The Business Case For Marine Conservation

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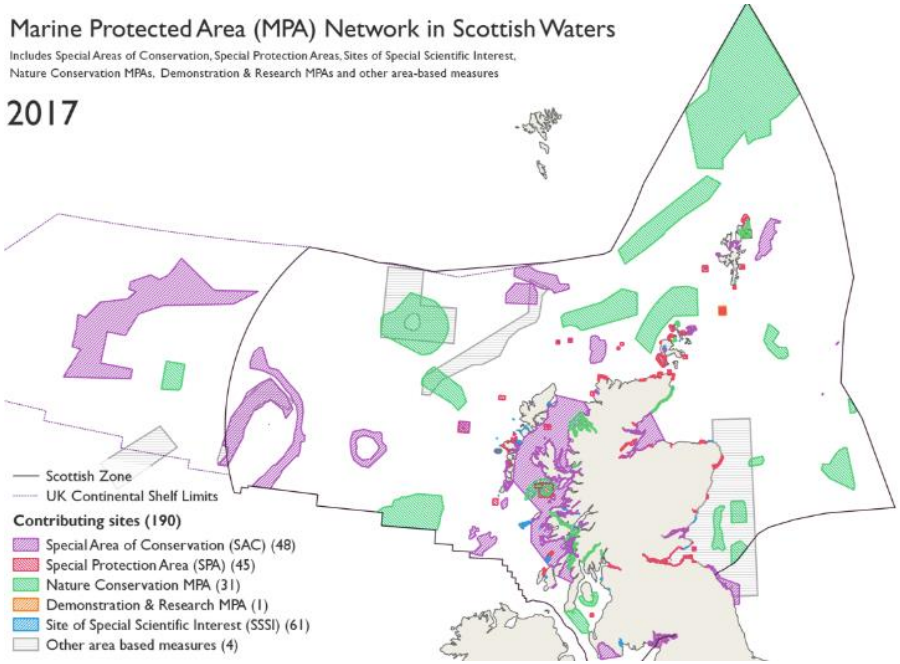
SWFPA
The Scottish White Fish Producers Association Ltd

SWFPA

- Represent 230 vessels and 1400 crew
- Operate across a range of sectors
  - White fish, Nephrops, Scallops, squid, Crab and Lobster
- Represent members in a number of policy areas
  - EU Regulations, Wind farms, Fish farms, Inshore and offshore marine management, crewing
- Provide a number of supplementary services
  - Bespoke healthcare cover

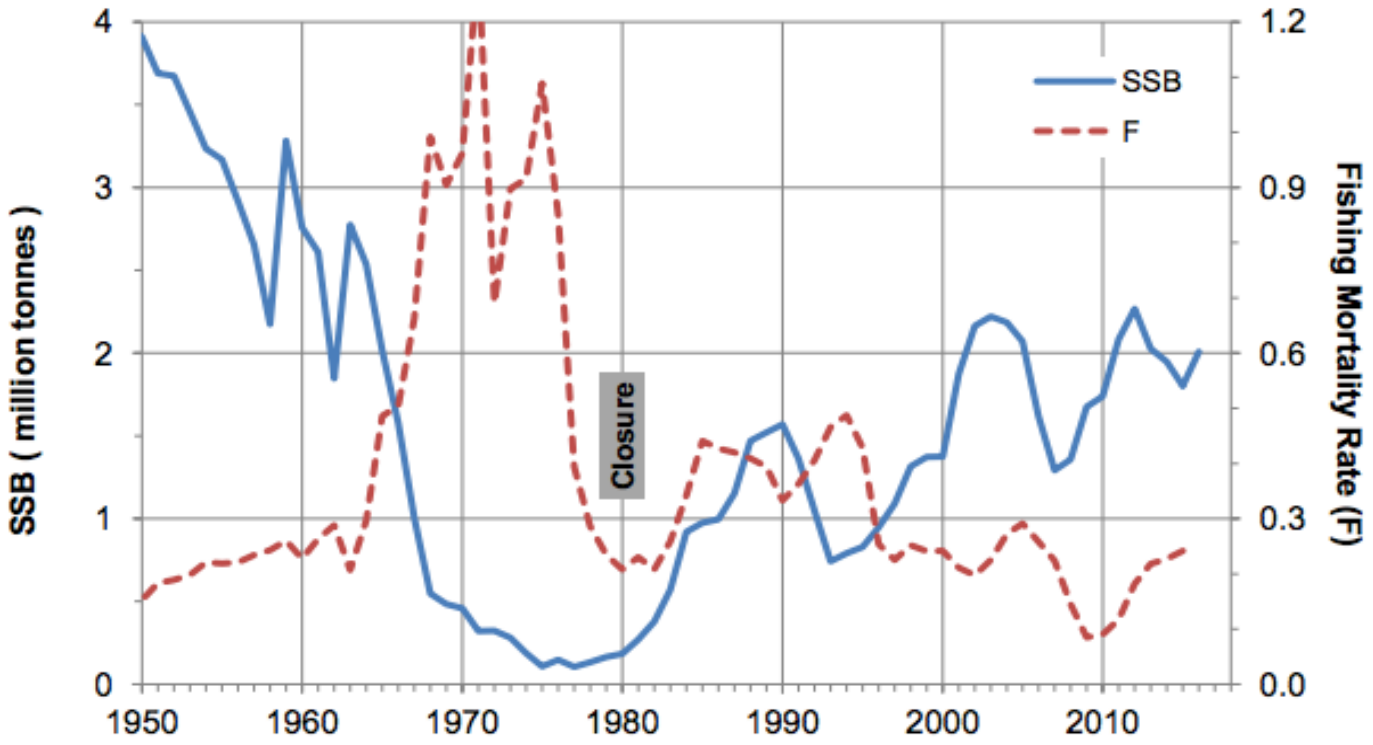
Industry Responsibilities



- Recovering and securing fish stocks
- Protection of VMEs and selected habitats
- Clean seas - Pollution and litter
- Sensible footprint – 800 meter depth restriction
- About attitude, approach, accountability and responsibility

Lessons from the past

Herring



The spawning stock biomass (SSB) and fishing mortality rate (*F*) of North Sea herring from 1980 to 2016 (2015 for *F*). (The North Sea herring fishery was closed from 1977 to 1983.)

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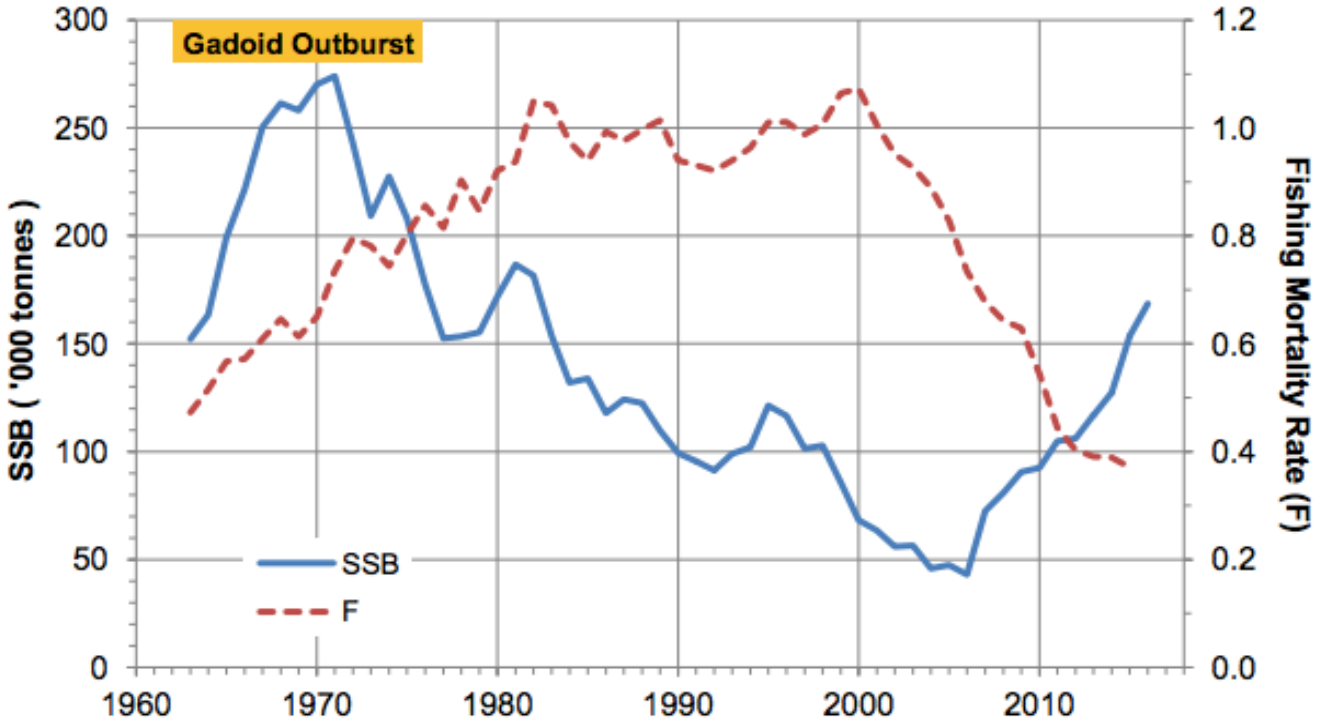
Lessons from the past

Cod



The spawning stock biomass (SSB) and fishing mortality rate (*F*) of North Sea cod from 1963 to 2016 (2015 for *F*). (In the 1960s and 1970s the abundance of cod was enhanced by the 'gadoid outburst'

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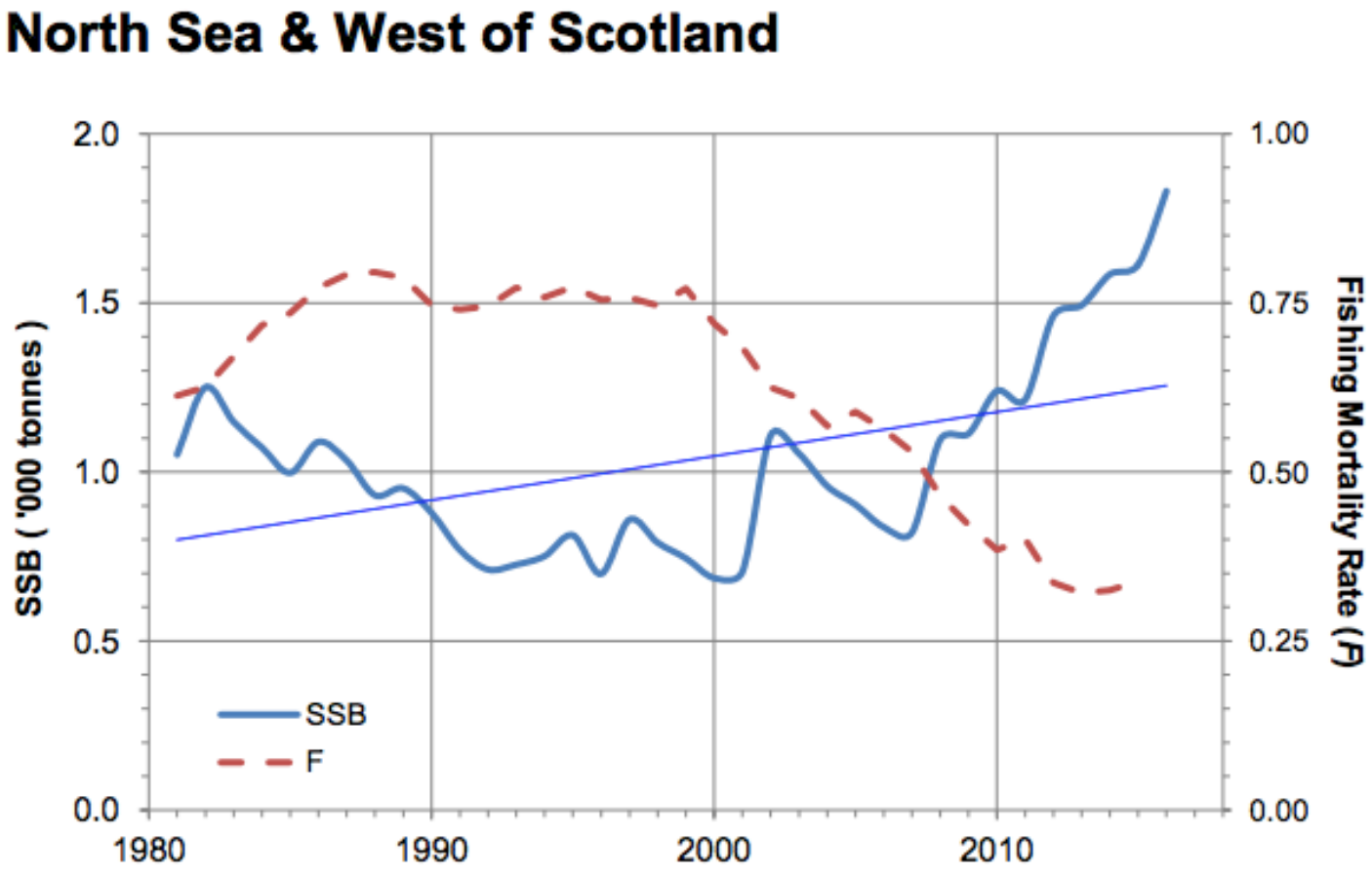
Lessons from the past



The total spawning stock biomass (SSB) and the average fishing mortality rate (*F*) of cod, haddock, hake, plaice, saithe and common sole in the North Sea and to the West of Scotland from 1981 to 2016 (20154 for *F*)

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Recent improvement in Performance

United Kingdom												
			2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	***2016****	*2017**
Value of landings	(million €)		**932.7**	**880.3**	**938.7**	**1,026.8**	**1,010.6**	**887.8**	**1,072.1**	**1,067.9**	***1,114.5***	***1,132.9***
		SCF	133.7	110.3	119.5	123.4	128.1	116.3	129.2	132.8	*142.0*	*131.9*
		LSF	799.0	769.9	819.2	903.4	882.5	771.6	943.0	935.1	*972.5*	*1,001.0*
Revenue	(million €)		**983.6**	**898.2**	**967.2**	**1,047.7**	**1,032.3**	**928.2**	**1,119.8**	**1,113.7**	***1,158.9***	***1,176.1***
		SCF	140.8	112.3	122.2	124.1	135.0	120.8	135.9	136.9	*146.3*	*136.2*
		LSF	842.7	785.9	845.0	923.6	897.3	807.4	983.9	976.8	*1,012.6*	*1,039.9*
Gross Value Added	(million €)		**416.2**	**423.3**	**432.6**	**463.2**	**460.0**	**413.0**	**584.7**	**567.1**	***640.9***	***640.7***
		SCF	77.0	62.3	64.1	57.9	62.5	58.0	67.7	69.6	*82.6*	*72.3*
		LSF	339.1	361.0	368.5	405.3	397.5	355.0	517.1	497.5	*558.2*	*568.5*
Gross profit	(million €)		**155.6**	**183.5**	**203.8**	**223.3**	**214.4**	**201.2**	**318.6**	**277.5**	***338.5***	***334.7***
		SCF	20.7	19.2	19.5	16.0	16.4	16.4	19.8	19.7	*29.2*	*22.7*
		LSF	134.9	164.3	184.4	207.3	198.0	184.8	298.8	257.8	*309.3*	*312.0*
Net profit	(million €)		**75.2**	**107.8**	**135.7**	**160.9**	**153.2**	**137.3**	**243.1**	**188.2**	***259.5***	***270.8***
		SCF	8.8	8.4	11.5	9.1	6.7	6.3	7.9	6.3	*16.5*	*11.7*
		LSF	67.0	100.0	124.2	151.0	146.0	130.8	235.5	182.8	*243.0*	*259.1*
Return on fixed tangible assets	(%)		**11.6**	**18.9**	**21.2**	**26.9**	**29.8**	**27.7**	**39.1**	**25.4**	***35.6***	***36.7***
		SCF	10.4	11.7	14.3	10.3	7.4	6.2	9.3	8.5	*17.6*	*10.7*
		LSF	13.3	22.3	24.4	33.0	38.7	35.8	47.7	29.8	*38.3*	*40.8*
GVA per FTE	(thousand €)		**47.7**	**44.2**	**46.9**	**51.5**	**53.5**	**53.7**	**75.6**	**69.7**	***77.7***	***78.6***
		SCF	42.4	30.9	31.4	28.1	34.0	32.3	33.2	33.3	*40.9*	*36.4*
		LSF	49.1	47.8	51.3	58.5	58.8	60.2	90.7	82.3	*89.7*	*92.1*

Data source: MS data submissions under the DCF 2017 Fleet Economic (MARE/A3/AC(2017)); All monetary values have been adjusted for inflation; cor
(2015). *projections. Number of vessels in 2016 and 2017 include active vessels only.

Economics of boom and bust

- Fleet increased capacity during 70s and 80s
- Collapsing stocks reduced revenue in the 90s
- Precautionary approach at the turn of the century reduces TACs
- Decommissioning of vessels from 2003 onward
- Recovery plans in 2006
- Management plans in 2017

Reasons for Bust(EU)

- No formal management of the stocks
- Funding to build new vessels way beyond what the economics of the day provided for
- Political pressure (prompted largely by fishers) to maintain TACs at inflated levels
- No appreciation of the long term consequences on the stocks or business
- Weak application of the regulations (leading to anarchic behavior) and overfishing beyond limits of TACs

Legacy of Bust

- Poorer revenues and reduced earnings
- Loss of skilled labour
- Significant reduction of new entrants – seen as a profession of last resort
- Poorer maintenance and reduced safety
- Lack of investment leading to ageing fleet
- Outlook of doom and despondency

Path of Progress

- Reduction of fleet capacity – Vessel numbers
- limits on fishing pressure
  - Days at sea
  - Improved selectivity
- Introduction of national measures
  - RTCs to protect abundances
  - Seasonal closures to protect spawning females

Numerous pressure on the stocks

- Fishing pressure
- Trophic interaction
- Predation by seals and other citations
- Natural mortality
- Poor recruitment

Modern Stock Management

- MSY based harvesting strategies
- Formulaic TAC setting aligned to ICES advice – removes political pressure
- Multi annual plans leading to a more strategic approach
- TACs fluctuate wildly but should be seen as part of a responsive approach

Progressive Catching Sector

- Investing heavily in its future – thirty vessels over three years
- Requires stock stability and confidence
- Understands the need to balance capacity and opportunity
- Very aware of Corporate Social Responsibility and the market requirements
- Committed to professionalism

Leading The way

- Currently six species MSC certified, furtehr stocks on the way – NS cod, haddock, saithe, hake, plaice and whiting
- Continuing to look at introducing new species such as nephrops and scallops
- Increasing the number of vessels entering the Seafish RFS scheme
- Liaising routinely on the introduction of offshore MPAs

The Way Ahead

- Maintaining current progress
  - Sustainable harvesting - improved selectivity
  - Protecting marine biodiversity - MPAs etc
  - Compliance with regulations
  - Compliant with international commitments to Labour standards
- Remain focused on the demands and requirements of the market place

The Flip Side

- Overfishing, collapsing stocks and reduced TACs
- Pressure to return to anarchic behavior – difficult to be green while your in the red – IUU
- Loss of stock certification and markets as a result
- Supply outstrips demand
- Reduced revenue leading to business failure

Summary

- Lessons to be learned from the past
- Market place demands more from the sector that at any time in the past
- Maintaining marine biodiversity is now non negotiable
- Fishing business is now committed to maintaining healthy seas