

Joint workshop EEA-EC DG Fisheries-DG Environment

"Tools for measuring (integrated) Fisheries Policy aiming at sustainable ecosystem"

October 28-29, 2002, Brussels (Belgium)

Presentation



Economic Indicators for Measuring Sustainability in Fisheries Policy



ECONOMIC INDICATORS FOR MEASURING SUSTAINABILITY IN FISHERIES POLICY

Institution

The European Association of Fisheries Economists was founded in 1989. It has around 100 members including professional economists working in fisheries and academics.

Its rules set out its objectives as:

- To promote co-operation in economic research in fisheries and aquaculture
- To assist in the dissemination of information about fisheries economics among members
- To undertake any activity deemed appropriate to further the understanding of fisheries economics
- To serve as a channel of communication with other interested bodies

The EAFE Advisory Committee (EAFE-AC) was established last year. Its function is to provide advice on fishery economics and management matters to anyone interested and to offer advice on its own behalf. It has so far produced *inter alia*:

- *Turning the tide in EU fisheries policy: The future of the common fisheries policy, A response by the European Association of Fisheries Economists to the European Commission's Green Paper*
- *The Potential Economic Impact on Selected Fishing Fleet Segments of TACs Proposed by ACFM for 2002 (EIAA-model calculations)*

Need for Indicators

The need for indicators arises from the necessity of being able to judge the condition of fisheries and the impact of attempting to enable stocks to recover as part of the political decision-making process

Legislative and Institutional Framework or Arrangements

The EU has required for a long time that member states collect certain basic material such as landings by quantity and value, and fleet capacity. Member states collect additional data according to their own needs. The amount of information collected has been limited and often of questionable reliability. It has been inconsistent both in scope and definition sometimes even within a member state.

The Council of Europe meeting in Salerno in May 1977 agreed to create a requirement on member states to provide a consistent basic set of economic data on the fishing industry and also on the processing sector, which is largely on-shore.

Council Regulation 1543/2000 established a framework for EU member states for the collection and management of data for the catching and fish processing sectors. It sets out the general principles and procedures for the content of national minimum and extended programmes needed to conduct the Common Fisheries Policy (CFP). The data covered has been sub-divided into that relating to fishing capacity and effort, biological data, and economic data. At the same time it offered incentives by part-funding data collection.

In the meantime, however, the absence of economic advice, for example, on the impact of changes in TACS, has become pressing. Economists in Europe have established unofficial means of presenting what information they can.

Three notable activities have occurred:

- The EU-funded Concerted Action which has established consistent definitions and produced detailed reports on the financial position of some 39 fleets across Europe
- The Concerted Action has also developed a model for estimating the impact of ACFM Advice (EIAA) on proposed changes in TACS on those fleets
- The European Association of Fisheries Economists has created an Advisory Committee to assess the output of the Concerted Action EIAA

Linkages with other Assessment Needs & Political Agendas

Ultimately the economic commentaries based on the data collected could be used by management advisory committees such as the STECF in Northern waters and in the Baltic and Mediterranean.

Presence of Socio-Economic Components

Regulation 1543/2000 requires a modicum of socio-economic data to be collected, notably employment and income data.

Utilised Data Sources

To date the data source used are those developed by the member states own fisheries ministries and departments or public sector research institutions. They cover data on landings by value and quantity per species and on costs and earnings by fleet. The coverage is not complete.

Form of Presentation

There are currently three annual reports on economic aspects of European Union fisheries.

- The Annual Economic Report (AER) of the EU-funded Concerted Action
- The Report on the Economic Interpretation of ACFM Advice (EIAA)
- The Potential Economic Impact on Selected Fishing Fleet Segments of TACs Proposed by ACFM for 2002 (EIAA-model calculations)

The Annual Economic Report 2001 “Economic performance of selected European fishing fleets” was prepared by a group of research institutes which had earlier co-operated under the ‘Concerted Action: Promotion of Common Methods for Economic Assessment of EU Fisheries’ (FAIR PL97-3541). Preparation of the report in 2001 was made possible by financial support from the Danish Research Institute for Food Economics (FOI). The report presents information on 39 fishing fleets segments, covering most but not all EU Member States with a fishery. Much of the data presented was collected under the EU funded project ‘Data on the economic performance of the fisheries sector’ (Contract no. 00/32).

The report is required under the Article 16 of the EC Reg. 3670/92 which calls upon the Commission to report on the “economic condition of the stocks” but no provision was made for funding the production of such a Report. The Concerted Action has produced annual reports since 1998.

The Concerted Action produces its output by forming itself into a working group over a period of about 10 days in November, besides its other regular meetings. The EAFE-AC corresponds by e-mail.

The AER is the foundation of the EIAA Report which in turn has formed the basis of the EAFE-AC Report. The 2002 EIAA Report also from the Concerted Action was similarly funded by FOI following the end of the 2nd Concerted Action

The Potential Economic Impact on Selected Fishing Fleet Segments of TACs Proposed by ACFM for 2002 (EIAA-model calculations) by the European Association of Fisheries Economists Advisory Committee (EAFE-AC) was first produced in 2002 as a trial based on the AER and EIAA Reports of 2001. The EAFE-AC report was funded either by the committee members’ own institutions or prepared in their own time.

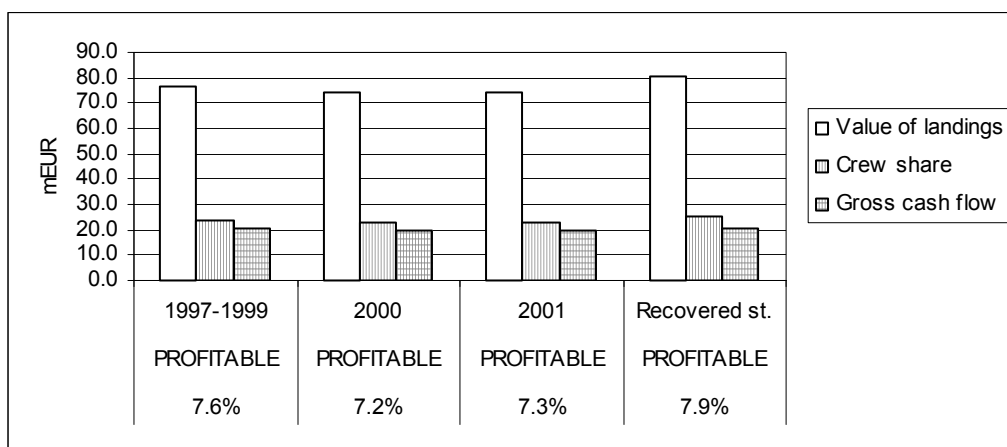
Indicators Developed & End-Users

AER

The AER shows country-by-country reviews of the fleets with a commentary and outlook and detailed tables of financial and economic statistics, see for example EIAA 2002¹.

EIAA Report

The EIAA Report has perhaps the most interesting results from the point of view of sustainability in that experimentally it attempts to estimate the position of each fleet segment under the condition of recovered stocks as set out by the ACFM. For example, the position of the Belgian beam trawl fleet segment was estimated as

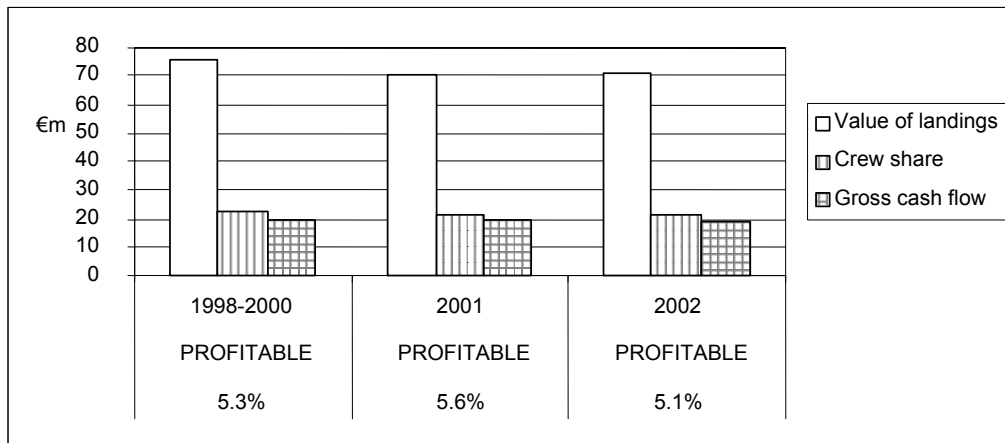


EAFE-AC Report

The EAFE-AC Report is a derivative of the AER and EIAA Report. It includes a brief commentary and then a diagram reflecting the forecasts for three principal indicators for the current year with existing TACs and the next year with proposed TACs.

“The TACs proposed for 2002 will render the Belgian Beam Trawler fleet profitable at 5.1% of the value of landings, and only slightly less so than in the two previous years. The value of landings is expected to remain virtually unchanged at €71million. The same is expected of crew share at €21 million and gross cash flow at €19 million. Thus gross value added will amount to €41million, virtually what it was estimated to be in 2001.

¹ Concerted Action: Promotion of Common Methods for Economic Assessment of EU Fisheries (2001) *Economic Interpretation of ACFM Advice, Specimen Report No. 3*, LEI, Den Haag, 2001.



Break-Even Analysis

Economic profitability of a fishery is an indicator of the condition of the fishery. Break-even analysis shows the presence of excess capacity where it exists and highlights whether a fishery is being well-managed².

Utilisation and Acceptance of Indicators

As yet AER, EIAA, and the EAFE-AC Report have been shown mainly to Commission interests. The STECF has shown some interest which is to be developed this year.

The Future

The immediate future lies in providing advice to those interested using the EIAA model and break-even analysis.

² Lindebo E, H. Frost and J. Løkkegaard (2002) *Common Fisheries Policy reform: A new fleet capacity policy*, Rapport nr. 141, Fødevareøkonomisk Institut, København.