HOW TO KNOW THE AREAS HIGHLY DEPENDENT ON FISHING IN THE EU?

by ARVI based on the work of María do Carme García Negro

Vigo, January 2017

1. INTRODUCTION

Areas highly dependent on fishing have played and play a very important role in the Common Fisheries Policy. Apart from the political meaning, we should analyse this concept with the tools that economic science offers us to know if an area, region or community really depends, and to what extent, on fishing.

In this sense, Professor María do Carme García Negro, member of the ARVI Scientific and Technical Advisory Committee (CACT), has produced the input-output tables for the 2011 Galician fishing-conservation (hereinafter refer to as the Spanish acronym "TIOPC-2011") ,, the final results of which have been published recently with the sponsorship of the Xunta de Galicia. We think that it is a scientific tool that should be promoted in the other regions both in Spain and in the Member States, since it makes visible the social and economic dependence of production activities in each region in relation to the fishing industry.

In this document we briefly summarize the results to which the tables drawn up by María do Carme García Negro and her team lead us.

2. SUMMARY OF THE "TIOPC-2011" TABLES

a) Galician fishing continues to maintain inter-industrial relations of structural nature with 74 branches, out of the 81 representing entire economy in Galicia

b) Considerable changes in energy saving, use of communication and information on board, fishing grounds detection, rationalization of extractive operations, improvement of stowage relative to product quality and conservation processes on the fishing vessels

c) The fact that the Galician fishing capacity is decreasing and that a constant supply is maintained in relation to the evolution of the Galician and foreign demand, shows the capacity of the Galician fishing sector to adapt and surpass the EU competitive framework. That is to say, the capacity to supply a growing demand is sourced from internal production – facing growth problems- and imports of goods in substitution of internal production. The total Galician fishing supply is able to cover the demand of the Spanish market and to export to markets both in the EU and in third countries.

d) The progress of the Galician fishing is associated, at the present time, with the industrial specialization of fishery inputs/distribution capacity that emerged from fishing at a given time. That is to say, they reinforce each other and are decisive elements for new investments. Only quota reductions in the EU regulation have meant decisive barriers to the increase of the capacity.

e) Galician fishing continues to maintain an internal composition that guarantees the diversification of fishing supply and there is no component of fishing supply in the demand market that cannot be covered by the Galician supply, including luxury fresh product, fish-farming and miticulture, frozen, refrigerated and canned fish, as well as new elaborated and precooked products...

f) Galician fishing is the economic sector that exports the Galician economy. The figures on the total value of Galician exports based on the two products from two multinational companies conceal the absence of industrial base sustaining them; nor the automobile industry can live without the French factory (importing pieces and exporting cars manufactured with the imports) nor can the importation of oil be explained without the refinery that exports fuels. Beyond these two goods, fishing industry imports and exports thanks to a rich industrial fabric and services which are connected and established in the heart of the entire Galician economy; and very well incorporated in it. Importing and exporting feature of fisheries guarantees the Galician economy external openness..

3. CONCLUSIONS

- Galician fishing continues to be an economic activity with a high capacity of trawling, as it becomes evident from what has been exposed so far. It produces pulls in the form of network and/or industrial and services constellation in a large number of sectors. The direct economic relationship is expressed by the dependency on the other 74 sectors that appear in the tables, but indirectly relate to each one depending on these .

- Galician fishing as a whole is a clearly industrial economic activity, that is to say, in order to produce a quantity of fish product, it absolutely needs the concurrence of other industrial and economic sectors (sometimes a large

number of them) and service sectors, all of which, through their interconnection, cause any change to set in motion a complex set of relationships. The greater or lesser magnitude shows that interrelations are not relevant in the input-output analysis, since the elements that are integrated in intermediate consumptions-intermediate inputs are essentially of qualitative nature. The qualitative characteristics of industrial trawling are the creators, through demand, of an essential activity, for example, the fact that the net manufacturing activity is economically small, in quantitative terms, it should not lead to disregarding it, and the same could be said of the economic significance of freshwater input.

- Galician fishing is based in the Spanish market as a supplier of a product intended for human consumption, ie food. This market relationship is, at present, the element that guarantees the survival of an economic activity other than extractive; Galician fishing is a Galician export sector. And this is because of both the value of exports and the fact that they come from a rich economic fabric well incorporated throughout the Galician economy. It is not about selling a single company or a single industrial element to abroad, as is the case of fuel or the manufacturing of automobiles or clothing. At the same time, it is an economic activity inserted in the world economy and in the global fishing market, as demonstrated by its capacity to import and to convert imports of equivalent products into Spanish and EU market goods.

- Galician fishing is also a sector of economic activity capable of incorporating new technologies in the field of detection, information, security and communication, while its capacity is relatively lesser in the field of association financial relations and market techniques. It also proved to be able to respond to the challenges posed by the CFP, except for the continued reductions in fishing possibilities. The fact of having less fleet than in 1999, has considerably reduced the profitability of certain sections of the business sector and exposed others to an over cost due to increased effort

- Galician fishing is an innovative sector in itself because it creates new products, invents or creates market goods from unused resources in that same market. In recent years, we have witnessed new offers that are very easily introduced into an avid market of Galician fish, especially fresh, wild and / or frozen fish, in this case with prestige over the known fresh fish.

3.1. FUTURE DEVELOPMENT

- The elaboration of the input-output tables of the Galician fishing-canning sectors of 1995 and 1999 helped to consolidate a series of significant steps in terms of configuration of a modern and innovating vision of the Galician fishing-canning sector. The constructive blocks we had available refer to the definition of Galician fishing, the definition of the fish product or the demonstration of the purely industrial character of this activity. Nor were the contributions to the visualization (including the disinvestment) of the economic weight and of the pulling capacity on the rest of the Galician economy, as well as on the rest of the Spanish and world economy, rejected. In short, they provided a realistic and complete vision of fishing that was demanded at the time, which contributed to the economic valuation of this activity.

- The challenges we face today are different and force us to go further. This implies an analytical dimension and diffusion of the different information. In terms of the analytical dimension, the TIOPC-2011 offer significant development opportunities that can and should be exploited. They can be applied, first, in the analysis of structural phenomena, such as the determinants of productivity or the impact of changes in the value of inputs on the structure of costs. They are also valuable tools for modelling the supply and demand performance. It is also possible to develop a sensitivity analysis of prices, in order to explore the impact of changes in the value of inputs (raw materials, energy resources, labour, imports, etc.), both on each sector as well as on the whole system. In fact, the input-output tables offer an instrument that simulates the complexity of the fishing-shellfish sector simultaneously and interactively, which allow for alternative scenarios to be evaluated of. For illustrative purposes, it can be used to simulate the impact on the sector itself, on auxiliary and supplier sectors, and on the economy as a whole, of factors such as changes in fuel prices, increased investment, cost of fishmeal for fish farming or the reduction of the EU fishing quotas..

  In summary, the TIOPC2011 contribute to support two major types of functions:

  a. To predict the impact of certain changes or shocks.

  b. To simulate the effect of alternative measures of economic policy.

- This type of information can be extremely relevant both when designing effective measures that conjugating the analysed risks and establishing compensatory measures by the State or the European Union.
- It is, at this point, where the dissemination of the information contained in these tables, or generated from same, can play a crucial role. If they were relevant to self-knowledge in the past, its future role will increasingly be in support of the opinion in academic and politicians fields which will shape the future of fisheries in Europe.

ANNEX

In 2011, the following most important items are quantified in relation to the sea-industry complex:

1. INPUTS PRIMARIOS

1.1. Imports :..... 1.677 mililon euros

1.2. Employees' salaries: .....550 millon euros

2. INTERMEDIARY INPUTS

2.1. Interrelation between diferent

Fishing subsectors:..... 293 million euros

2.2. Oil products and others:.....182 million euros

2.3. Packaging:.....182 million euros

2.4. Other joint trade services:.....141 million euros

3. DISTRIBUTION OF FISH PRODUCT

3.1. Domestic consumption:.....456 million euros

3.2. Exports:.....4.272 million euros

(both to Spanish and foreing markets)