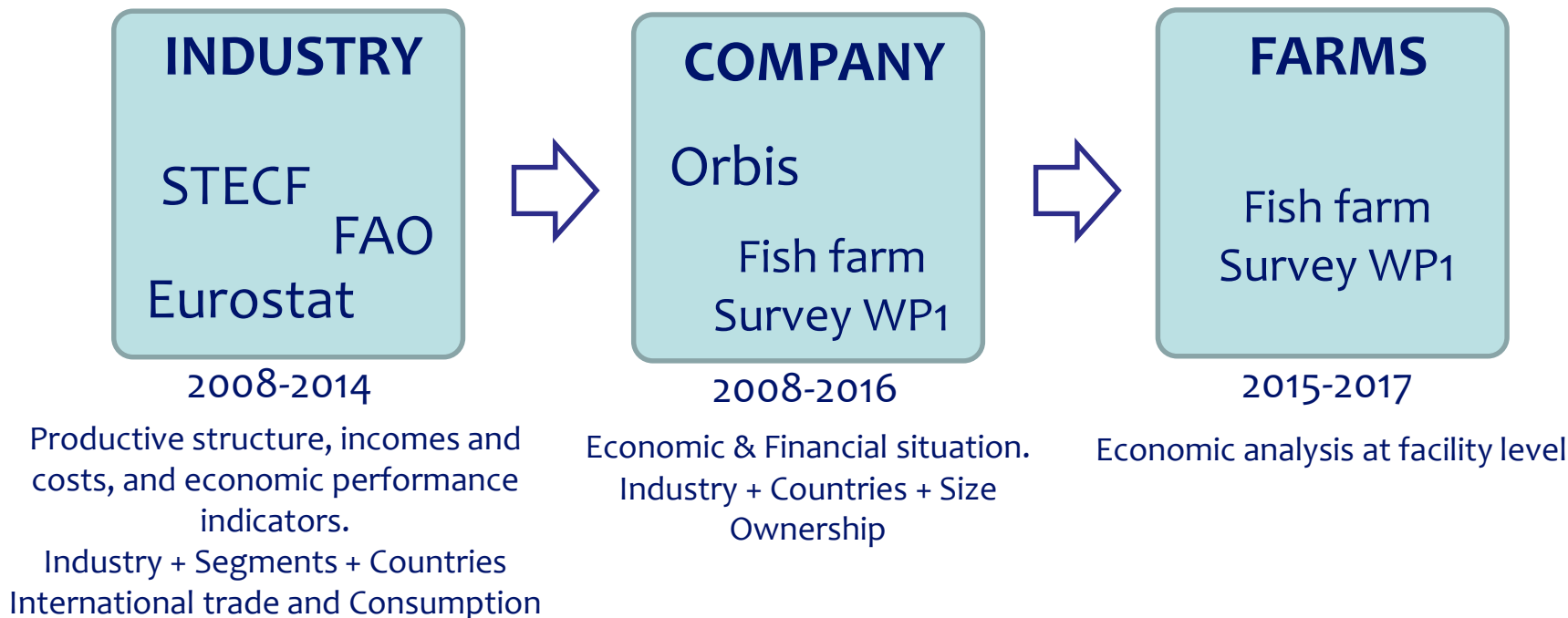
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- Descriptive analysis & Ratio analysis based on financial statements
- Different levels of aggregation

Sources of information





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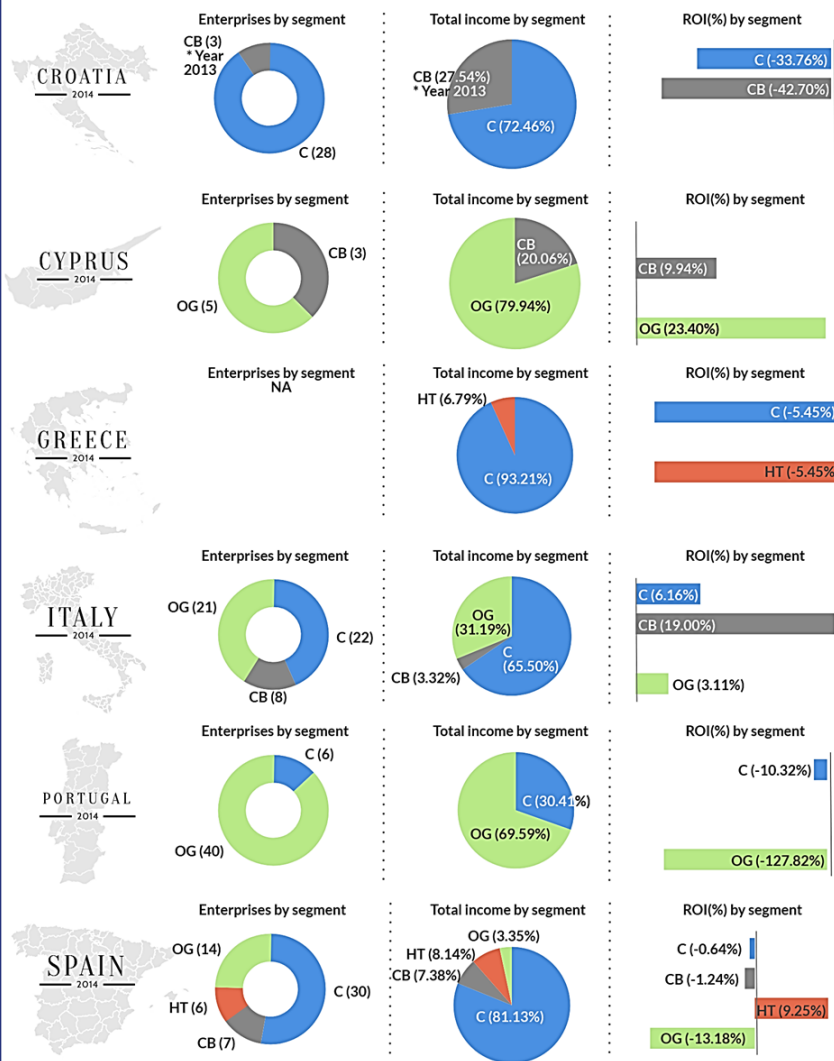
1 **Industry level:** productive structure, incomes and costs, economic performance indicators

- Almost all indicators were decreasing until the cycle changed in 2010. Since then, production, employment and profitability returned to grow. Contemporary, the average size of companies also grew. The change in the cycle has more related to the evolution of prices than with decreasing costs.
- *By segment:* Companies operating cages are larger in capacity and dimension than other alternative production systems (hatcheries, on-growing, combined). Advantages are found also in terms of efficiency, income and value addition.

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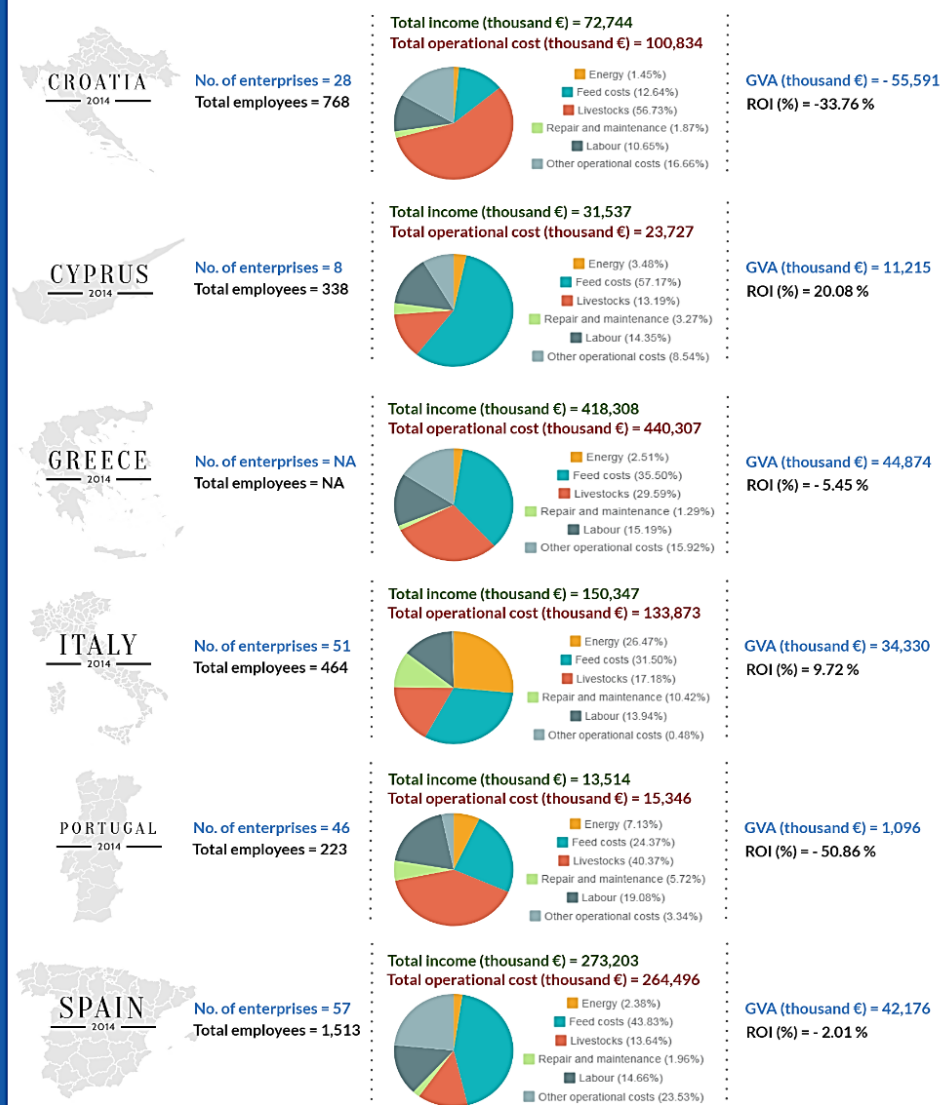


INDUSTRY COMPARISON BY SEGMENTS - YEAR 2014



NOTE: HT - Hatcheries (Seg_03_1); OG - On Growing (Seg_03_2); CB - Combined (Seg_03_3); C - Cages (Seg_03_4)
Information from STECF 2016

INDUSTRY COMPARISON BY COUNTRY - YEAR 2014



Information from STECF 2016



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2 **Company level:** economic and financial situation

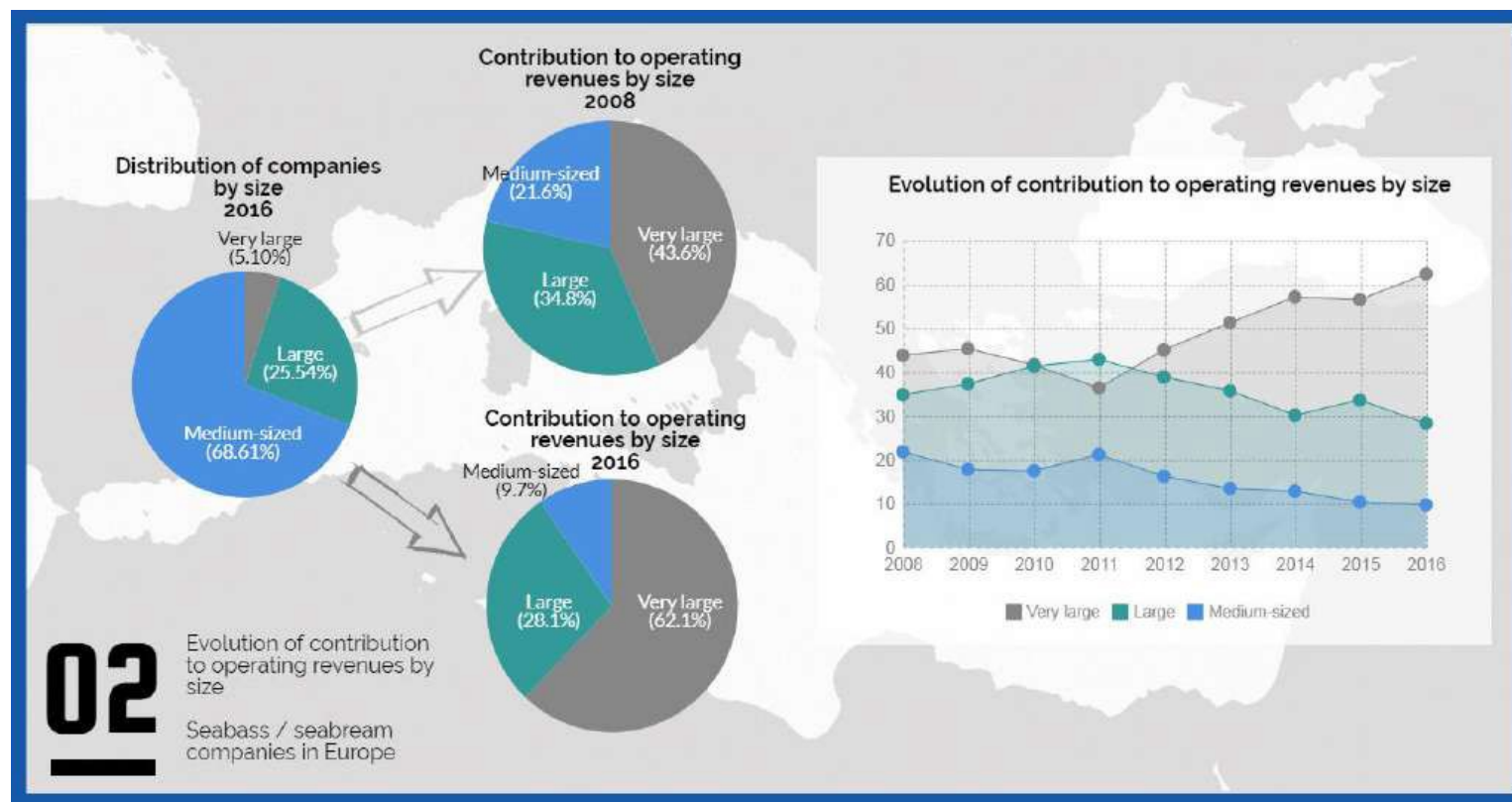
- The average size of seabass/seabream companies in the sample (137 companies) has increased since 2015 in terms of total assets (17.30%), number of employees (23.41%) and sales turnover (15.77%). Positive trend of financial and economic profitability (ROE and ROA). Positive trend in labour productivity (despite of differences in ratios included in STECF and Orbis).
- By countries, Turkish and Greek companies are bigger in terms of total assets, number of employees and sales turnover and Croatian companies are fast growing
- Export activity available only for Croatia, France, Greece and Turkey, shows a decrease in French companies and a significant development in Croatia.



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2 Company level: economic and financial situation



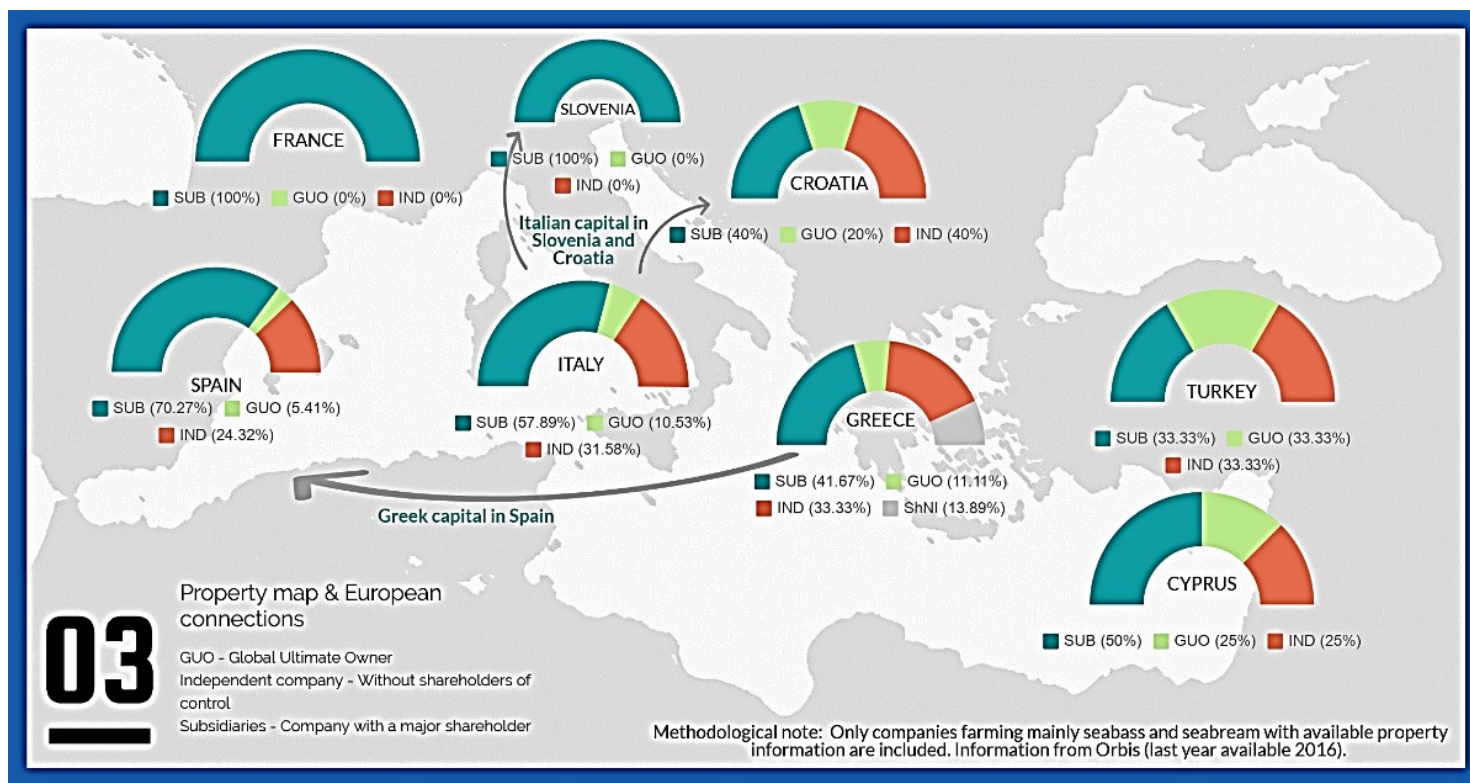


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Context & Objectives | Methodology | Results & discussion | Conclusions

2 Company level: economic and financial situation





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3 **Farm level:** economic analysis at facility level

- Cost structures convey with industry analysis
- The volume of production grows with the number of employees.
- Labour and energy costs gain importance to the detriment of the feed cost and other production costs.
- A larger scale of production does not result in higher production or higher technical productivity, but in labour productivity.



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3 **Farm level:** economic analysis at facility level

Marketing and processing

- About 70% of sales are fish between 300g and 800g (400g – 600g the most marketed size) and around 10% of sales correspond to fish over 1 kg.
- Five out of 13 companies carry out processing activities.
- Processing in the sample is low, mainly eviscerated, although some companies filet the fish. The main packaging system involves boxes, poliespan and polystyrene.
- The main preservation system is the chilling of the fish in ice.
- National production is mainly targeted to satisfy domestic demand (Spain or Italy) and exports to overseas markets.
- Main marketing problem is transportation time (putting in risk product's shelf-life and freshness).



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- 2010 marks a change in a decreasing cycle since the early new century. Companies' shutdown cease and those remaining increase production by looking for economies of scale driving to lower average cost of production
- Between 2015 and 2016 companies have grown not only in terms of scale of production and employment, but also increased the average value of assets with new investments.
- Trade data for 2017 shows increases in the export volumes and prices begin to adjust downward due to the increased supply.



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- Industry competitiveness has room for improvements: need to improve production efficiency through **technical, operational and management innovations**
- Also, diversification of products and markets could help to reduce the risk associated with fluctuations in supply and prices: **communication of the highest quality, innovation in processing and packaging.**



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Deliverables

Deliverable 1.2 – Assessment of Mediterranean aquaculture Sustainability

[Summary](#) / [Access to the full deliverable](#)

Deliverable 5.1 – Identification of product and market requirements of aquaculture chain stakeholders

[Summary](#) / [Access to the full deliverable](#)

Deliverable 5.2 – Report on market segmentation: Identification of market niches for different consumer profiles of fish products

[Summary](#) / [Access to the full deliverable](#)

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Thank you for your attention!