Healthy fisheries are good for business

How better management of European fisheries will create jobs and improve the economy

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The fishing industry provides employment for 56.6 million people worldwide and represents 17% of all animal protein consumed[1]. The European Union (EU) is the third largest fish producer in the world, but the mismanagement of fisheries by European politicians has allowed decades of overfishing to happen, which has led to a serious decline in such a valuable and public resource.

The benefits of better fisheries management:

A study commissioned by Oceana shows the vast potential that could be unleashed if EU fisheries were recovered and well managed.

- The value of fish landings could increase by 2.4 billion euros per year (+56%)
- The net profits in the fishing and processing sectors could increase by 965 million EUR per year
- EU Gross Domestic Product (GDP) could increase by 4.9 billion euros per year
- 92,000 jobs could be created in the fishing sector and associated industries (food, retail, consumer goods and services).

The study demonstrates what should be obvious to us all: by killing fisheries resources, EU governments are killing the fishing industry. This is why Oceana has been actively campaigning to stop overfishing, as sustainable fishing would not only benefit the environment, but also the economy and society as a whole.

EU GDP could increase by

4.9

billion euros / year

92,000

Number of potential increase in jobs

How we lost the business: The short-term mindset of EU fisheries ministers

Political decisions are at the heart of the mismanagement of European fisheries. For decades, EU countries have been dishing out fishing quotas without taking into account what is available in the oceans. Taking full advantage of national catches has traditionally been the goal of individual ministers, who proudly boast when they obtain higher fishing opportunities for their country's fleets than any others. The dark side of this story is that, year after year, scientists funded by the same EU countries have calculated how much fish can be safely removed from the oceans without putting at risk the sizes of the fish stocks. Unfortunately, ministers have consistently ignored most of these scientific recommendations.

Dwindling fish stocks is a consequence of overfishing.

The negative impact -less fish in the sea- due to short term political decisions will persist, often beyond the political terms that responsible ministers stay in office. The problem of declining natural resources is handed over to the decision-makers that come next.

Currently, 42% of North East Atlantic fish stocks and more than 90% of Mediterranean stocks are overfished[2].

This widespread overexploitation of fish stocks is not only threatening the balance of EU marine ecosystems, but has led to the loss of jobs and income in the fishing sector and negatively impacted the related industries[3].

A global impact

Only a third of the fish and seafood we eat in the EU is caught in our waters. The rest is either fished by the EU fleet in third countries or in the high seas, or it is imported. This is the reason why the hake you eat may come from Argentina or Namibia rather than from the Mediterranean. Restoring European fisheries means the EU will be less dependent on third country fish stocks.

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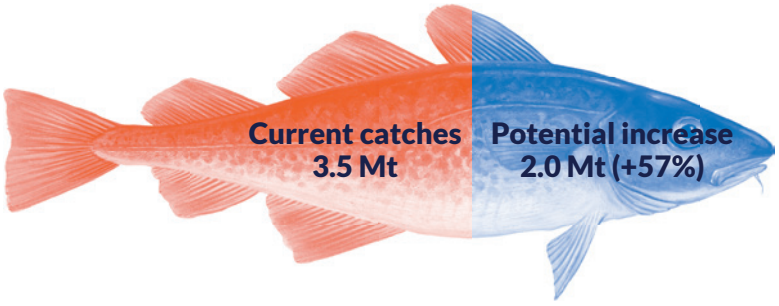
More fish = more food

Currently, due to overexploitation, fish catches are taken from stocks smaller than their potential size. If recovered and well managed, the productivity of EU fish stocks could improve significantly. The good news is that, according to experts, we still have time to rebuild fish resources, whilst simultaneously increase the available seafood and the economic revenues.

In 2016, Oceana commissioned the most comprehensive scientific study[4] on the potential productivity of European fish stocks, if recovered and well managed, to the GEOMAR Helmholtz Centre for Ocean Research (Kiel, Germany). The study documented that EU waters could in fact produce 2.0 million more tonnes of fish; a 58% increase.



*359 fish stocks included in the analysis.

Why do politicians support overfishing?

Despite the obligation to end overfishing by 2015 (in exceptional cases by 2020[5]) and having all the necessary tools to reverse the overfishing situation (e.g. regulatory framework, governance system, scientific knowledge) the EU is still failing to exploit fish stocks sustainably.

Decision makers argue that overfishing must continue for socio-economic reasons, although the reality is that they are unwilling to assume the short-term costs regardless of the long-term benefits. In most cases rebuilding ailing fisheries will create short term challenges simply because there is a need to reduce levels of catches to allow the stocks to recover, but scientists estimate that the transition could be done in less than one decade[4].

More fish = More jobs

Moving towards healthy fish stocks and exploiting them at their maximum sustainable yield[6] (MSY) under the current quota allocations between fleets, would result in a net increase of 92,200 full-time equivalent (FTE) jobs, distributed as follows:

- +23,500 direct jobs in the fishing sector,
- +10,300 direct jobs in the processing sector, and
- +58,200 indirect jobs in the wider economy (related to sectors such as food, retail and services).

The largest increase in overall jobs is found in Spain (+7,300 FTEs), followed by Denmark (+5,200 FTEs), the UK (+5,100 FTEs), France (+4,800 FTEs) and Poland (+3,900 FTES)[7].

These figures could theoretically even increase if most of the extra catch expected under the recovery scenario would be attributed to the EU small scale fleet[8].

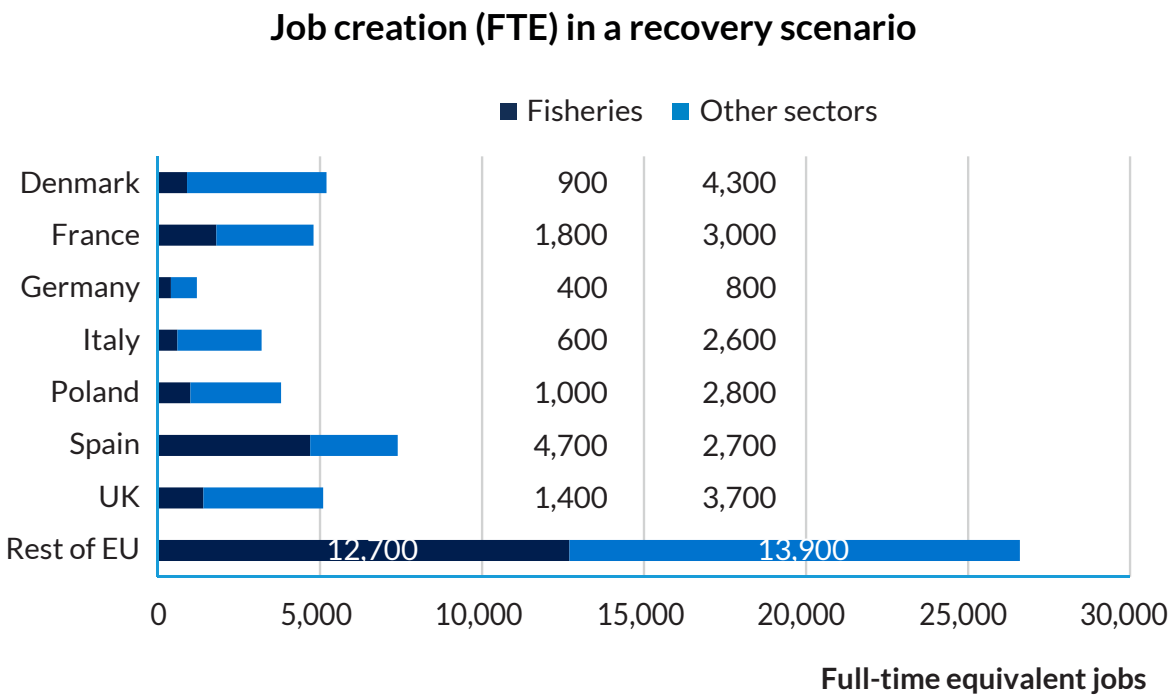
Remarkably the largest employment increase due to higher catches would be in the wider economy where more than 60% of new jobs could be created. This ratio confirms the employment multiplier estimates in fisheries, where 1 fishing job generates on average about *3* jobs in the related supply chain.

Sustainable fishing would also increase labour and tax indicators for the fishing and processing sectors, such as wages and salaries (+17%) and incomes taxes (+111%). These benefits would further stimulate the demand and consumption, while generating additional tax collection for public authorities.

One fishing job generates 3 jobs in the related supply chain

Net profit of fishing and processing sectors will increase 63% representing

€ 965 m


Job creation (FTE) in a recovery scenario
Fisheries
Other sectors
Denmark
France
Germany
Italy
Poland
Spain
UK
Rest of EU
900
4,300
1,800
3,000
400
800
600
2,600
1,000
2,800
4,700
2,700
1,400
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5,000
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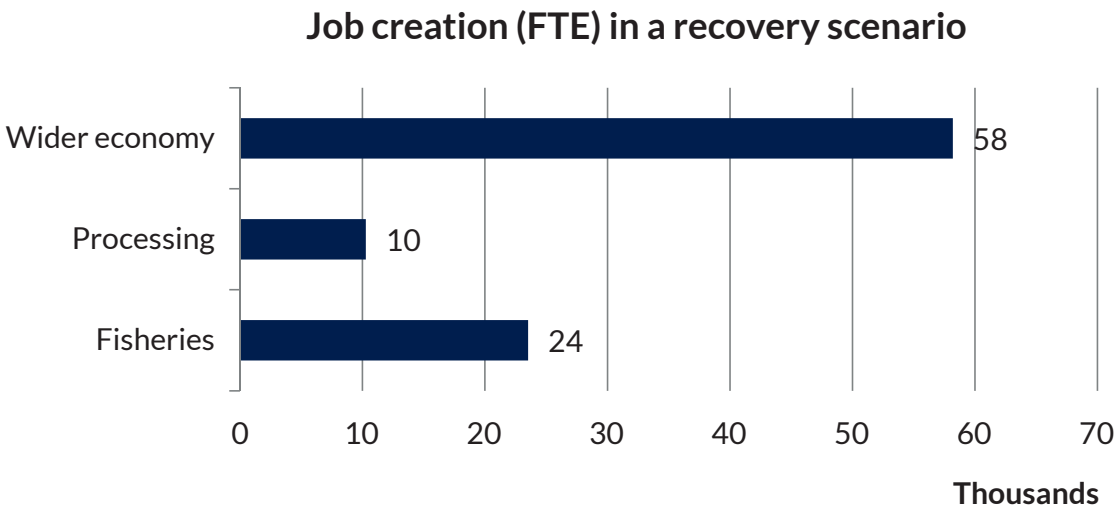
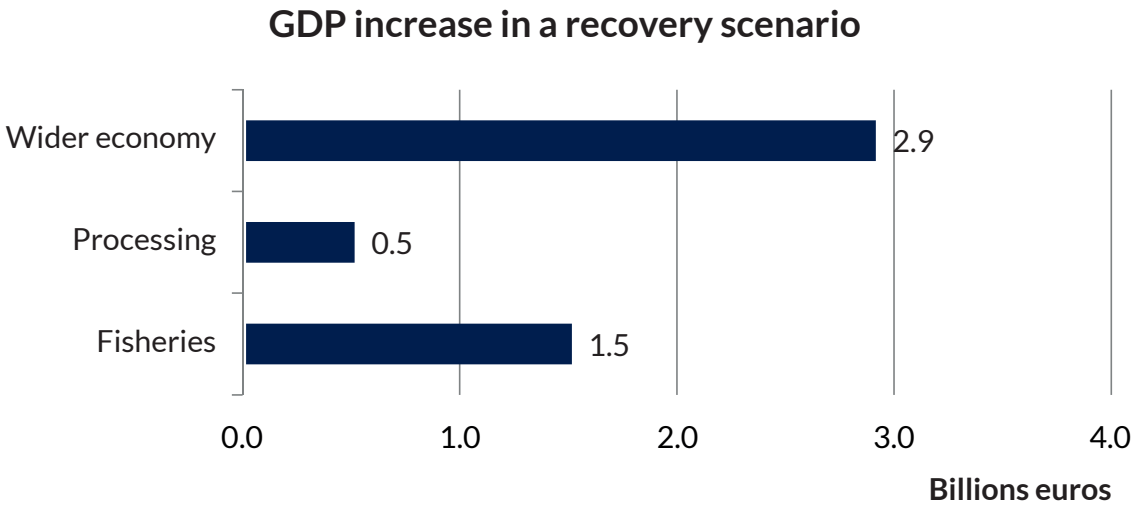
30,000
Full-time equivalent jobs

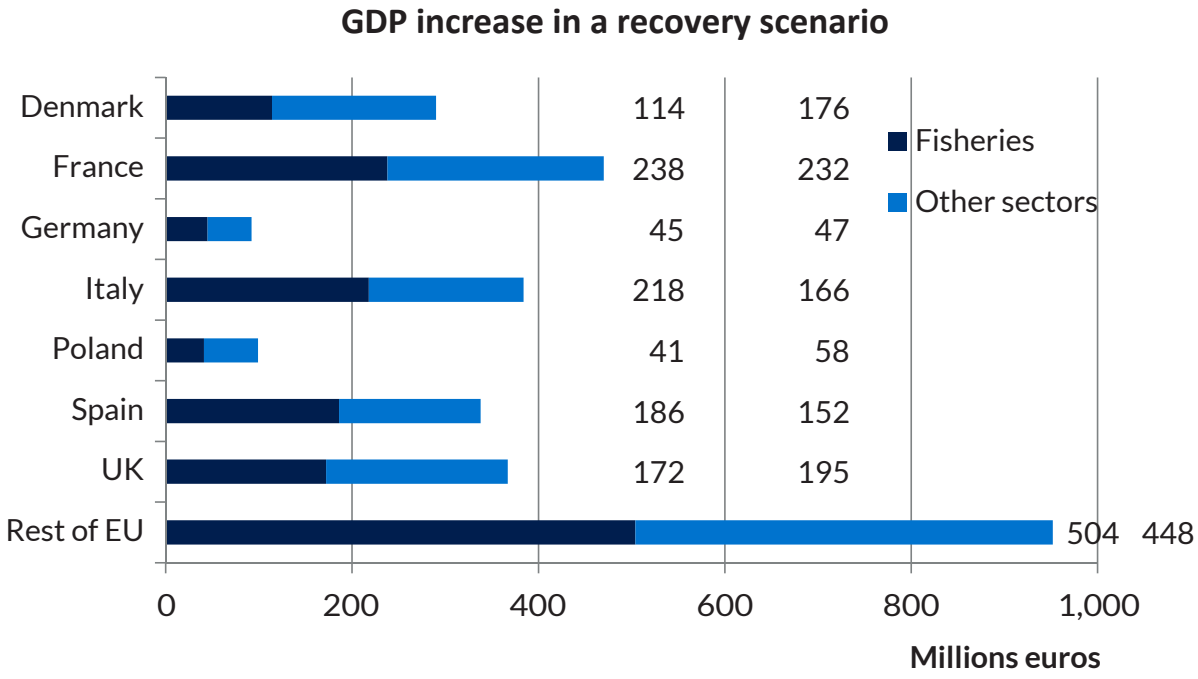

Job creation (FTE) in a recovery scenario
Wider economy
Processing
Fisheries
58
10
24
0
10
20
30
40
50
60
70
Thousands

More fish = More money

When EU fish stocks are rebuilt and will deliver their maximum sustainable yield, the EU GDP will increase by 4.9 billion euros. This economic stimulation comes from an increase of all indicators, both in the fishing and processing sectors, from revenues (+15%), to earnings before interest and taxes (EBIT) (+69%), and net profits (+63%).

The profitability of EU fleet operating in EU waters could increase strongly if EU stocks were allowed to recover to MSY. Assuming no change in the quota allocations between fleet segments, the EU fishing industry would make an additional net profit of +817 million euros.





As with employment opportunities the model allows us to evaluate the economic consequences of favouring the catch allocation between fleets (small scale, or large scale[8]). So if net profit is favoured, most of the extra catches due to stocks recovery should theoretically be allocated to the large scale fleet.

Rebuilding EU fisheries makes good business sense

Overfishing in the European Union not only poses an economic threat to fishermen, but it spreads throughout the supply chain, to other economic activities as well.

The mismanagement of EU fisheries results in an underperforming industry, not living up to its full revenue potential, with increasingly inflated costs often compensated by harmful public subsidies. With 2.1 million tons catch increase per year, EU fisheries could be economically thriving, with net gains large enough to increase our economies. The sooner fish stocks are recovered to MSY, the sooner we can reap the benefits.

It is baffling that **EU policy makers ignore a potential growth driver that could see a 4.9 billion euros GDP increase and 92,000 new jobs across the continent**.

The results of the research provide strong economic arguments for rebuilding EU fish stocks to MSY levels. For the first time, the socio-economic benefits resulting from reforming EU fisheries management are calculated in the wider economy. For each new fisheries-related job, at least 3 other jobs are created throughout the supply chain. **Sustainable fisheries, therefore, have a powerful and positive impact on socio-economic development.**

The study also identifies opportunities to generate additional societal value through the reallocation of fishing opportunities across the EU fleets, both small and large scale, and by doing so maximising certain economic outputs - whether employment or profitability.

Improving the performance of the EU fishing activity will be challenging, but would offer long-run gains beneficial to producers, consumers and to society as a whole. The transition process, its strategies and pace, still need to be politically defined, a critical point that will inevitably be followed by costs and resistance from certain stakeholders, but that will ultimately pay off.

Profitable fisheries, savings taxpayer subsidies

Current public subsidies to the fishing industry (direct income and fuel subsidies) amount to around 935 million euros annually. Under the recovery scenario (where fisheriesreach their Maximum Sustainable Yield - MSY), the profitability of the fishing industry will strongly increase (+63%). Subsidies may not be needed anymore. At minimum 700 M Euros of taxpayers money could be saved and re-invested for the management of public goods.

Methodology

The basis of this study is the Froese, R. *et al* (2016) report[4], which calculates the potential annual productivity of the European fish stocks in a recovery and well-managed scenario.

The economic estimates for current and potential scenarios are calculated from current catches data and the additional potential catches of stocks harvested by the EU fleet operating in EU waters (External fleet is excluded). While the model captures critical mechanisms and characteristics to the extent possible, calculated figures of the estimated socio-economic indicators should be regarded as approximate but also realistic.

The source of information for catch data were ICES, FAO and ICCAT, data for value of catches from EUMOFA, and data for employment, revenues and costs from STECF.

For the modelling of the economics of the fisheries and associated sectors, the assumptions of ceteris paribus (i.e., all other things being equal) was provided for the price of fish products (regardless the variation in landed volume), the fishing gear efficiency, the capital costs, the financing structure per vessel, and for the environmental conditions to reflect actual changes resulting directly from fisheries management decision.

Prices are considered to be stable, considering that industry is quite effective at actively influencing the demand. Weighted average price per species is used (source: European Price Report – 2015).

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References

1 The State of World Fisheries and Aquaculture. 2016. SOFIA report. FAO 200 pp.

2 STECF (Scientific, Technical and Economic Committee for Fisheries) 17-04 and STECF-17-06. JRC Scientific and Policy reports. Publications office of the European Union. And: Communication from the Commission, COM (2015) 239 final. Consultation on the fishing opportunities for 2016 under the Common Fisheries Policy.

3 Sustainability now or later? Estimating the benefits of pathways to maximum sustainable yield for EU Northeast Atlantic fisheries. 2016. Marine Policy 72: 40-47.

4 Froese, R. et al (2016) Exploitation and status of European stocks. Updated version. World Wide Web electronic publication. http://eu.oceana.org/en/publications/reports/exploitation-and-status-european-stocks-froese-report

5 Regulation (EU) No 1380/2013 on the Common Fisheries Policy.

6 The largest long-term average catch that can be continuously taken from a stock under prevailing ecological and environmental condition without affecting significantly the reproduction process.

7 While the economic model can breakdown employment gain per EU member states for the fishing sector, data limitations at species levels prevent these country specific calculations for the processing and the wider economy. Variations of employment can be seen among the member states due to the differences in catches increases and industry structure.

8 Small scale fleet includes all vessels under 12 meters using static gears according to EU data collection framework (DCF) gear definition, while large scale fleet includes all vessels over 12 meters using static gears and all vessels using towed gears according to DCF gear definition.

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