

Option 2: 20% Decommissioning of the UK Fleet



The Invest in Fish Bio-Economic Model

The IIF Bio-Economic model is designed to simulate the interactions between fish stocks, the size and effort of the fishing fleet and regional output and employment within the South West. The aim of the model is to provide a means of comparing the effects of different policy options for the management of the region's fisheries relative to the baseline of what is expected to happen if no action is taken.

It is important to recognise that the model is an 'OPTION COMPARISON' model NOT a forecasting model. The aim of the model is to compare what happens if a 'management' decision is taken to implement a particular policy and all other factors are assumed to stay the same. Thus the impacts of policies are examined 'relative to this FIXED baseline' where all variables are held constant over time.

IIF Bio-Economic Model of South West Fisheries

Option 2: 20% Decommissioning of the UK Fleet

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One obvious way in which to reduce the impact of commercial fishing upon fish stocks is by reducing the number of fishing vessels in the South West fleet. It is estimated that there are currently just under 1,200 'active' vessels across the South West region. These vessels are of different types ranging from large beam trawlers to small independently owned boats of less than 10 metres in length. Option 2 proposes a 'one-off' 20% reduction in the size of the fleet, which would reduce the number of active vessels by around 240 across all metiers.

The likely effects of this option are evaluated against a number of key measures as follows:

- ❖ The level of spawning stocks (Demersal, Pelagic and Crustacea/Shellfish)
- ❖ Overall impact on the environment
- ❖ The value of revenue by port
- ❖ Boat profitability (overall and by gear activity)
- ❖ The value of recreational angling expenditure
- ❖ Regional output and employment.

The graphs show the outcomes of each alternative option. The outcomes are shown '*relative to the baseline*'. This means that rather than showing actual values year by year, the graphs show how each different option impacts upon outcomes compared to what would have happened if nothing had been done (i.e. the baseline). This means that if the values are positive, the outcome is better than the baseline and if negative worse than the baseline.

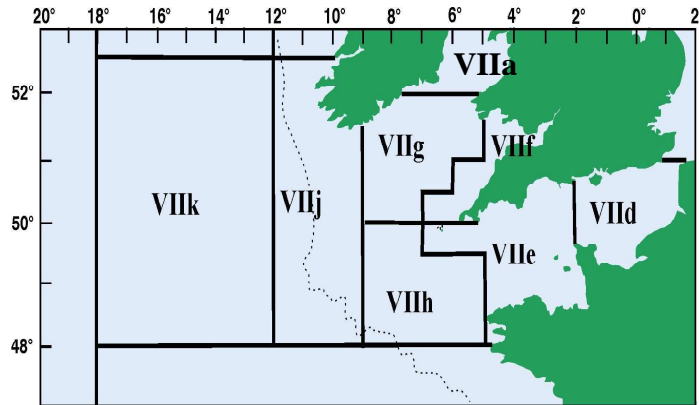
It is important to recognise that the option outcomes are based upon a number of key assumptions;

- ❖ In all cases (except where specified) options are applied 'unilaterally in the model' (thus most options are applied only to the UK fleet over which DEFRA has jurisdiction). It is therefore assumed that the effort of other EU fleets will remain at the level modelled in the baseline. The impact of the foreign fleet is modelled in terms of its effect on fish mortality/catch and this impact may be altered within the model as 'reduced effort' or days at sea (see option 3i), but technical changes cannot be applied to this fleet.
- ❖ Prices of all fish species caught and landed are 'fixed' so that changes in revenue are 'real' changes (due to catch size) rather than 'apparent' changes due to alterations in prices at sale.
- ❖ Estimates of spawning stock biomass are based on ICES data of recruitment observations over the past 20 to 30 years, which may be considered by some to be precautionary or pessimistic.
- ❖ Unless specifically stated as part of the option being considered, the size of the fleet is assumed to remain at its current level, with vessels continuing to fish even if they are unprofitable. (this assumption is modified in the 'natural attrition' modified baseline where unprofitable boats are assumed to leave the fleet.).
- ❖ Spawning stock to recruitment relationships were analysed in conjunction with CEFAS in order to determine the appropriate stock-recruitment relationships for the model.

Fish Spawning Stocks

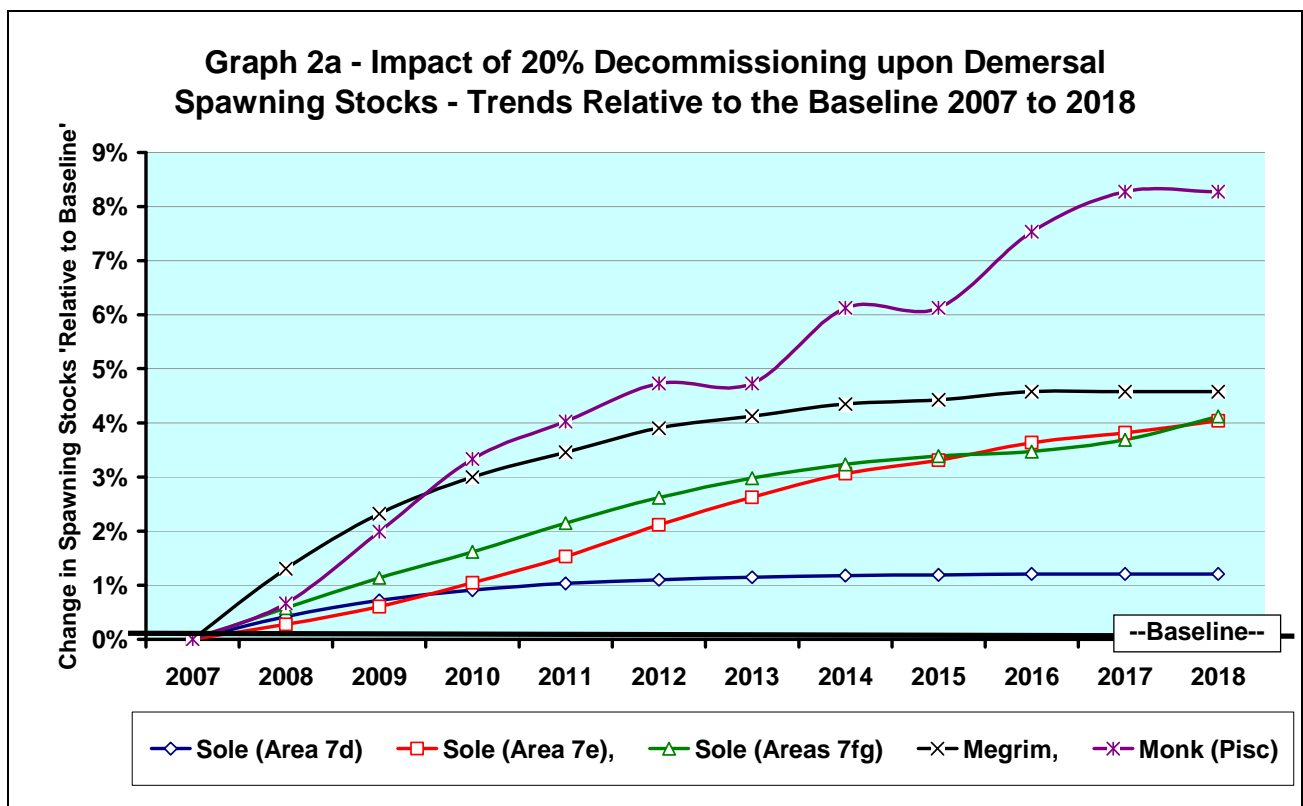
The following graphs show how level of spawning stocks are forecast to change within the IIF Bio-Economic model if the size of the fishing fleet is reduced by 20% (UK only). For a number of species the volume of spawning stocks is shown for specific fishing areas (metiers) within the South West region. These areas are referenced as 7a to 7g as shown in Figure 1 below:

Figure 1: ICES Fishing Areas modelled



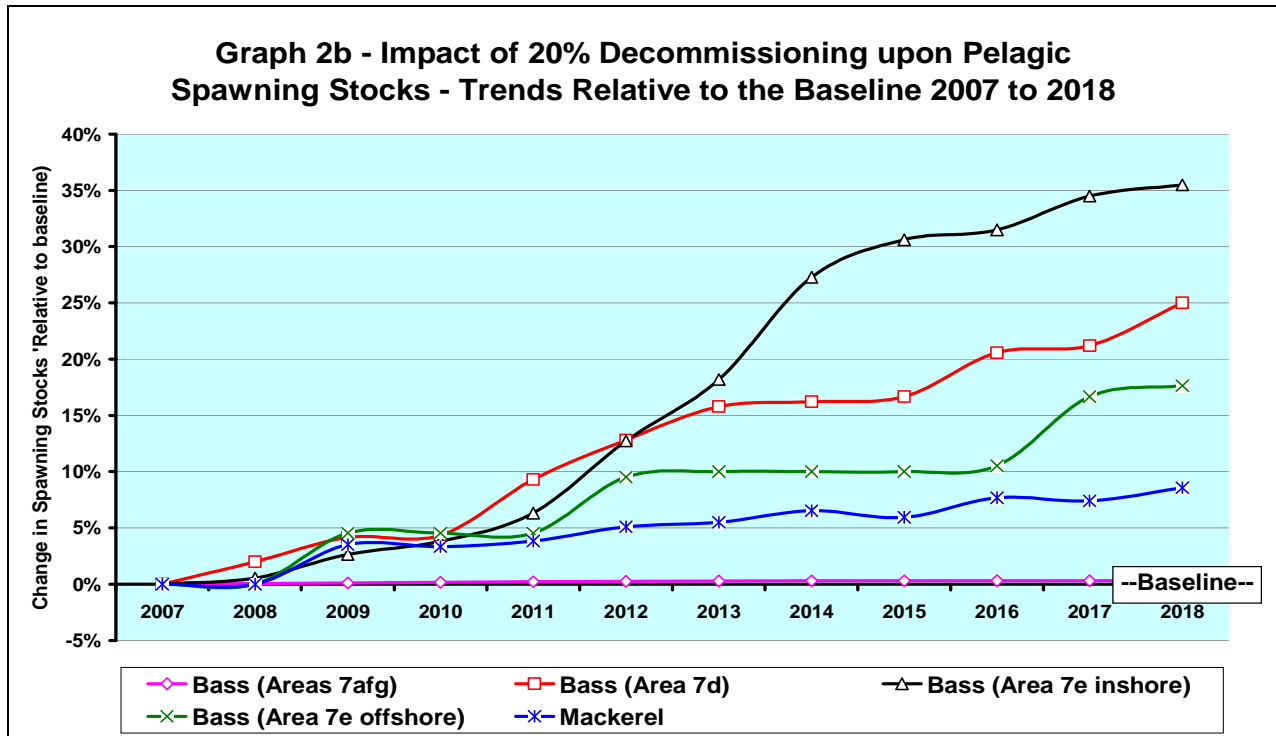
Spawning Stocks – Demersal Fisheries

Graph 2a shows that spawning stocks in Demersal fisheries are forecast to increase ‘relative to the baseline’ as a result of a 20% reduction in the size of the fleet. Spawning stocks are forecast to increase by between 1% and 9% ‘relative to the baseline’. The relative increases in stocks of monkfish and megrim would be slightly higher (between 4 and 9%) than for sole (1% to 5%).

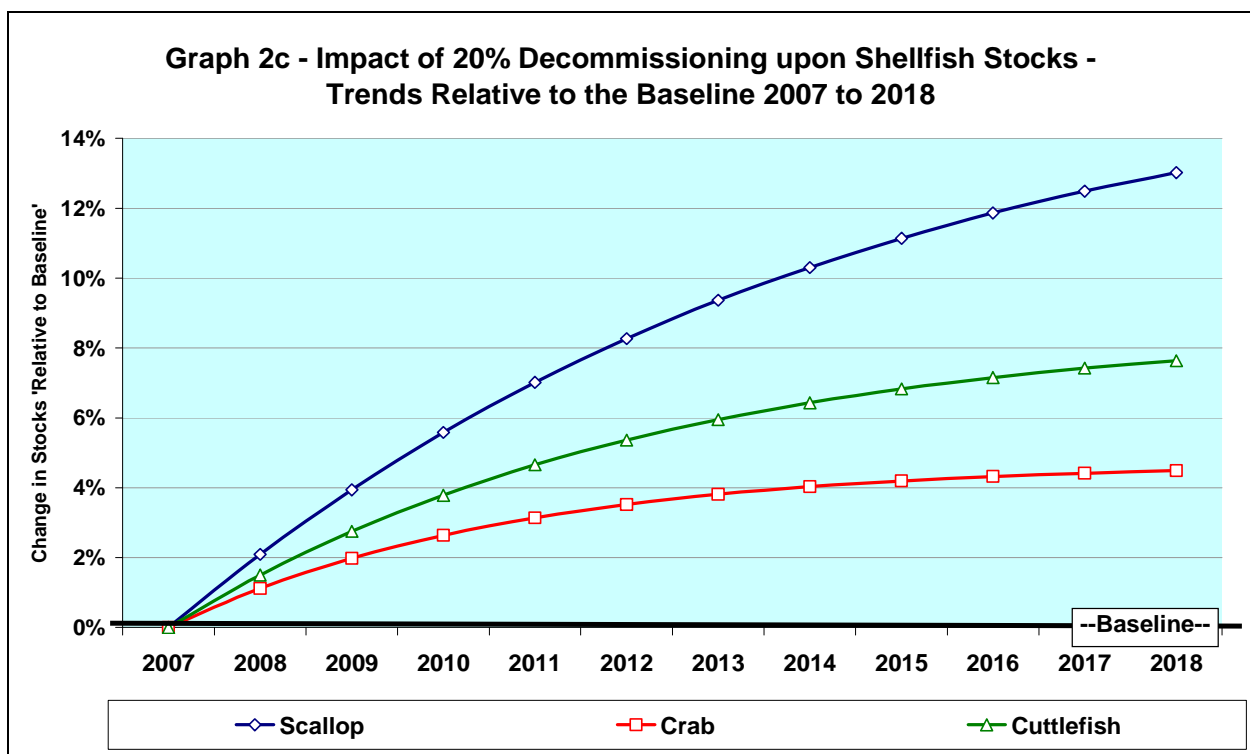


Spawning Stocks – Pelagic Fisheries

Graph 2b provides a summary of the impact of a 20% decommissioning of the fleet upon pelagic spawning stocks. The graph shows that these stocks are expected to increase ‘relative to the baseline’ as a result of this option. The range of increase is between 0% and 35%. The largest increases ‘relative to the baseline’ are in bass stocks in areas 7d and 7e (eventually increasing to between 12% and 18% above baseline levels). Bass stocks in areas 7a, f and g are forecast to be relatively unaffected, whilst mackerel stocks are forecast to increase to 8% above baseline levels.



Stocks – Shellfish Graph 2c provides a summary of the impact of option 2 upon stocks of crustacean and shellfish. The graph shows that these stocks are expected to increase ‘relative to the baseline’ as a result of this option. The range of increase is between 4% (crabs) and 13% (scallops).



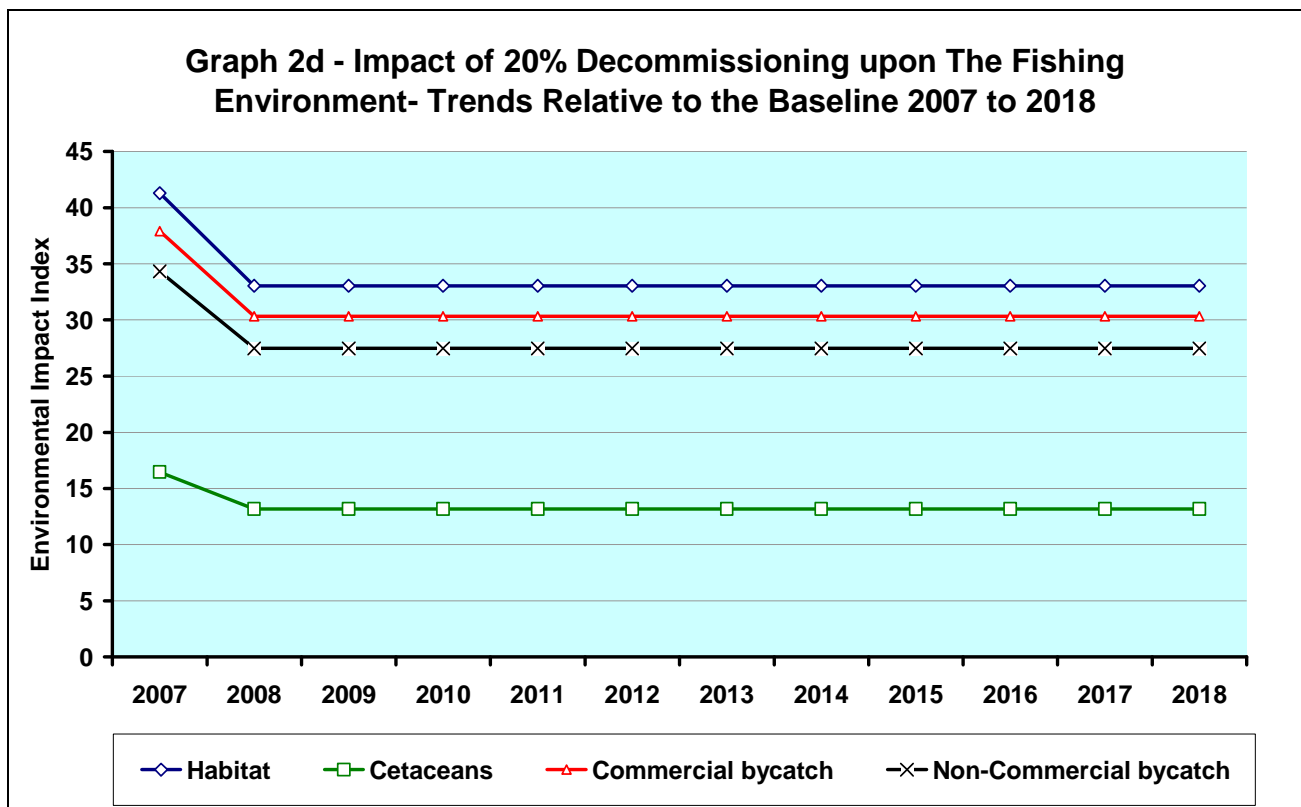
Environmental Impact Index

In addition to the impact of commercial and recreational fishing upon spawning stocks and the fish biomass, there are also impacts upon other aspects of the fishing environment. The four main measures analysed within the Environmental Impact Index (EIA) are:

1. Environmental Impact upon Habitat
2. Environmental Impact upon Cetaceans
3. Environmental Impact upon Commercial bycatch
3. Environmental Impact upon Non – Commercial bycatch

Graph 2d shows that a ‘one-off’ 20% reduction in the number of fishing vessels would have some impact upon the environmental measures tracked within the model. The graph shows that the effect of the option upon all measures would be a reduction in the degree of impact in the year of implementation. The impact would then remain at the reduced level throughout the observation period.

This outcome suggests that environmental impact is, in part, a function of the number of vessels fishing within the area. It is important to recognise that this option does not lead to a reduction in the number of foreign vessels fishing in the area and it does not differentiate between different types of fishing activity. The reduction in fleet size is ‘across the board’ and it may be that certain ‘methods’ of fishing may be more damaging to the environment than others.



Comments/Questions on the impact of Option 2 on Spawning Stocks and Environmental Impacts

Demersal Stocks

Pelagic Stocks

Shellfish Stocks

General Comments on Spawning Stocks and Environmental Impacts

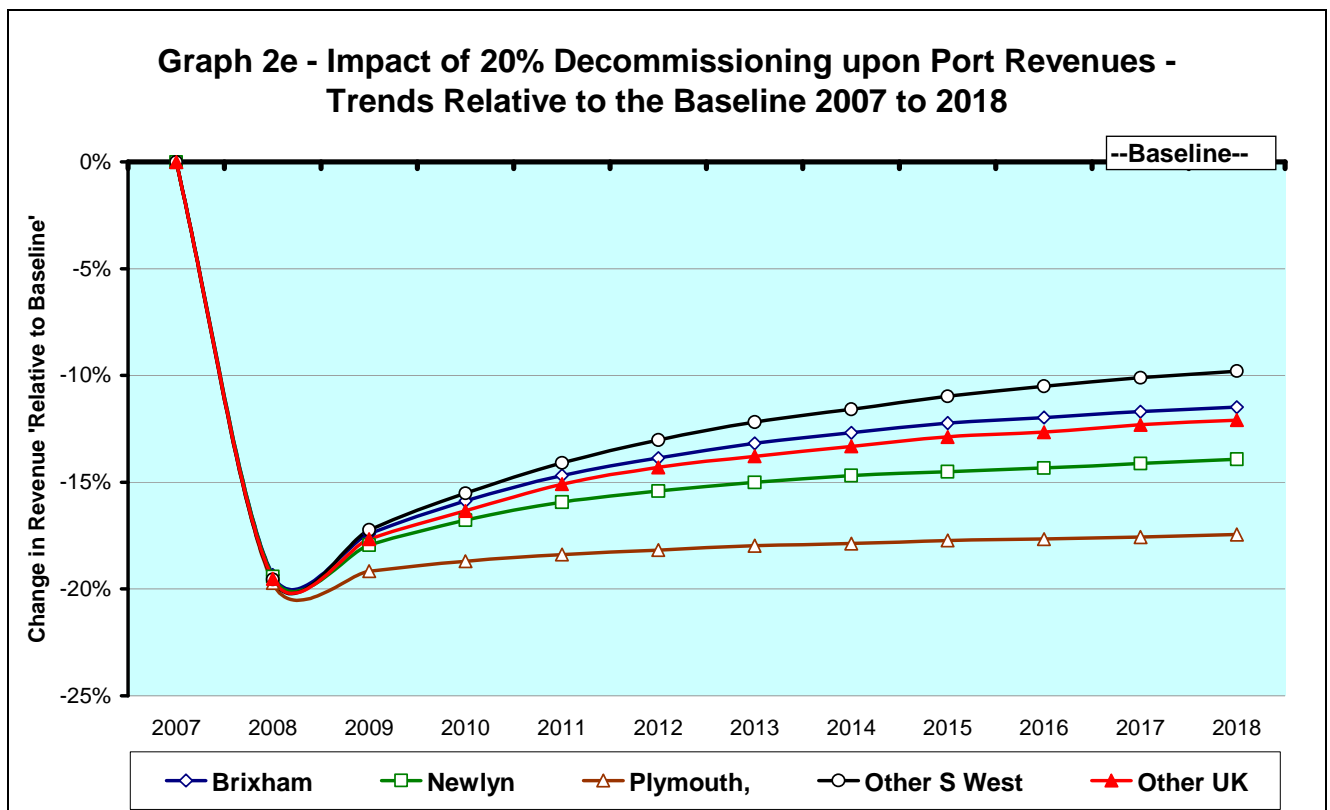
Revenue by Port – Baseline Trend

Graph 2e shows the effect of option 2 upon the value of revenue from landings generated at each of the main ports throughout the South West region ‘relative to the baseline’. The graph shows that relative to the baseline future revenues will decline at all ports. However, although initially revenues are forecast to fall by 20%, the same as the reduction in fleet numbers, they slowly pick up over time as stocks and thus catch start to recover ‘relative to the baseline’. The amount of revenue reduction is similar for all ports ending up at around 10% to 16% below the baseline forecast. The graph shows that the revenues taken in Plymouth would fall slightly more than those in Newlyn and Brixham. However, these differences are marginal and are not significant in the context of the overall model.

The outcomes shown below are to be expected given a reduction in the number of vessels in the fleet. As revenues pick up slightly after the initial drop due to decommissioning, this should result in higher ‘average revenue per boat’ for those left in the fleet and hopefully higher profit margins.

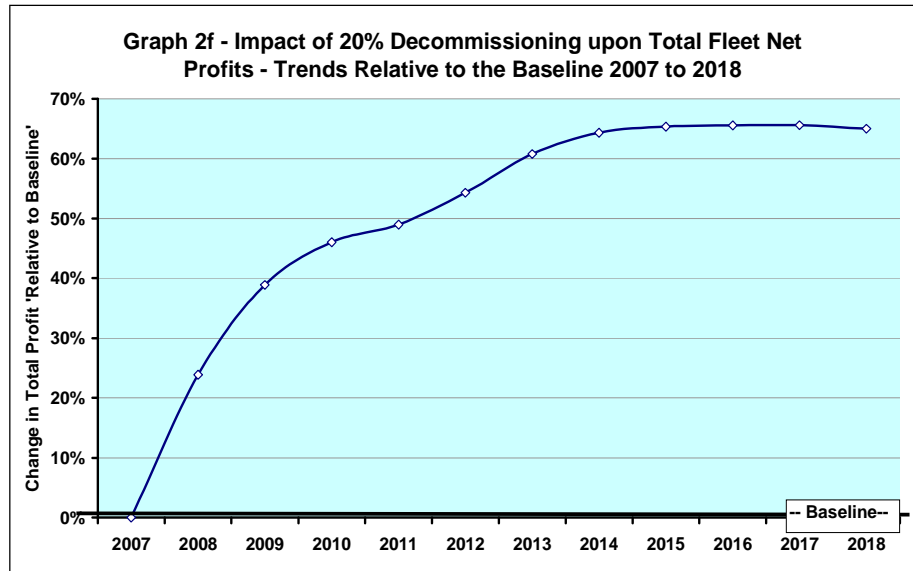
Important Note:

- ❖ *These figures are estimated ‘relative to the baseline’ and assume fixed prices and costs. IF the sale prices of catch increase, the actual amount of revenue would of course increase. However, this would NOT affect revenue levels ‘relative’ to the baseline(e.g. if prices increased by 10% BOTH baseline and option 1 revenues would increase)*
- ❖ *The reason for the differences in the impact upon the various ports is a reflection of the catch landed at different ports. As different species recover at different rates over time so the catch landed by the vessels operating out of the various ports will reflect this resulting in some differences in revenues taken at different ports.*



Profitability by Fleet and Gear Activity

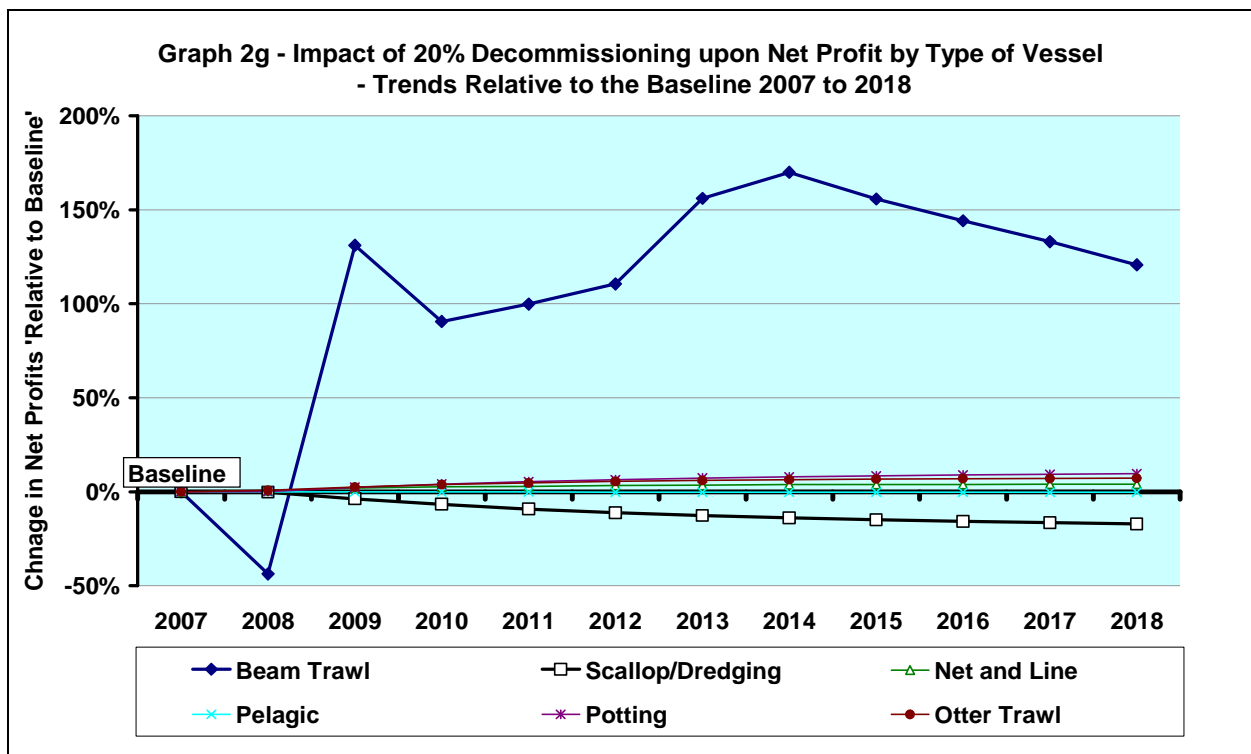
Graphs 2f and 2g show how a 20% reduction in the size of the fleet is estimated to affect fleet profits, both in terms of total profits and profit by type of fishing vessel. The graphs show that overall total net profit for the fleet as a whole are expected to increase gradually over the time period, eventually reaching a level some 65% higher 'relative to the baseline'.



Looking at profits by type of activity Graph 2g shows some differentiation. Whilst the net profits of beam trawlers are forecast to eventually settle at a level around 50% higher than baseline levels, profits of the remainder of the fleet remain around or slightly above/below baseline levels.

Important Note:

- ❖ *As with revenues these figures are 'relative to the baseline' and assume fixed prices and costs. IF the sale prices of catch increase and/or costs (e.g. fuel) decrease, net profits would of course increase, however, this would NOT affect future profit levels 'relative' to the baseline (e.g. if prices increased by 10% BOTH baseline and option 2 profits would increase)*
- ❖ *The apparent difference in the relative increase in profits of beam trawlers as against the remainder of the fleet is due to the structure of beam costs and profits in the bio-economic model. In the model baseline profits of beam trawlers were relatively low compared to the rest of the fleet due to high fuel costs and the significance of this cost within beam trawl operation. This means that a small increase in profitability of beam trawlers results in a large percentage increase.*



Comments/Questions on the impact of Option 2 on Port Revenues and Boat Profitability

Port Revenues

Fleet Profits

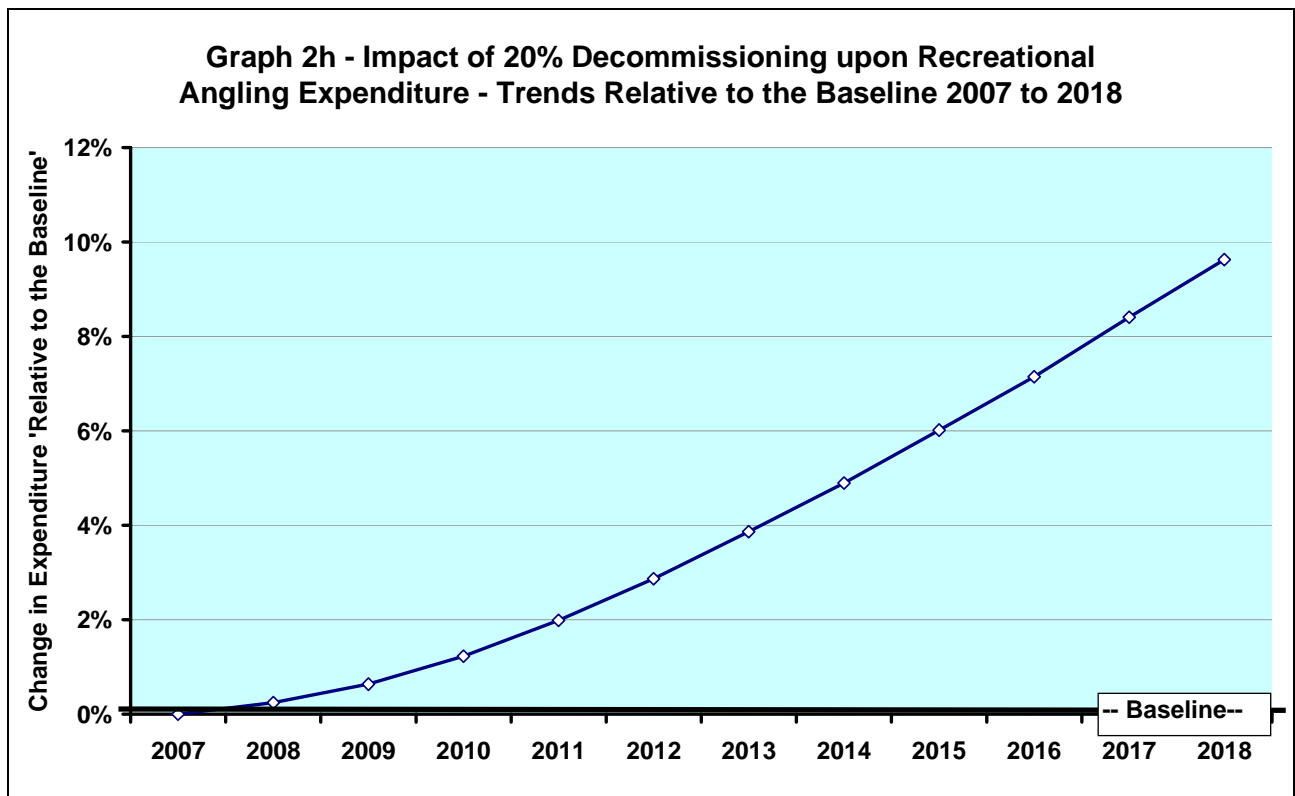
Profitability by Boat Type

General Comments on Revenues and Profitability

Recreational Angling

Graph 2h shows the impact that option 2 is estimated to have upon recreational angling expenditure. The graph shows that expenditure increases '*relative to the baseline*' gradually year on year as stocks recover reaching a level some 10% higher than the baseline by 2018. The reason for this is that recreational angling is assumed to be a function of the fish biomass. As per the findings of the Nautilus report the model assumes that more and bigger fish will attract more demand for recreational angling. The outcome of a 20% decommissioning of the fleet is that although '*relative to the baseline*' stocks do improve slightly, the degree of improvement somewhat constrained.

The likely reasons to explain this are twofold. Firstly, as the option is only directed at the UK fleet, foreign vessels are assumed continue to catching at current levels thus continuing to deplete fish stocks and secondly the option does not have a significant enough impact in itself to substantially improve fish stocks to a level that would impact upon the demand for recreational angling.



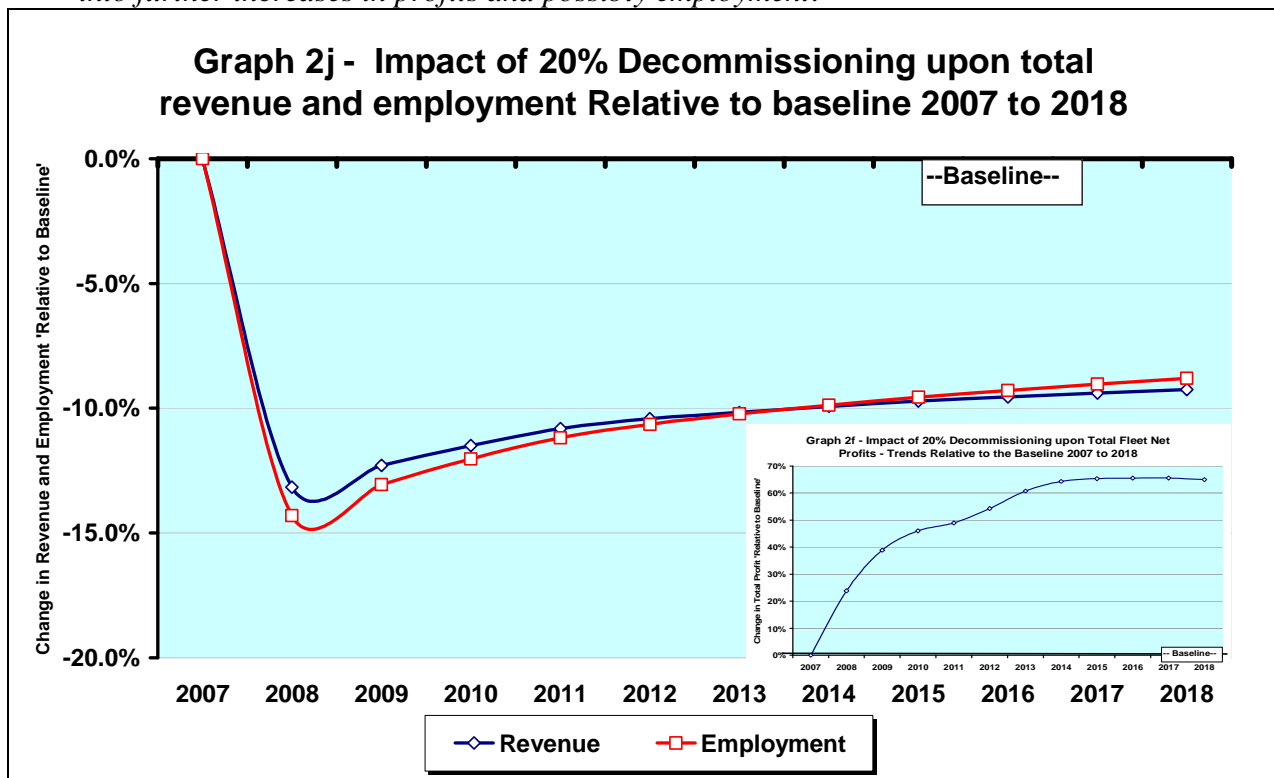
Regional Output and Employment

Commercial and Recreational fishing both create and support output and employment throughout the South West Region. In addition to the ‘direct’ jobs on fishing vessels, there are also many ‘indirect’ jobs in supporting industries up and down the industry supply chain. This would include jobs in sectors such as fish processing, boat repair, retail etc. As vessel catches change over time, these will be translated into changes in direct and indirect revenue and jobs.

Graph 2j shows that a 10% decommissioning will lead to a loss of both revenue and employment relative to the baseline scenario. However, it is important to recognise that the reduction in output and employment is not of the same scale as the reduction in the number of vessels. Those vessels that remain ‘active’ in the fleet increase their catch relative to the baseline and this is reflected in the increase in net profits that would accrue to these vessels as shown in the superimposed graph. The graph shows that the forecasted impact would be the loss of just under £30m in output and approximately 670 jobs. Of this loss it is estimated that around £13.5m of this would be in the form of reduced revenue to the smaller fleet. It is also estimated that around 330 direct jobs would be lost within the smaller fleet. A 20% decommissioning will inevitably lead to a loss of output and jobs as fewer boats operating will mean less jobs. In addition to the direct jobs lost on boats there will also be an impact on the wider regional economy as suppliers, merchants and processors are affected by reduced landings. It is difficult to be precise about the extent of these impacts as they are subject to external factors such as fuel costs, productivity changes, improvements in technology etc. What the graph shows is that ‘relative to the baseline scenario’ output and employment would initially fall to about 15% below the baseline level and end up at around 8 to 9% below the baseline forecast.

Important Note:

- ❖ *It is important to recognise that the graph shows that the impact of this option is a ‘one off’ hit on revenue and employment. It is possible that some vessel owners may be able to withstand this impact and pick up employment in future years as catch revenues and profits recover. In addition, if sale prices for catch increase and costs decline, this may be translated into further increases in profits and possibly employment.*



Comments/Questions on the impact of Option 2 on Recreational Angling and Regional Output and Employment

Recreational Angling

Regional Output and Employment