

Response to the Report following the meeting on Size of the Blue Economy – 29 September.

- The approach to measuring the Blue Economy should be simple, practical and operational, based on a limited set of relevant indicators and should not create any new reporting requirements. It should be light touch, proportionate and build on existing work, data and information already underway and/or available.
- No new obligations to Member States should be created with existing baseline information used instead wherever possible. We must avoid imposing additional costs or burdens on member states.
- Existing baseline information should be used in order to build a picture of how the Blue Economy is changing as a result of implementation of the various Sea Basin Strategies.
- Indicators should be chosen which on a 7 year timeframe can realistically be expected to record changes in the measurement of the Blue Economy.
- **Primary sectors** – this should include activities such as shipbuilding, marine engineering & manufacturing, marine science and research, shipping, ports, tourism, offshore oil and gas, offshore renewable energy, fisheries, aquaculture and maritime business services. These latter include for example maritime training & skills, and R&D & innovation in maritime products and services.
- The International Association of Oil and Gas Producers suggest that 80% of production is offshore creating more jobs than onshore. They are currently looking at information provided by their members to determine whether they can provide a country-by-country analysis of the split between offshore and onshore jobs.
- In addition we don't necessarily agree that presenting past averages of offshore renewables growth would be misleading – it's simply reporting historical fact. Appreciate that using those to project forward would be dangerous.
- **Indirect employment** - jobs in industries providing goods and services to the primary sectors. It is assumed that indirect activity takes place in the same country as the primary activity. If turnover to persons employed ratios are similar, and provided that most indirect activity is within the EU, this will not have a large impact at an EU level. However, this can distort the distribution of activity between countries.
- Improving estimates of jobs will be one of the objectives of the proposed process for estimating the size of the blue economy. Data tables were taken partly from Eurostat and partly from the UK statistical office. Other national tables allowing a greater level of detail are available. These avenues should be explored further. Also how is it intended to reconcile the fact that the indirect employment tables do not include the same sector headings as those for the primary sectors? Reference is now only made to indirect employment because capturing 'indirect turnover' would involve double-counting across sectors? Either way, the double-counting risk is now removed.
- The Commission has made an assumption of no imports/exports outside of EU boundaries, with the statement that "provided that most indirect activity is within the EU." Likewise the assumption that "indirect activity takes place in the same country as the primary activity". How realistic are these assumptions?
- **Coastal tourism** - Coastal tourism is the largest activity in the blue economy in terms of jobs. The number of nights spent in coastal regions is determined from surveys of tourism destinations. The UK relies on Tourism satellite data available here: <http://www.ons.gov.uk/ons/rel/tourism/tourism-satellite-account/index.html>. Eurostat can separate coastal from the wider sector but at the moment it is difficult for each country to do so. In assessing the sector performance is also important to specify how coastal regions are defined.

- Turnover is estimated from surveys of tourist spending and employment from turnover to employed ratios. Transport statistics assume turnover to employment ratios of the destination country. Employment is attributed to the destination country.
- Work is ongoing with Eurostat to improve the numbers. However In respect of visits and spend, the Great Britain (GB) (England, Scotland and Wales - surveys don't measure NI) totals as this is for the EU there were 23.16 million overnight visits to the seaside by GB residents in 2014, resulting in spend of £4.932bn. This compares to 23.47 million overnight visits, resulting in £4.801bn spend in 2013. (GB Tourism Survey for VisitEngland).
- The non-paper defines coastal tourism as where at least one night is spent in a coastal area (or something to that effect). However, it is worth noting the value of day visits to coastal destinations. There were 144 million day visits by GB residents where the seaside was the main place visited in 2014 which resulted in £4.835bn spend. This compares to 142 million visits, resulting in £4.744bn spend in 2013. (GB Day Tourism Survey). No inbound data on visits to the seaside.
- The Cruise Lines International Association estimate that the cruise industry's direct contribution to the UK economy was £2.247bn in 2014 - up slightly on 2013 - supporting 71,222 jobs in the UK - a 5th of all cruise industry jobs in Europe. 1.64m British passengers took a cruise last year, 25.7% share of the European market, second only to Germany.
- Also worth noting that this sector is becoming increasingly important across the UK - strong growth in Scotland especially but also Wales.
- With regard to the general approach to indicators Eurostat are supposedly preparing an update of their 2013 "Statistics in Focus" publication on "economic ebb and flow in maritime sectors" to be made available in the third quarter of 2015. We should pursue this with the Commission.
- In addition we should confirm with DG-MARE whether figures were sent to industry associations for checking and comments.
- To note that making an accurate assessment of the size of the ocean economy appears to be particularly complex, with various approaches have been trialled in the past and none being viewed as definitive.
- Comments have previously been made that the proposal for measuring the size of the economy with turnover rather than GDP (or GVA) has probably been made for pragmatic reasons, but it makes it a second best option because it takes no account of associated costs. Any results will need to be treated accordingly.