

# Investment in the South African deep-sea trawling industry



The newest vessels in the deep-sea trawling fleet were purchased in 2015 at a cost of R375 million. The wetfish trawler, *Ferox* (left) was built in Spain, while the freezer factory trawler, *Umlobi* (right) was purchased in Norway.

**THE DEEP-SEA TRAWLING INDUSTRY IS HIGHLY CAPITAL-INTENSIVE.** It requires large vessels, well-equipped processing plants and significant skill to produce high quality products for local and international markets. Investments by SADSTIA members in vessels and processing facilities total **R7 billion**. At least **R1.24 billion** per year is spent with >50% black-owned companies that supply the industry with a wide range of goods and services.

## Investments in vessels

**The replacement value of the deep-sea trawling fleet is estimated to be at least R3.2 billion.**

The fleet consists of 59 large trawlers that typically operate up to 100 nautical miles from the coast, ride ocean swells of up to six metres and cast their nets in waters of up to 800 metres. It includes:

- 28 “wetfish trawlers” that preserve fresh hake on ice and return it to shore for processing
- 22 vessels that supply headed and gutted (H&G) hake to local and international markets in the frozen form
- 9 freezer factory vessels that produce sea-frozen hake fillets for the international market.

The cost of maintaining the fishing fleet is estimated to be R463 million per year.

**Unlike in many other parts of the world, where vessel owners receive incentives to invest in new vessels, the South African deep-sea trawling industry has never been subsidised by government.**

## Investment in processing assets

Investment in processing plants and equipment by companies active in the deep-sea trawling industry is estimated to be **R3.8 billion.**

The food processing establishments that portion and package hake and associated species for local and export markets are required to comply with a stringent set of food safety standards implemented and monitored by the National Regulator for Compulsory Standards (NRCS). In addition, a number of hake processing plants are accredited by international quality and safety authorities and are required to undergo comprehensive annual audits to maintain these accreditations. As a result, hake processing establishments are typically modern and very well equipped.



## Investment in associated industries

As a result of their success in the deep-sea trawling industry, a number of companies have invested in associated industries such as cold storage and aquaculture.

- **The value of investments in aquaculture made by companies with deep-sea trawling rights is estimated to be R700 million.**



## Investment in people

The deep-sea trawling industry employs more than 7 050 South Africans.

- **The industry's monthly wage bill is estimated to be R106 million.**
- **Expenditure on skills development is estimated to be R42 million per year.**
- **SADSTIA members spend an estimated R4.4 million on Corporate Social Investment every year.**



**The deep-sea trawling industry is 62.36% black owned and a level 3 contributor to broad-based black economic empowerment (BBBEE) – as measured by the independent economic empowerment rating and research agency, Empowerdex in July 2016.**

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**52** members unlocking the value of the Cape hake resource