



North Western Waters – Regional Advisory Council

Thursday 28 October 2010

ECONOMICS SEMINAR



CONSEIL CONSULTATIF
RÉGIONAL POUR
LES EAUX OCCIDENTALES
SEPTENTRIONALES

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THE ECONOMICS OF FISHING

An ignored reality?

Michael Keatinge – Bord Iascaigh Mhara



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■ EU PERSPECTIVE

John Anderson (Joint Research Centre)

■ INDUSTRY PERSPECTIVE

Objectives and outcomes of the Pelagic RAC economics group
Aukje Coers, (Executive Secretary, Pelagic RAC)

■ NGO PERSPECTIVE

The identification of opportunities that exist for redeployment,
upskilling and enhancement of unemployed fishermen in coastal
communities.

Brendan Price, (Irish Seal Sanctuary)

• OPEN DISCUSSION





- The CFP has been in place for almost 40 years.
- Only in 1992 review was relevance of economics recognized by EU
- STCF renamed STECF, 'E' = 'Economic'.
- Annual economic report established, article 16 of 3760/92

5 Developments since then

- Research on Fisheries Economics – Supported by EU Funding
- Evolution of the Economics Group in STECF
- STECF integration with JRC
- Introduction of the Data Collection Regulation - Framework
- Expanded Role for JRC

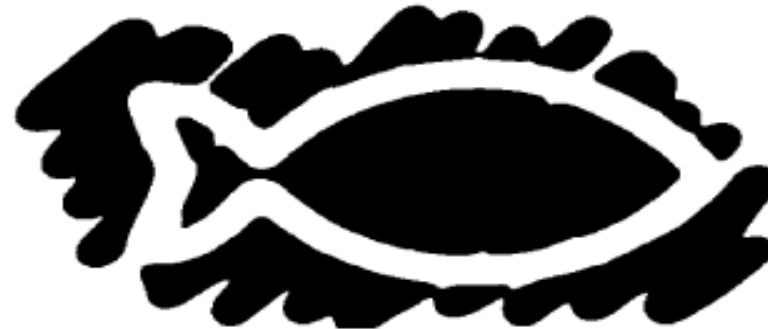




RESEARCH ON FISHERIES ECONOMICS

- Began in 1994 with work on an assessment of fleet economics.
- Pavel Salz, Framian, The Netherlands
- ✓ Co-ordination of Research in Fishery Economics (CT94 1489), 1994-97
- ✓ Promotion of Common Methods for Economic Assessment of EU Fisheries (PL97-3541, 1998-2001)
- ✓ Economic Assessment of European Fisheries, (Q5CA-2001-01502, 2002-2004)
- 9 annual reports on the economic status of the European fisheries (1996 – 2004).





**PROMOTION OF COMMON METHODS FOR
ECONOMIC ASSESSMENT OF EU FISHERIES**

ECONOMIC PERFORMANCE OF SELECTED EUROPEAN FISHING FLEETS

ANNUAL REPORT 1998



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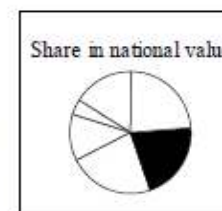
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B-1 Text

2.3 Trawlers 24 - < 40 m

The fleet consist of 118 vessels ranging from 100 to 440 GT with a crew of from 3 to 6 men each. The average size is 247 GT with engine power about 600 kW. The fleet generated 21% of the total value of the Danish fishery in 2004 performing an average of 223 days at sea per vessel. The share of capital input was 26% whereas the labour input was 20% of the total labour. About 44% of the fleet's income was generated by industrial fishery. The important consumption species are Norway lobster and northern prawn.



	2004	Change 2004/2003, %
<i>Economic indicators (average/vessel, EUR)</i>		
□ Value of landings	630,983	-9.1
□ Gross value added	261,364	-16.8
□ Gross cash flow	31,627	-54.2
□ Net profit	-176,119	-31.0
<i>Other economic indicators (total segment)</i>		
□ Employment on board (FTE)	633	-10.2
□ Invested capital (mEUR)	147	-9.4
□ Fleet - number of vessels	118	-4.8
□ Fleet - total GT (1000)	29	-6.4
□ Fleet - total kW (1000)	70	-6.8

Economic performance

Short term: deterioration

Medium term: very weak

Gross output of the fleet fell by EUR 11.6 mln of which EUR 8 mln was caused by the industrial fishery. As costs were reduced by EUR 6.7 mln, the gross cash flow decreased by 56% to EUR 3.7 mln. After depreciation and payment of interest expenditure the net profit became negative at EUR -20.8 mln.





SOME CONCLUSIONS RELEVANT TODAY

- Communication with users was/is difficult. Why?
- Traditional users are conditioned to focus on traditional issues
 - biology, stock assessment,
 - gear technology,
 - TACs & Quotas, Effort.....
 - Consider the traditional 'expert' make up of DG Fish – MARE
 - ICES has been in existence for more than 100 years.
- The quality of the presented data was/is often disputed – mistrust!
- Economic analysis appears to undermine 'socio-economic importance'.
- Timeliness. Reports that referred to a situation 2 years in the past are not relevant. *Contrast with ICES data*





OTHER DEVELOPMENTS

- Economics group restructured in STECF around 2002
- Introduction of DCR formalized AER to a great extent.
- New formal arrangements between STECF and JRC initiated in 2005-6.
- SGECA (Sub-group of Economic Affairs) established.
- Member States now are obliged to collect and deliver economic data.
- The Annual Economic Report is still published ... annually!





The 2009 Annual Economic Report on the European Fishing Fleet

Scientific, Technical and Economic
Committee for Fisheries (STECF)

Edited by John Anderson & Jordi Guillen

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- Economics falls outside the accepted paradigm of fisheries management.
- The users do not trust the data.
- The implications of the data are inconvenient.
- Problem of timing.

HAS THE DATA COLLECTION REGULATION - FRAMEWORK
FARED ANY BETTER?





Experience may vary from country to country..
a common thread is evident.

- The data providers do not trust the data users.
- Confusion – not least in the area of CONTRAL versus ECONOMICS
- Reports fail to address real problems (FUEL crisis, TACs..)
- A top-down rather than a bottom-up approach
- Little if any stakeholder involvement
- Lack of coherence with ‘main-stream’ CFP. TACs QUOTAS, EFFORT, EFF
- Lack of coherence with other parts of CFP IMPORTS, EFFORT, DECOMMISSIONING, EFF
- The implications of the data are not always convenient.
- Problem of timing.





The Result.

- The fishing Industry often fails to make its message heard
- Impacts of TAC reduction, fuel prices, fish prices, labour....effort control
- All can lead to a gradual erosion of profitability – but where is the ‘proof’
- Fishing Industry often can’t make the argument or can appear to lack credibility..
- Yet credibility can come from the new systems and structures (DCF – STECF)
- Others have fared better – Killybegs economic report 2010
- Is there a role for the RAC in bridging the gap?
- Article 18 of the DCF





Today's Workshop.

We will hear from 3 key groups

- JRC
- Industry
- NGOs

OPEN DISCUSSION

- Further changes can be made
- DCF
- National Reporting
- Stake-holder involvement

