

Some Observations on Fishing Contribution to GDP

In scrutinizing the methods used in the various Pacific Island countries to calculate the fishing contribution to GDP, certain features and common difficulties emerged. A discussion of some of these issues may help improve future estimates.

In several of the Pacific Island countries, the individuals responsible for calculating the fishing contribution to GDP (sometimes these individuals are responsible for all the other sectors) appear to be unfamiliar with the technical basis of the methods they used for determining the fishing contribution. According to discussions with several such individuals, methods presently being used were developed by a colleague who has since departed. A "recipe" is now being followed, but the rationale for many components is apparently not understood by these individuals to the degree by which they are able to explain the methodology used.

Subsistence fisheries form a large component of the fishing sector in most Pacific Island countries. There are problems dealing with the treatment of subsistence fisheries in GDP calculations in several countries, and these often result in underestimating the importance of the entire fishing sector. In some countries, because the statistics agencies lack data on subsistence fisheries, the contribution to GDP is not calculated and effectively become recorded as zero. In other countries, because of the manner in which subsistence information is collected for GDP purposes, it is not possible to isolate fishing from the other subsistence activities. In which case, the reported "fishing" sector is actually "fishing other than subsistence fishing." The effect on the GDP contribution can be substantial in, for example, Fiji Islands where subsistence fisheries are responsible for over 50% of the domestic fisheries production.

Although in the SNA scheme the processing of fish (packaging, loining, canning) is outside the "fishing" sector, it may often be useful to know the GDP contribution of this fisheries-related activity. In most countries where substantial fish processing occurs, it was not possible for the consultants to identify its GDP contribution because

this information was lumped under the general category on "food processing." On further reflection over the desirability of isolating fish processing in the national accounts, there appears to be two very different types of fish processing: (i) processing that is intimately related to the fishing and fish resources of the country concerned (for example, the tuna cannery in Madang), and (ii) processing that is unrelated to the fishing and fish resources of the country concerned but rather processing of imported bulk food (for example, the mackerel cannery in the Fiji Islands which uses raw product from the United States [US]).

In the future, it is likely that an increasing share of the benefits from "fisheries" will come from fish processing. This being the case, there is a strong argument for the national accounts to disaggregate within the food processing sector the specific contribution of fish processing. The Fiji Islands has recognized this advantage and, in the future national accounts, the value added from fish canneries will be shown separately.

A common problem encountered by the consultants was the discrepancy between the official figures and other probably more reliable sources of information for a crucial input into the GDP calculations. This frequently occurs when export information is used to value the gross output of a subsector of the fishing sector. Official export figures in the Pacific Island countries characteristically undervalue exported commodities, especially fisheries products. Frequently, there is better information available from such sources as the industry, independent observers, fisheries agencies, and audited accounts of exporting companies. Statistics departments, however, often use the official figures because (i) the data can easily be accessed, (ii) they are required by government policy to use such figures, (iii) these do not require technical insight to make a judgment call, (iv) there is the perception that these figures are not biased by commercial factors, or (v) of a desire for consistency. Despite these reasons, the net result of calculating GDP using obviously inaccurate official information is lowered credibility for the national accounts.

One of the difficulties facing any analyst trying to determine the value added to GDP by small-scale fishing is the scarcity of information on the economics of small-scale fishing in the Pacific Island countries. It is noted that in the 1980s the assistance provided to the Pacific Island countries by the FFA included support for the analysis

of the economics of small-scale fishing. In the early 1990s, when the FFA changed its focus of operations to concentrate almost entirely on the tuna fisheries, the organization virtually ceased its involvement in the analysis of small-scale coastal fisheries. Despite the clear need for further work in the area, the task was not taken up by SPC or any other regional organization. One important consequence is that there is little information available on the economics of small-scale fisheries. This information would be of considerable assistance to the compilers of national accounts.

HIES are a valuable tool for obtaining national account information including fisheries. In addition, it was noted that for some countries, like Tonga and FSM, these surveys are an important source of information on national fisheries production. It was noticed, however, that many of the HIES used were quite old. Also, the fisheries information produced from the HIES could have been made more useful had there been some technical inputs from the government fisheries agency into the survey design.

There appears to be a lack of “champions” for the fisheries sector. In many sectors of the economies of Pacific Island countries, there are groups or individuals who are vocal at stressing the importance of their respective sector, supplying the government with information that emphasizes this importance, and correcting government information/statistics which downplay this importance. There do not appear to be such champions for fisheries, as there are in tourism, manufacturing, and the other sectors.