ECONOMIC ASSESSMENT OF EUROPEAN FISHERIES

ECONOMIC PERFORMANCE AND FUEL PRICE INCREASE

Conference on Energy Efficiency in Fisheries
Brussels, 11-12 May 2006

CONCLUSIONS

ECONOMIC ASSESSMENT OF EUROPEAN FISHERIES

Main problems:

1. Tragedy of the commons
   - Short term survival of the firm is not compatible with long term maintenance of stocks.
2. Market failure
   - Scarcity of EU stocks is not reflected in higher prices due to world trade and substitution.
3. Low productivity
   - Income to fishermen becomes unattractive and revenue to owners does not allow modernization.
4. Zero profit fishing

Fuel crisis only highlights structural weakness.

EU FISHERIES – INDICATORS

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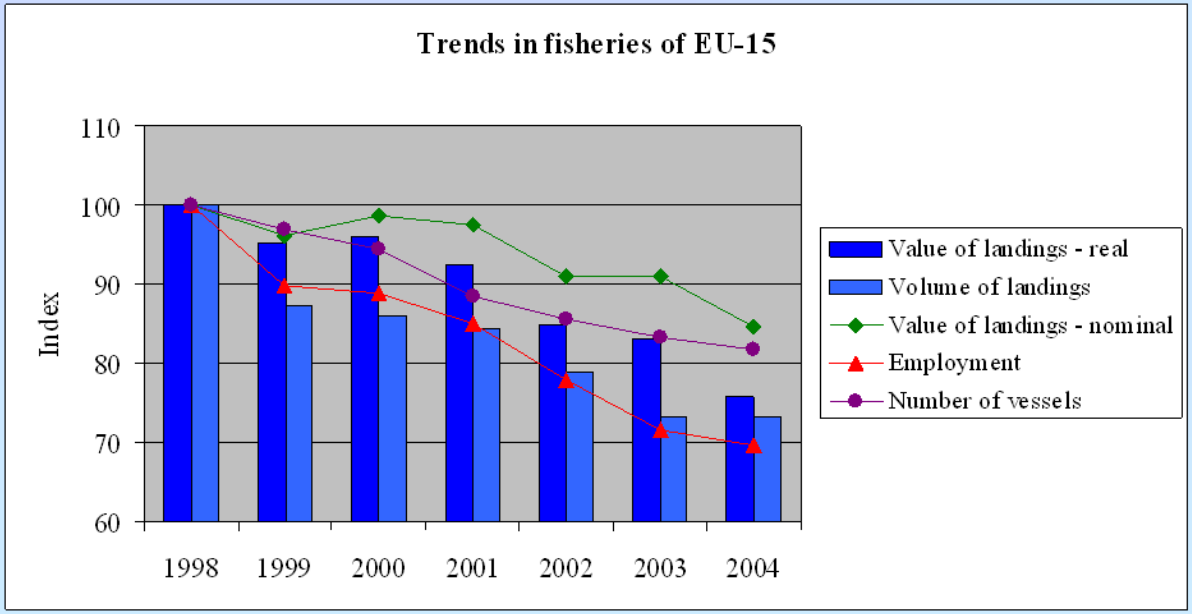
Employment (EU-25)	**180-190,000 men**
Value of landings	**7 bln Euro**
Fleet	**90,000 vessels / 7.9 mln kW**



PRODUCTIVITY

Annual average 2002-2004

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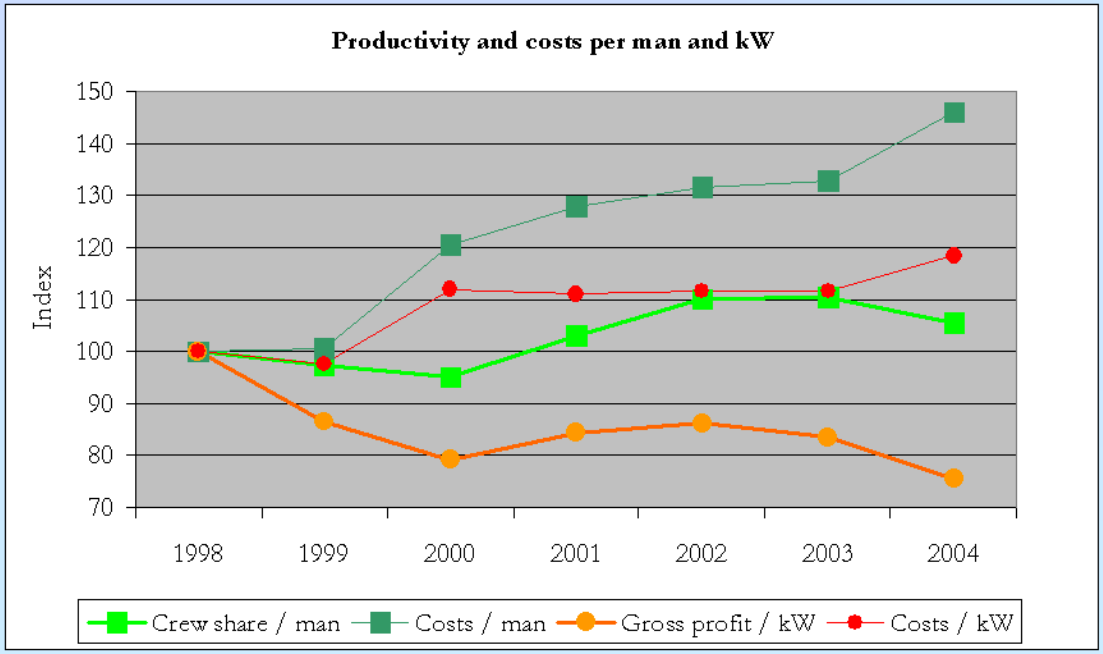
Share / man	12,500 Euro
Gross profit / kW	200 Euro
Gross value added / man	21,800 Euro



PRODUCTIVITY - BENCHMARK

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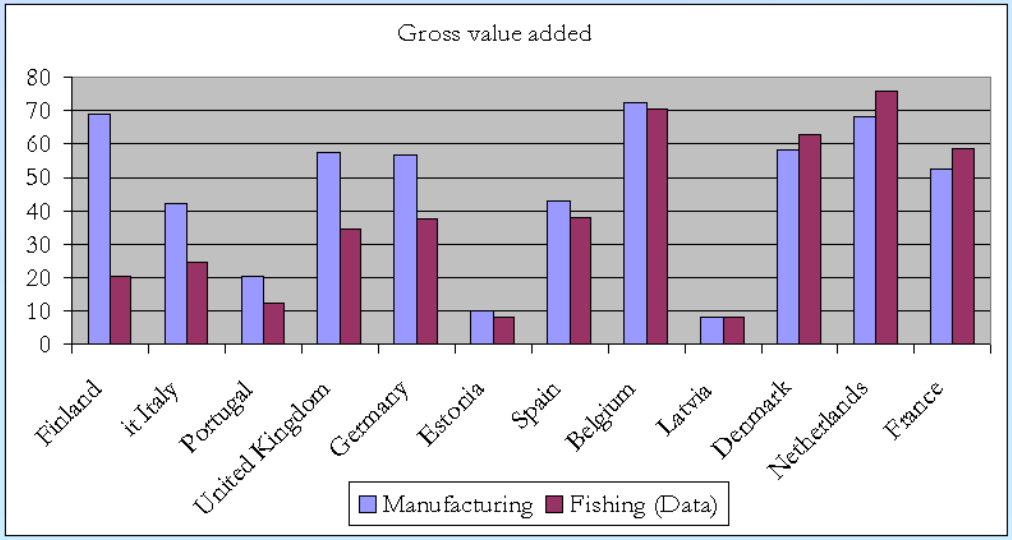
	Data	Other	EU
Employment	81,000	106,000	187,000
Share / man (Euro)	18,300	8,100	12,500
Gross profit / kW (Euro)	260	140	200



ROLE OF FUEL COSTS

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Fuel costs	1.1 bln Euro (3,800 mln litres)
Crew share	2.5 bln Euro
Gross profit	1.5 bln Euro

Fuel price rise by 50% reduces share and profit by 12.5%.

Nominal productivity increase by 1.5-2% p.y. in 1998-2004 would have been needed to cover the extra fuel costs.

ECONOMIST'S ADVICE

ECONOMIC ASSESSMENT OF EUROPEAN FISHERIES

Investments increase productivity

- Inputs - fish stocks
- Production processes
  - Software - Sectorial dialogue to address the 'Tragedy'
  - Hardware - New technologies
- Sales
  - Eco-tax on fish to fund necessary research
  - Would 'futures market' bring more stability?

Improve operational conditions

- Access fees to stimulate efficiency
- EU-wide tradability in fishing rights
- Increase flexibility by attracting new players