



SEMINAR ON ECONOMICS OF FISHERIES

Thursday 28th October 2010

Dublin Castle

10:00-17:00 h

REPORT

1. Introduction and Overview – Setting the scene

Michael Keatinge, Fisheries Development Manager of BIM and Director of the NWWAC, opened the meeting and thanked the participants for their attendance. Mr. Keatinge stated that the economic aspects of fisheries management constitute a key topic that merits an in-depth discussion at European level.

Mr. Keatinge made an overview on the historical background of the role of socio-economics in fisheries policy over the last 20 years. There has been some progress during this period from individual experts in fisheries economics (Pavel Salz); Data Collection Framework initiatives (e.g. Annual Economic Reports); and projects from Universities and research institutes around Europe. This work has produced interesting results but does not have full recognition from European institutions due to the lack of a coordinated network or coherent framework of data collection at a European level. Mr. Keatinge highlighted 2001 as the year that economics was incorporated into the remit of the STECF and the Joint Research Centre of the European Commission was tasked with collating and quality control of economic data collected under the Data Collection Framework.

The incorporation of economic criteria in the working practices of STECF was driven by the realization that the CFP was perceived to be locked into a paradigm that dealt only with the environmental pillar (biology and stock assessments) and political pillar (decisions on TACs and quotas); but did not take into account social or economic aspects.

Mr. Keatinge highlighted the fact that the Data Collection Regulation requires of Member States to collect economic data from the fisheries, aquaculture and processing sectors of the European seafood industry. Economics, however, remains outside the standard inputs to fisheries management models. This could be due to the lack of reliability or confidence in data by the users for several reasons (e.g. top down approach; no stakeholder involvement in the data collection process; lack of coherence with the CFP on TAC and quotas, imports, effort, decommissioning). As a result, the seafood industry questions the impact and effectiveness of economic data in the decision-making process of the EU.



Mr. Keatinge asked the floor to reflect on whether or not the RACs would be the most suitable body to bridge this gap and, if so, what initiatives could be set in motion to work on improving the stakeholders' participation in the process. The complete presentation from Mr. Keatinge is available on the NWWRAC website¹.

2. An EU perspective:

John Anderson, an economist from the Joint Research Centre (JRC) based in Ispra (Italy), delivered a presentation on the EU perspective on the Data Collection Framework (DCF) Regulation. Mr. Anderson's presentation is available on the NWWRAC website².

The framework Regulation No. 199/2008 requires Member States to collect data on the fisheries sector. The JRC coordinates this activity by processing, analysing and presenting the information received from the Member States to ICES/STECF on behalf of the European Commission. The information is public and available on the JRC website³.

The data collected are published in the Annual Economic Report (AER) which contains a wealth of information including income and fleet profitability, gross added value and operating cash flow. These data are mainly used by the relevant Working Groups of STECF (e.g. SGMOS, SGBRE), ICES and DG MARE of the European Commission.

A number of issues have been identified by JRC as the main constraints to progressing with work in this field, namely the non-delivery of data in a timely manner, to a lesser or greater extent, by all Member States and the lack of harmonisation of data collection methods. In order for the DCF to work, all Member States should be fully engaged in the process and be implementing a standard and systematic process of data collection.

3. An industry perspective

Aukje Coers, Executive Secretary of the Pelagic RAC, gave a presentation by web conference on the work undertaken by the Pelagic RAC in this area. She thanked the NWWRAC for inviting her to share the experiences of the Pelagic RAC and identified this topic as a key area of common interest for all RACs.

Ms Coers gave a preliminary introduction on the structure of the pelagic fleet.

¹ http://www.nwwrac.org/Meetings/Meetings_ENG/Navigation.php?id=427&language=English

² http://www.nwwrac.org/Meetings/Meetings_ENG/Navigation.php?id=427&language=English

³ <https://datacollection.jrc.ec.europa.eu/>



The key aspects of the Pelagic Fleet are as follows:

- The fleet targets 13 stocks, 5 of which have a significant economic importance in terms of quantity and value of the catch i.e. NEA Mackerel, NS herring, Atlantic-Scandinavian Herring, Celtic Sea Herring and Blue Whiting;
- Fisheries are single-species and relatively clean;
- The fleet consists of a small number of large vessels from 9 Member States (i.e. GE, SE, DK, PO, NE, UK, IE, FR, ESP);
- A system of ITQs in place in most countries concerned;
- There is flexibility in TAC and quota, which are adjustable between different species;
- The fleet exhibits a large “numerical” fishing capacity but not an economic overcapacity;
- The EU pelagic fleet had a total income of about €600 million, in 2009.

Ms Coers described the chronology of the Pelagic RAC Economics group. This Group was formed in early 2008 and economists were invited to give presentations at this stage. In 2009, there was an informal meeting of the Pelagic RAC with experts from SEAFISH to discuss the objectives of the group and determine a way forward. It took a long time to decide the terms of reference of the Focus Group and which socio-economic issues could be addressed specifically by the RAC.

Following a disappointing experience and failure to develop a working relationship with DG MARE to gather data and develop an Impact Assessment for Celtic Sea Herring, the Pelagic RAC Economics Group arrived at the following conclusions:

- Economic data are few and scarce and not readily available by Member States;
- There was a reluctance from elements of the Pelagic industry to provide economic information on the basis that such information was confidential and could affect competitive advantage;
- There was a lack of involvement and an apparent lack of expertise within the economic unit of DG MARE, in the process of preparation of IA for LTMPs.

The experience of the Pelagic RAC was extremely negative on many fronts and due to the problems encountered inside and outside the Pelagic Industry, the function and operation of the economics focus group was formally concluded after two years of work, in 2010.

The presenter gave a detailed explanation of three examples on how the Pelagic RAC had addressed socio-economic aspects and had incorporated economic inputs into specific advice and opinions:

- LTMP for horse mackerel; The process was lead by the Pelagic RAC from the outset and the proposed harvest control rules aimed to provide economic stability in the TACs;



- LTMP for mackerel; Simulation from STECF on management scenarios, which included economic input.
- North Sea herring TAC revision, incorporating economic data.

The general experience of the Pelagic RAC on Economics was perceived as follows:

- Considerable efforts had been made by the Pelagic RAC but limited progress had been made to include socio-economic in recommendations and advice;
- The Commission appeared reluctant to accept socio-economic driven advice (even when based on analysis by STECF);
- It was evident that dealing with socio-economics in isolation, is more difficult than working with and integrated, long-term dataset;
- Reluctance by the Pelagic industry to provide data contributed to the failure of the initiative to incorporate economic data in management advice.

Ms Coers' full presentation is available on the NWWWRAC website⁴.

4. An NGO perspective

Brendan Price (Irish Seal Sanctuary) gave an NGO perspective, which focused on the need to identify opportunities for the redeployment, up-skilling and life enhancement of unemployed fishermen in coastal communities.

Mr. Price praised the quality of presentations within the session and informed the meeting that the trend in employment rates in the industry had progressively declined without apparent mitigation measures being set in place. Mr. Price also highlighted the difficulty he experienced extracting information on EFF-funded projects under Axis 4 (diversification within and outside the sector).

Mr. Price emphasised the need for a bottom-up approach, whereby social aspects are considered as an important input to fisheries management models. He summarised his own experience from his organisation's work on the perception of the dramatic decrease of fish stocks in the last 20 years and how this has affected human activities.

Mr. Price believed that there might be a new role for the RACs in encouraging all stakeholders represented from fishing industry and other groups of interest, to foster dialogue with the main actors in fisheries management (i.e. Scientists, Member States, Policy makers) by looking at sustainable exploitation of the stocks. A balance from an environmental, social and economic viewpoint would also be required and this would be in line with the Commission's Green Paper on CFP Reform.

⁴ http://www.nwwrac.org/Meetings/Meetings_ENG/Navigation.php?id=427&language=English



In order to achieve this objective, Mr Price advocated that the RAC would need to be able to “*speak the same language*” and build trust and mutual understanding with those engaged in Fisheries Management Policy making.

Mr Price voiced the opinion that legal instruments enacted to protect fish stocks should not penalise fishermen. Mr. Price felt strongly that people have become the casualties, as a result of the impacts and effects of the fishing management regulations at EU level. In conclusion Mr Price appealed for a proper assessment of the socio-economic benefits to coastal communities, who directly or indirectly depend on fisheries, to be undertaken at EU level.

In this context, Mr Price also agreed with previous speakers that in many cases, socio-economic data are either missing or of poor quality. It was, therefore, a key requirement to address data deficiencies of DCF submissions by Member States, in order for users of these data, including the RACs, to conduct social and economic analyses with some degree of certainty.

Mr. Price’s declaration is included under Annex II.

5. Open discussion

The moderator of the meeting summarised the outcomes of the morning session and provided the meeting with the following synopses and invited comment and discussion.

1. Mistrust of the structural system for developing fisheries management advice within the EC, which focussed predominantly on biological inputs and lacked economic insight. A better integration of socio-economics is needed through STECF and European Commission services.
2. The Joint Research Centre is tasked with the collation and quality control of economic data transmitted by Member States, collected under the Data Collection Framework. The JRC assesses the coverage and quality of the data collected and the methodologies currently employed by Member States. Although both the coverage and quality of the data collected by Member States has significantly improved in recent years, a number of challenges remain, such as improving the harmonisation of collection and estimation methods and improving the timeliness of the resulting economic advice.
3. EU Management decisions need to be supported by strong economic arguments. In this context, the Pelagic RAC representative wondered who would determine the relevance and importance of economic inputs and define the economic questions required?
4. Social and human dimension; Brendan Price made it clear that there is an inability to make accurate conclusions in the present CFP due to the lack of economic data.



Comments from the floor:

The JRC representative acknowledged that some improvements have taken place in the use of socio-economic data but the lack of data from some sources is still a big problem.

Some participants found it unacceptable that data is not supplied from industries that derive their living from a public resource. It was the opinion of some contributors that the DCR asks for data that very often has little relevance to fishing.

It was agreed that the social aspect was perceived as the “little brother” or “great unknown” in the CFP reform. Some NWWWRAC members suggested that standardisation on employment-related issues (e.g. wages, taxes, social security) and fuel costs would be required across Europe, in order to provide a level playing field amongst all fishing operators in the market.

Hugo González asked what impact would there be on the fishing industry if the JRC received all the data they needed. John Anderson (JRC) replied that it would definitely provide a better view of how our fleet and fishery resources are performing and how they can be used to their best potential. It would also give the legislators more accurate information when deciding on actions to take in fisheries management in order to achieve a correct balance between often conflicting objectives (i.e. biological, economic and social). It would not be up to those assessing the data to decide how this happens, but for EU policy makers to do so.

The moderator reiterated that the RACs might have a part to play in dealing with the socio-economic aspects. There will be a new EFF after 2012 and a debate on how to split this fund between those actions looking for access 1 funds (ship owners) and those looking for access 4 funds (coastal communities).

Ed Fahey (Observer; Journalist; retired Marine Institute, Ireland) gave an overview of the relationship between economics and the CFP. He affirmed that the introduction of economics might prove a method of control but also an excuse for political interference to set TACs at higher levels than they should be.

Mr. Fahey was of the opinion that there should be no economic interference at all when setting TACs and quotas, and that this should be done purely in biological terms.

Eibhlin O’Sullivan posed a question about deficiencies existing in the data. She wondered if this is something the industry can change, and how to achieve a change in the perception of mistrust in the industry for providing data. She also identified, as a problem, the extensive timeline that passes from when data is provided to when the outcomes are received back from the industry in forms of reports and studies.



The JRC representative, John Anderson, clarified that it takes roughly a year for the Member States to collect data from industry. The data in the present report refers up until 2008. Each year the JRC goes through a detailed process of checking and addressing quality issues, in conjunction with the Member States.

Certain types of information were requested such as capacity and effort, in order to be able to build models and provide forecasts for future years. Some projections have been already put in place for 2010 and 2011.

Jacques Pichon asked the JRC representative to elaborate on the influence of fuel prices in the economic performance of fishing industries in Europe. Daniel Lefèvre agreed with Mr. Pichon on the importance of fuel prices and mentioned the structural problems that are related to profits in fishing activities. In his opinion, there is a discriminatory situation in fleet costs both within EU Member States and third countries. These differences contribute to significant differences in market prices for fish, which are specifically related to the profitability of the producers and are affected by fuel costs, remunerations, taxes, etc.

Many members acknowledged that there was a need to look at the harmonisation of social charges and costs within the EU, for all fishing industries.

Hugo González made a couple of further reflections:

Firstly, he asked Brendan Price which measures he would propose to overcome loss of employment. Mr. Price did not propose any specific measures but instead asked the attendees to look at their local experiences dealing with this issue and pass this information onto the RACs.

Secondly, he asked Mr. Keatinge what he thought might be the reason why some Member States had not provided data. He also stated that VMS and electronic logbook data should allow for the collection of fisheries data in real time.

Mr. Keatinge felt that the main issue was that the quality of data that the Member States can provide depends on overcoming the problems that exists in the collection of data from fishermen and associated industry. He reminded the floor that national scientific institutes provide data to the Commission, and that such data (e.g. VMS and electronic logbook data) is incorporated in the analyses conducted.

Joe Maddock proposed to carry out a survey and find out social measures that would encourage the achievement of adjustments for capacity. He suggested as one idea that fishermen's average retirement age could be reduced to 50-55 years.

Víctor Badiola asked Mr. Anderson if a continuous supply of data from the fishing industry could end up causing a sharp reduction of employment and an associated social crisis in the short and medium term. This being the case, the CFP should bear the costs of that human "discard" as a result of the association between reductions in TACs with unemployment.



Mr. Anderson reiterated that it is the role of economists and biologists to make sure that the highest quality information is provided to the policy makers and that it was the responsibility of policy makers to make decisions on specific management options.

Jacques Bigot found the presentations extremely interesting, and stated that economics was at the heart of fishing industry concerns. The problem is not only one of economic profitability but also of social concern and responsibility. Mr Bigot stated that multi-specific fleets should find solutions to economic instability and in this context, a degree of flexibility in the allocation of quotas could be a feasible step forward, similar to that presented for pelagic fleet by Ms Coers.

Mr. Rodgers clarified that there were several options to overcome the problems, including ITQ. It is within the remit of the management process to choose the most suitable options for each fishery. As quota controls could influence fish prices, it would be difficult to predict the affects on profitability as this will also be dependent on imports.

Donal Kennedy (Observer; Irish Charter Skipper's Association) asked the RAC members if the recreational angling and angling tourism sector should have a greater recognition at the EU level, as an alternative to commercial fishing, in terms of creation of employment and diversification. He shared the experiences of the organisation he represents (concerning ex-fishermen finding alternative employment supported by EC funding mechanisms for diversification).

Brendan Price commented that fishermen should be rewarded for ecologically sustainable activities, similar to those existing in the Common Agricultural Policy.

André LeBerre stressed the issue of the difference in salaries from non-EU workers and European fishermen, and its effects on unemployment of local fishing communities, in Europe.

The Moderator thanked the meeting for the discussion and closed the session.

6. Economics in action

Philip Rodgers initiated his presentation by explaining his professional background as former head of the Economic Unit of SEAFISH (UK), and former Chairman of the European Association of Fisheries Economists (EAFE). Mr. Rodgers currently works as an independent consultant from Erin shore Economics Limited. The speaker provided the meeting with a comprehensive presentation on how economics can contribute to the recovery of fish stocks, whilst ensuring the viable, economic performance of fishing operators.



Economics was defined as the science which studies the efficient allocation of scarce resources. Economics it is not the science of making a profit, but is about how to allocate available resources (fish) for the economic operators (industry).

There are a significant number of variables that influence the employment and profitability of fishing activities. For example, as in other primary activities, account needs to be taken of the influence of technological advances and their impact on employment. Other elements, which need to be considered, are the impact of variable costs (e.g. fuel), overfishing, imports and market prices. A key objective of any economic analysis would, therefore, be to improve earnings by creating stability in the market.

Regarding the EU decision-making process, Mr. Rodgers noted the following shortcomings:

- The Commission has made attempts to have economics brought into the advice through the STECF, but very often, it does not know which questions to ask, nor fully understand how economics work.
- There is no formal structure for feeding economic advice into the EU decision-making “machinery” (e.g. unsuccessful experiences in the past such as EAFE);
- RACs and other bodies should not let the biologists set the agenda when developing Impact Assessments for Long-term Management Plans. Although it is difficult not to feel pressured by the EU machinery, which relies heavily on biological assessments, a sustainable fishery could be achieved through a broader approach, based purely on economics.
- Maximum Economic Yield (MEY) could be a more useful concept than Maximum Sustainable Yield (MSY). MEY may represent a lower catch and also a lower level of effort and is safer than MSY. Indeed, this would offer a cheaper way to provide an assessment of the stocks, as this might be calculated with a small amount of high quality economic data, such as the value of catches and the volume of landings.

Mr. Rodgers said he was not too concerned about the issue of lack of data. This will come eventually when its value becomes apparent to the industry. He stressed that the bigger problem was that experienced when the available data was not reliable or deliberately wrong. In such cases, correction factors needed to be applied to provide estimates of landings, which introduced a degree of uncertainty.

The speaker also stressed, that from an economic perspective, a confrontational approach between marine activities was not always the best course of action. For example, the value of the resource should be assessed on the basis of determining the value of not taking the fish and the potential benefits to tourism.



Mr Rodgers stated that the concept of fishing effort was used by biologists as an index for measuring fishing pressure. It can, however, be theoretically explained, in an economic sense, as a production function for fishing, which includes capital, labour and fish stocks.

A comprehensive explanation was presented by Mr Rodgers on how to assess and work with income and expenditure data, to determine the economic relationship between different sectors of the economy and how to use this methodology to create an economic understanding of the fishing industry by metier, fishery, Member State, etc. using publicly available data (e.g. a list of such socio-economic data is published by EAFE).

7. Open Discussion

Mr. González asked if there were any studies available on economic impact of imports on different EU countries?

Mr. Rodgers said that he was not aware of recent studies on imports. Although he recalled a paper from SEAFISH, 15 years ago, about haddock and cod, some figures are also available in a recent report presented by EAFE to the European Parliament. It was also noted that there is no consistent approach in the reporting of this issue.

Mr. Pichon and Mr. González reiterated that differences in profitability margins and production costs are important issues. Both members were concerned that there was no harmonization of fishermen's salaries within Europe or in fuel costs. They also informed the meeting, that EC competition rules do not allow direct subsidies on fuel.

Mr. Fahey said that it was very difficult to harmonise social policy in Europe, and that this was outside the scope of fisheries policy in any case. He also was sceptical about the possibility that there was political will to have a true single market or, indeed, a single government.

The moderator, Mr. Keatinge, proposed to focus the final minutes of the debate on the following questions:

- Is there a role for this RAC in a socio-economics dimension?
- What contribution can the RAC make to building trust with the industry and encouraging the collection of economic data, under the Data Collection Framework, in order to address data deficiencies?
- How can the RAC communicate the importance of economic considerations in fisheries economics, to stakeholders and the EU?

Many members of the NWWWRAC (from the fishing industry and other interest groups) stated that good progress had been made by the RACs in building trust between stakeholders, scientists and policy makers. Other initiatives (e.g. fisheries-science partnerships, self-sampling and selectivity trials) had also contributed to this progress.

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It was regretted that a DG MARE representative was not present at this meeting.

Finally, when asked if JRC would be willing to provide further economic input or advice at NWWWRAC meetings, Mr Anderson indicated he would be happy to do so in principle, subject to existing commitments and workload.

The moderator thanked the speakers and closed the meeting at 16.00



Annex I. List of Participants

NWWWRAC Workshop on Economics - Dublin Castle, 28 October 2010			
Name	Surname/s	Organisation	Status
Víctor	Badiola	OPPAO, Spain	Member
Jacques	Bigot	ETF / CFTC, France	Member
Emiel	Brouckaert	Rederscentrale, Belgium	Member
Richard	Brouzes	Copeport Maree OPBN, France	Member
Aukje	Coers	Executive Secretary, Pelagic RAC The Netherlands	Speaker (by web conference)
Luc	Corbisier	SDVO, Belgium	
John	Crudden	European Anglers Alliance, EU	Member
Bruno	Dachicourt	France Pêche Durable et Responsable, France	Member
John	Daly	Irish Seal Sanctuary, Ireland	Observer
Karin	Dubsky	Coastwatch, Ireland	Observer
Edward	Fahy	The Irish Skipper, Ireland	Observer
Clara	Fernández	Community Fisheries Control Agency, EU	Observer
Hugo	González	ANASOL-ARVI, Spain	Chairman, WG2
Béatrice	Harmel	CRPBN, France	Observer
Emmet	Jackson	BIM, Ireland	Observer



NWWRAC Workshop on Socio Economics - Dublin Castle, 28 October 2010			
Name	Surname/s	Organisation	Status
Michael	Keatinge	BIM, Ireland and NWWRAC	Moderator
Donal	Kennedy	Irish Charter Skipper's Association	Observer
Sam	Lambourn	NWWRAC	Chairman, NWWRAC
André	LeBerre	NWWRAC	President, NWWRAC
Daniel	Lefèvre	CRPBN, France	Chairman, WG3
Jesús	Lourido Garcia	Puerto de Celeiro S.A., Spain	Member
Joe	Maddock	Irish Fishermen's Organisation	Member
Kevin	McDonnell	West of Scotland FPO, UK	Member
Joanna	McGrath	NWWRAC Secretariat	NWWRAC Secretariat
Eduardo	Míguez	EAFPA, EU	Member
Conor	Nolan	NWWRAC Secretariat	NWWRAC Secretariat
Catherine	Pederson	Irish Environmental Network, Ireland	Observer
Jacques	Pichon	ANOP, France	Member
Jim	Portus	South West Fish Producer's Organisation, UK	Member
Eibhlin	O'Sullivan	Irish South and West Fish Producer's Organisation, Ireland	Member
Brendan	Price	Irish Seal Sanctuary, Ireland	Member

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NWWRAC Workshop on Socio Economics - Dublin Castle, 28 October 2010			
Name	Surname/s	Organisation	Membership Status
John	Quigley	Irish Bass, Ireland	Observer
Philip	Rodgers	Erinshore Economics Limited, UK	Speaker
Alexandre	Rodriguez	NWWRAC Secretariat	NWWRAC Secretariat
Paul	Trebilcock	Cornish Fish Producers Organisation	Member
John	Woodlock	Irish Seal Sanctuary, Ireland	Member



Annex II. An NGO Perspective – Speech from Brendan Price

The Irish Seal Sanctuary wishes to thank the President, the NWWRAC Secretariat and BIM for making possible this event. The day was most empowering, revealing and even shocking to recognise the Data Deficit for Socio-Economic Information and in particular information relating to Social and Sociological Impacts and Outcomes.

It is evident now, as priority, the need to address these information deficits and identify new opportunities arising. Member States should be able to submit more social data to be incorporated into the policy recommendations and advice.

Demographic data of people involved in Fisheries, presently and recently, is vital for a reform of the CFP. Data differences in levels of employment in fisheries sector might differ by factors of 3-5, depending on sources analyzed (Eurostat, DG MARE, Member States...), making it difficult to achieve the objectives of diverse EU policies: Marine Spatial Planning; Regional Development; Cohesion; Combating Poverty and Exclusion; etc.

On foot of this recognition (i.e. DCF/JRC reports and Data Deficits), RACs can and should provide evidence-based advice to the European Commission on the social consequences and future opportunities of the policy. Indeed the feed-back mechanism, if timely, can and should shape the policy. This has yet to be done.

A well constructed CFP has as much to contribute to Social Cohesion at Peripheries and Combating Poverty, as it has to Sustainable Fisheries.

The Message to the Commission and policy managers from the RACs may be “people need to be at the heart of Fisheries”. The "Human Discard" problem must be addressed to avoid suffering and create the opportunities for Cohesion and Sustainable Fisheries and Coastal Communities.

European Fisheries Fund (EFF) and Member States (MS) use of it, especially Axis 4, may lead the way but it must be supported by cross-cutting measures from other DGs to mitigate the effects of job losses. If EFF in "immediate" term leads to Social Audits, Coastal Action Groups, Actions and Projects, that will be a worthwhile outcome.

The Irish Seal Sanctuary was most heartened to have helped bring this about, and is most grateful for having the opportunity to address this issue at the NWWRAC and at a wider audience.

Fishers and Fishermen and their dependents have right to comment and much to contribute on all three pillars of Sustainability: environmental, economical and, last but not least, social. Who more has direct evidence of CFP failures and can address the deficits? RACs have not just a right but a duty to deal with the social aspects of the CFP and bring the stakeholders views to Commission attention.