

Abstract

Evaluation of the UK fleet decommissioning scheme:

Country: UK

Author: Nautilus Consultants,

Institute: Nautilus Consultants, 30 / 6 Elbe St, Edinburgh, Scotland

Pages: 112

Nautilus CONSULTANTS, on behalf of UK Fishery Departments, undertook an evaluation of the 1993 to 1996 fishing vessel decommissioning schemes. The specific objectives of the research were to assess:

- the effectiveness of decommissioning in meeting the target originally set, and, in the wider context, in assisting the UK meet its MAGP targets
- the effects of the scheme's rules on uptake
- the effects of other factors on uptake; such as the relationship between licence prices and value of track record
- participants' views on the administration of the scheme
- non-participants' reasons for not applying to join the schemes
- the way in which applicants formulated their bids
- the degree of additionality
- value for money considerations.

MAFF (FSU) provided the Consultants with a database containing the records of the applicants, together with additional details on vessel characteristics (length, kW and Vessel Capacity Units (VCUs) for those vessels remaining in the fleet. The Consultants also undertook a survey of both applicants and non-applicants. Ninety four per cent (950 vessel owners) responded. 893 vessel owners were interviewed via a combination of face-to-face and telephone interviews.

The study shows that 578 vessels were decommissioned at a cost of £ 36 M. The scheme was based on a tender process where vessel owners were required to submit a value per VCU. There were 1,408 applications.

The majority of applications came from the demersal trawl and nephrops trawl segments. These jointly account for 67 per cent of total UK fleet capacity. Applications from other segments in the UK industry, in particular beam trawlers and pelagic vessels were disappointing. The two regions benefiting most from the scheme were eastern England and N.Ireland. Scotland, which accounts for approximately 65 per cent of the over 10 m UK fleet capacity, accounted for only 30 per cent of the total decommissioned VCUs.

Most of the successful applicants exhibited similar characteristics: low number of days at sea, low turnovers (less than £ 200,000 per annum), generally older than average age of construction and lower than average annual catches.

The survey showed that most applicants applied with the intention of re-investing their capital in the fleet. Few saw the scheme as a means of retiring altogether. The bids were based on vessel capital values and knowledge of competing bids and tenders from the last scheme. As the schemes progressed other factors, such as competition for licences, became more influential. This led to some applicants withdrawing from the schemes. The reduction in availability of licence entitlements caused itself by the decommissioning of vessels, was seen as the prime reason for this increased competition.

The scheme was judged a success because the level of additionality was high. Vessel owners would not have relinquished their vessels and licences otherwise. The tender scheme decommissioned many vessels at below estimated capital values and the UK scheme secured considerably lower awards for decommissioning than that advocated by the European Union (a comparative saving of £20 M on the same vessels). The withdrawal of capacity and entitlements from the fleet has also created a dynamic market for fishing entitlements and quotas. The net result is that an increasing proportion of the UK's fleet capacity is being reduced through licence transfers. However, the EU's fleet reduction targets (Multi Annual Guidance Programmes (MAGPs)) still require substantial cuts in fleet capacity, particularly in the pelagic, beam trawl and demersal trawl segments. The Consultants conclude that the operation of market forces alone will not be capable of reducing capacity in line with MAGP targets. The Consultants also conclude that there is a greater role for the industry to play in financing any future decommissioning scheme.

Funded by MAFF. Copies are available from Nautilus Consultants, 30/6 Elbe St, Edinburgh, Scotland. Price includes £ 35 to cover the cost of postage and photocopying