

SEA FISHERIES ECONOMIC UPDATE

MARCH 2004

Overview

The substantial economic and social benefits provided by sea fisheries are impact mostly on the rural and coastal areas of Scotland. The historic patterns of growth and decline have had major impacts on output, income and employment – especially in the areas of the Highlands and Islands where the industry is concentrated. Decline in key whitefish stocks has forced major quota reductions in the sector. Decommissioning and effort controls are having the effect of reducing vessels and fishing employment. The current importance of the sector to the Highlands and Islands economy is summarised below:-

Employment

- The fishing industry employs 5,038 FTE's in Scotland, 44% (2,239) of which are located in the Highlands and Islands¹.
- Fishermen employed in the Western Isles, Orkney and Shetland account for 4.3% of the local labour force¹.
- The Scottish seafood processing sector employs 7,789 FTE's, of which approximately 11% (890) are located in the Highlands and Islands².
- Average full-time weekly earnings for the fishing and aquaculture sector in Scotland are £325, lower than the all industry average of £427³.

Boats

- In 2002, the 1,653 active vessels based in the Highlands and Islands represented 66% of the Scottish fleet¹.
- Of the active vessels in Scotland, 73% of those under 10m and 51% of those over 10m are registered in the Highlands and Islands¹.

Output

- Fish landed in the Highlands and Islands accounts for 53.7% of the value of fish landings in Scotland by UK vessels. This represents a sales value of £139.5million¹.
- Demersal and shellfish represent 40% and 42% respectively of all fish landings in the Highlands and Islands. The remaining 18% is generated from pelagic species¹.
- Over the time period 1998 to 2002, the volume of fish landed in the Highlands and Islands fell by 5%, whilst the value increased by 6%¹.
- Total output at basic prices for fishing activities in Scotland is £590 million⁴.
- GVA at basic prices for fishing activities in Scotland is £192 million⁴.
- This represents c. £32,000 GVA per employee for fishing activities in Scotland⁴.

Product Markets/Exports

- Demersal fish landings are most significant in Shetland, Scrabster, Kinlochbervie, Ullapool and Lochinver. The majority of landings leave the area with no processing or value added activity¹.
- Pelagic landings are significant in Shetland, where their processing is an important economic activity¹.
- Shellfish landings are most significant in island areas such as Orkney, the Western Isles and Skye, as well as in the west coast areas of Oban, Mallaig and Campbeltown. Landings are usually sold unprocessed, although processing is important in Stornoway and Fort William¹.

Workforce/Skills

- There is a high proportion of self-employed engaged in the sector⁵.
- There are increasing requirements for business skills, health and safety training and multi-skilling due to the reduction in crew size. Group training associations throughout the Highlands and Islands are actively encouraging the uptake of training in the sector⁵.

¹ Source: Scottish Fisheries Statistics 2002 (Scottish Executive)

² Source: Survey of the UK Seafish Processing Industry 2000 (Sea Fish Industry Authority)

³ Source: Source: Futureskills Scotland Industry Profile: Aquaculture and Fishing in the Highlands and Islands 2003

Note 1 - Earnings data taken from New Earnings Survey 2002 (ONS)

⁴ Source: Scottish Annual Business Statistics: Scotland by Division 2001 (Scottish Executive & ONS)

Note 1 - Based on ABI employment data which excludes self-employed.

⁵ Source: Growing Businesses and Developing Skills Groups 2004 (HIE)

SWOT Analysis

The following analysis illustrates the main issues facing the development of the sea fisheries sector in the Highlands and Islands.

Strengths	Weaknesses
<p>Tradition and culture</p> <ul style="list-style-type: none"> - Local tradition of fishing - Geographical advantage with high value natural resources <p>Local supply chain</p> <ul style="list-style-type: none"> - The fisheries sector has developed a supply chain throughout the Highlands and Islands - net suppliers, shipyards for repair and hauliers for transport <p>Quality of products</p> <ul style="list-style-type: none"> - A reputation for Scottish high quality exists <p>Workforce development</p> <ul style="list-style-type: none"> - Four group training associations are actively encouraging training - Small scale pilot programmes currently promoting fisheries as a career option 	<p>Lack of influence on global market</p> <ul style="list-style-type: none"> - Sea fishing is an international market, in which Scottish fish represent a minority supply and industry players have little influence over aspects such as prices and stock management - Foreign landings into local ports can be more valuable than UK landings <p>Lack of political influence</p> <ul style="list-style-type: none"> - The industry has a large economic importance at a local level, but less so at a regional or national level
Opportunities	Threats
<p>Modernisation</p> <ul style="list-style-type: none"> - Investment in modernising facilities, such as vessels, on-shore storage facilities and processing plant, could improve efficiency <p>Diversification</p> <ul style="list-style-type: none"> - Opportunity to diversify into underexploited/seasonal fisheries such as squid and razorfish <p>Increase value-added production</p> <ul style="list-style-type: none"> - Develop the secondary processing sector towards more “niche” value-added products such as recipe dishes - Potential for improvements in handling and presenting fish <p>Develop sustainable practice</p> <ul style="list-style-type: none"> - Use regional influences and local knowledge more to enable more flexible management measures, beyond quota systems, tailored to the needs of different stocks - Encourage fishermen in local communities to manage local fisheries 	<p>Increasing environmental concerns</p> <ul style="list-style-type: none"> - A lack of awareness and appreciation of the varied interactions between fish stocks, fisheries and the supporting environment will jeopardise the sustainability of the sector - There is a requirement to integrate fisheries management issues and wider environmental considerations <p>Market Instability</p> <ul style="list-style-type: none"> - Uncertainty in future markets may lead to reduced levels of investment <p>Collapsing fish stocks and EC Policy</p> <ul style="list-style-type: none"> - The International Council for Exploration of the Seas reports that around half of fish stocks are currently outside safe biological limits - The EC may impose substantial cuts in white fish catch quotas in the North Sea, exacerbating industry decline

Priorities for Action

Factors identified for positive development of the sea fisheries sector in the Highlands and Islands include the following:-

- An inclusive approach to fisheries management with greater co-operation between fishermen, scientists and fisheries managers
- The identification and development of new markets
- Development of more sustainable practice
- Training to assist diversification and provision of “added-value”