

INTEGRATED SOCIAL-ECONOMIC- ECOLOGICAL MODELLING FOR FISHERIES: THE ECOST MODEL

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Abstract

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Marine and coastal areas are complex systems formed by the interaction among the local population, economy, environment and resources and there is an increasing tendency for recent studies in fisheries research to incorporate interdisciplinary methods in their approach. In this paper, the ECOST model is structured with three modules each of which intends to characterize some relevant aspects of social, economic and ecological systems, respectively. At the heart of the model stands a fisheries economic module describing the fisheries economy; within the model the economic module is extended to the areas of fisheries sociology and biology or ecology where social and ecological aspects of fisheries are modelled following appropriate theory and methodology, respectively.

Contribution to the field

Marine and coastal areas are complex systems formed by the interaction among the local population, economy, environment and resources and there is an increasing tendency for recent studies in fisheries research to incorporate interdisciplinary methods in their approach. This paper proposes an integrated ecological-economics-social model for evaluating fishing activities and policies to improve fisheries management. The integrated model developed in this research could be applied in developing fishery regions such as in Africa, Asia and Caribbean, and the economy wide value added contribution of fisheries induced by fish harvesting, and its effects on secondary activities such as fish processing, storage, marketing and the indirect impact upon non-fisheries sectors could be evaluated.

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In review

1 **INTEGRATED SOCIAL-ECONOMIC-ECOLOGICAL MODELLING FOR FISHERIES:**
2 **THE ECOST MODEL**

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12
13
14 **Abstract**

15
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17 population, economy, environment and resources and there is an increasing tendency for recent
18 studies in fisheries research to incorporate interdisciplinary methods in their approach. In this
19 paper, the ECOST model is structured with three modules each of which intends to characterize
20 some relevant aspects of social, economic and ecological systems, respectively. At the heart of
21 the model stands a fisheries economic module describing the fisheries economy; within the
22 model the economic module is extended to the areas of fisheries sociology and biology or
23 ecology where social and ecological aspects of fisheries are modelled following appropriate
24 theory and methodology, respectively.

45 **1 Introduction**

46 The continued slipping of world-wide fishery resources towards unsustainable direction and the
47 persistent poverty existing in poor fisheries community verify that fisheries management is a
48 complex issue involving social, economic and ecological interactions and in the past sociology,
49 economics and science have walked their own ways in advising fisheries management and policy
50 but couldn't be effective and helpful. Recently, there emerges a new science which integrates
51 multidisciplinary knowledge into a framework to study complex issues from multiple dimensions.
52 A typical method of the science is the integrated assessment modelling, which grows up in study
53 of climate policy and is penetrating into other policy areas but not yet fisheries. Adopting the
54 logic of the Johannesburg Plan of Implementation (JPOI) to restore as much as possible marine
55 ecosystems by 2015 and following the philosophy of the Code of Conduct for Responsible
56 Fisheries (CCRF), this research¹ intends to introduce the integrated assessment method into
57 fishery area for the evaluation of fishing activities and fishing policies in order to contribute to a
58 better management of aquatic resources which affect sustainable development in coastal zones
59 around the world. For the purpose, the present research develops an Integrated Social-Economic-
60 Ecological model for Fisheries management (ECOST model).

61 In order to analyse systems with numerous interacting elements such as species interactions in an
62 ecosystem or those between industries and consumers in a socio-economic system economists
63 and ecologists have applied regional fisheries economics models and ecosystem models. Linear
64 models such as Input-output (IO) model and Social Accounting Matric(SAM) are used to analyse
65 the regional economic impacts of fisheries and multispecies and ecosystem modelling
66 approaches such as multispecies production models(MSP) and Ecopath with Ecosim(EwE) have
67 shown remarkable potential for ecosystem modelling (Latour, et al., 2003). The intertwined
68 nature of economy and ecology in the fishery sector leads to economic-ecologic models which
69 combine information and results from each discipline in a single cohesive model. Hoagland et al.
70 (Hoagland, et al., 2003) develop an economic-ecological model via merging the IO model of a
71 coastal economy with a model of marine food web with a case application in New England,
72 USA. Their model simulates the economic impact of changes in primary production in the
73 ecosystem on final demands for fishery products. Steinback et al. (Steinback, et al., 2008) apply
74 the IO to examine the biological and economic impact of reductions in the level of effort for the
75 southern new England lobster fishery. Their results show that reduction in effort could
76 potentially improve the sustainability of lobster resource and stimulate economic growth in the
77 coastal economy. Kaplan and Leonard (Kaplan & Leonard, 2012) combine a fishery ecosystem
78 model with IO model that traces how changes in seafood landing impact the broader economy in
79 the US west coast region under different scenarios. Based on their results each policy option
80 involves trade-offs between economics and conservation of the resources. Fay et al. (Fey, et al.,
81 2019) link the Atlantis ecosystem model to an Input-Output regional economic model and assess
82 the economic impact of change in the fishing effort via different scenarios in the Northeast US.
83 Rybicki et al. (Rybicki, et al., 2020) use a bioeconomic model to understand the response of
84 fleets of northeast Atlantic pelagic fisheries to different scenarios related to quota allocation,
85 disruption in fish and fuel price and changes in recruitment. In another study by (D'Andrea, et
86 al., 2020) a bioeconomic model to capture the dynamics between resources and fishing activities
87 and evaluate the performance of fisheries in terms of catch, and profit is developed.

88 However one of the shortcomings of these approaches is that these models work in isolation and
89 the dynamic flow of feedback from the ecological system to the socio-economic systems may not

90 **be fully captured.** The ECOST model proposed in this paper is structured with three modules
91 each of which intends to characterize some relevant aspects of social, economic and ecological
92 systems, respectively. At the heart of the model stands a fisheries economic module describing
93 the fisheries economy; within the model the economic module is extended to the areas of
94 fisheries sociology and biology or ecology where social and ecological aspects of fisheries are
95 modelled following appropriate theory and methodology, respectively; under the model the three
96 modules are interconnected through established links (the so-called hardlinks²) so that any
97 changes in a system will automatically affect other systems and also take other systems' reaction
98 into account. In particular, the linkage between social and economic systems is made through
99 income distribution, the linkage between economic and ecological systems is made through
100 changes in fish stock and marine environment, and the linkage between social and ecological
101 systems is made through social response to environmental problems, concerns and states (Failler,
102 et al., 2014). This design enables us to evaluate fisheries management and policies from social,
103 economic and ecological dimensions.

104 The ECOST model is further extended to measure, monitor, assess, evaluate and analyse
105 consequences of fisheries management and policy intervention with indicators and values.
106 Fisheries impact on the society is obvious and ubiquitous but complex, demanding multi-faceted
107 description. In this aspect various indicators for fisheries performance have been developed in
108 past decade, particularly indicators related to ecology, economy and community (Eggert, et al.,
109 2021). These indicators are designed and organised according to cause-effect chain of Driver-
110 Pressure-State-Impact-Response, ranging from several key indicators or main categories to
111 thousands indices. While they have advantage in characterising various processes, they
112 encounter many problems such as measurability, data availability, selection, aggregation, and
113 judgement. A competing alternative to indicator is valuation, which attempts to measure
114 processes in a unique metric, usually monetary value, and thus provides convenience for policy
115 assessment. However, many ecological and social processes are not possible to be valued. In this
116 research we will not pursue exclusive use of indicators and valuations. Instead, we design a small
117 set of indicators and valuation methods, which are most relevant to the questions in interest and
118 can be generated from the model.

119 The rest of this paper is organised as follows. Section 2 presents the integrated model. Section 3
120 and Section 4 discuss the indicators and valuation methods to be used. Section 5 implements an
121 empirical study to explore insights from the model. Finally, Section 6 will conclude the research.

122 **2 The ECOST model**

123 ***2.1 A structural bioeconomic model of fisheries***

124 There are two strands in the economic modelling of fisheries. One focuses on the bioeconomic
125 relations of fisheries, aiming to maximize fisher's profit by optimally utilizing the resources of
126 commercial species. Its standard bioeconomic model features a fish production function that
127 maps catchability, fishing effort and biomass stock into fish harvest. At steady state the fishing
128 effort can be derived from the balance between harvest and growth of biomass. The other strand
129 is interested in assessment of broad impact of fisheries industry. This strand focuses on the
130 economic structural relations of fisheries, attempting to explore demand or supply stimulus on
131 fisheries and linkage impact of fisheries, with little consideration of interactions between
132 biomass change and fish production. The structural model has traditionally been dominated by

133 input-output models, but recently there emerge SAM and CGE models that allow more
134 comprehensive modelling and analysis (Dixon & Rimmer, 2016). Although linear economic
135 models such as Input-Output can handle a great number of industry sectors, they are unable to
136 capture some key non-linear interactions such as supply and demand for goods and services in
137 the economy and may not be suitable to be used to examine the economic efficiency and welfare
138 and ecosystem changes .

139 Our interest, however, lies not only in the bioeconomic relations of fisheries that are more
140 oriented towards resource utilization, but also in the economic structural relations of fisheries
141 that are more oriented towards regional economic and social development. Thus, we develop a
142 structural bioeconomic model of fisheries by combining both strands. For this purpose we take a
143 two-step modelling strategy. Firstly, we develop a fisheries input-output model in which
144 structural relations of fish production with other sectors are specified, and with which full impact
145 of fisheries on the economy can be assessed. Secondly, we specify a function of fish production
146 that is determined by both fishing effort and catchability. With the function fishing effort is
147 exogenously given rather than optimally determined, and catchability varies according to
148 changes in biomass stock, which in turn depends on fish production. By this way the fish
149 production follows a non-linear function that relates Catch per Unit Effort (CPUE) to fishing
150 effort in calculating total catch. The innovative advance of the model is that the CPUE is no
151 longer a parameter rather it is a variable, which is subject to biomass change. Therefore, the
152 model establishes connection between the economy and the resource status via the CPUE which
153 acts as an adjustable variable.

154 2.1.1 The structural relations of fisheries

155 In the economics literature, input-output analysis was a traditional method to model structural
156 relationships of an economy, probably due to its concise presentation of quantitative
157 interdependence and operational convenience (Seung, Kim, Yi, & Song, 2021). The well-known
158 input-output model is the Leontief demand-driven model and the less well-known is the Ghosh

159 supply-driven model. In the Leontief model, the Leontief production coefficients, $a_{i,j} = \frac{x_{i,j}}{X_j}$, is

160 defined to be the proportion of sector i 's product in sector j 's total use of production, where $x_{i,j}$
161 is sector j 's production requirement on sector i 's product and X_j is sector j 's total input of

162 production. In the Ghosh model, the Ghosh allocating coefficients, $b_{j,i} = \frac{x_{j,i}}{X_i}$, is defined to be the

163 share of the sector i 's product allocated to sector j in total product of sector i , where X_i is sector
164 i 's total output.

165 Fish production consumes other sectors' products or services and fish are provided for other
166 sectors' production as well as for consumption. In this sense, fishing sector is backward or
167 forward linked with its upstream or downstream sectors and has impacts that spread out the
168 economy. This structural impact reflects fishing sector's overall economic importance or
169 performance and thus needs to be assessed with disaggregate, structural economic models.

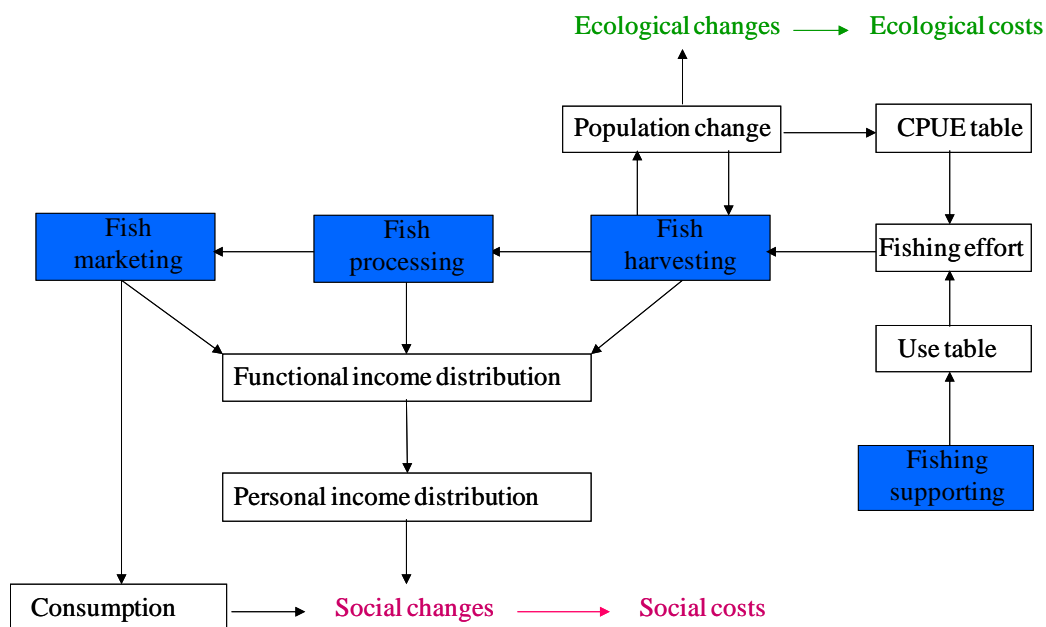
170 In the literature of fisheries economics, input-output method was conventionally adopted to
171 analyse the contribution of fishing sector to the economy (Seeteram, Bhat, Pierce, Cavasos, &

172 Die, 2019). The traditional fisheries input-output models were either demand-driven or output
 173 supply-driven, not well consistent with modern fisheries regulations. In recognition of the
 174 problem, the present research develops a new input-output model that takes fishing effort as the
 175 driver of the fisheries economy to assess the economy-wide impact of fishing.

176 According to the fish production chain, fisheries can be classified into subsectors including not
 177 only fishing but also fishing supporting, fish processing and marketing. Figure 1 shows the
 178 structural relationships of fishing with other relevant sectors i.e. the fishery production chain and
 179 its linkages to social and ecological systems. At the outset it is the variable of fishing effort,
 180 which is the principal driver of fishing activity. The fishing supporting sector is backward-driven
 181 by fishing sector to service, for example, gear production and maintenance. The fish processing
 182 sector is forward-driven by fishing sector, processing raw fish with particular techniques such as
 183 frozen, smoking, canned, salted, etc. The fish marketing sector sells raw and processed fisheries
 184 products and forward-driven by both fishing and processing sectors. The rest of the economic
 185 sectors are the non-fisheries sectors, which are backward-driven by all the fisheries sectors.
 186 Within the fishing sector, there are a number of heterogeneous micro fishers that we define as
 187 metiers. A fishing metier refers to a particular fleet equipping with a particular gear and targeting
 188 a particular species as main catch with other possible species as by-catch. **Conventionally, a
 189 metier should be related to more than a single target species, indeed. However, one of the
 190 fundamental assumptions and also limitations of input-output models is that one type of producer
 191 only produces one type of products. Therefore, we have to assume a metier catches a basket of
 192 differential species rather than a single species.**

193

Figure 1. A fishery economic model with full production chain and linkages to social and ecological systems



194

195 Consider a fisheries economy with a general economic structure that includes a capture fisheries
 196 sector (f) which consists of n metiers, a fish processing sector (fp), a fish marketing sector (fm),

197 and a non-fisheries sector (nf) that includes fishing supporting business. Assume that fishing
 198 efforts are represented by the primary inputs or value added in capture fisheries and are
 199 exogenously given, the value added generated by the fish processing sector is ‘pushed’ by the
 200 capture fisheries,

$$201 \quad V_{fp} = c_{fp} \cdot B_{fp,f} \cdot X_f \quad (1)$$

202 where the parameter, c_{fp} , is the ratio of value added to total core input in the fish processing
 203 sector, representing the effect of per unit core input use on value added generation; $B_{fp,f}$ is a
 204 row vector consisting of the Ghosh intermediate allocating coefficients of metiers for the fish
 205 processing sector, $b_{fp,f} \cdot X_f$ is a column vector of endogenous total inputs of the metiers.

206 The value added generated by the fish marketing sector is ‘pushed’ by both the capture fisheries
 207 and the fish processing sector,

$$208 \quad V_{fm} = c_{fm} \cdot (B_{fm,f} \cdot X_f + b_{fm,fp} \cdot X_{fp}) \quad (2)$$

209 where the parameter, c_{fm} , is the ratio of value added to total core input in the fish marketing
 210 sector, representing the effect of per unit of core input on value added generation. $B_{fm,f}$ is a row
 211 vector consisting of the Ghosh intermediate allocating coefficients of the capture fisheries for the
 212 fish marketing sector. $b_{fm,fp}$ is a Ghosh intermediate allocating coefficients of the processing
 213 sector for the marketing sector. X_{fp} is endogenous total input of the fish processing sector.

214 Assuming that the fisheries sectors’ production follows the Ghosh supply-driven model, the
 215 balances of fish production are as follows,

$$216 \quad B_{f,f} \cdot X_f + B_{f,fp} \cdot X_{fp} + B_{f,fm} \cdot X_{fm} + B_{f,nf} \cdot X_{nf} + V_f = X_f, \quad f \in (1, \dots, n) \quad (3)$$

217 where all B represent the Ghosh intermediate allocating coefficients. Among them, $B_{f,f}$ is a
 218 square matrix by metier with elements $b_{f,f}$. Normally this matrix contains zeros from the data,
 219 since basically there are no interactions among the metiers. X_f is a column vector of total
 220 outputs by metier. $B_{f,fp}$ is a column vector by metier for the fish processing sector. $B_{f,fm}$ is a
 221 column vector by metier for the fish marketing sector. $B_{f,nf}$ is a column vector by metier for the
 222 non-fisheries sector. X_{fm} and X_{nf} are total inputs of the fish marketing and non-fisheries sectors,
 223 respectively. V_f is a column vector by metier of exogenous primary inputs (or value added of the
 224 metiers).

225 The primary input of the fish processing sector depends on the amount of fish captured. The
 226 more raw and fresh fish that are to be processed, the more primary input that is needed in the fish
 227 processing sector. As a result, the production of the fish processing sector will also follow the
 228 Ghosh supply-driven model with the following supply and demand balance,

$$229 \quad B_{fp,f} \cdot X_f + b_{fp,fp} \cdot X_{fp} + b_{fp,fm} \cdot X_{fm} + b_{fp,nf} \cdot X_{nf} + V_{fp} = X_{fp} \quad (4)$$

230 where $B_{fp,f}$ is a row vector by metier for the fish processing sector. Its element $b_{fp,f}$ indicates
 231 the proportion of metier f 's product allocated to the fish processing sector (reflecting the forward
 232 linkage effect). $b_{fp,fp}$, $b_{fp,fm}$ and $b_{fp,nf}$ are the Ghosh intermediate allocating coefficients of the
 233 processing, marketing and non-fisheries sectors for the fish processing sector, respectively. The
 234 primary input (or value added) of the sector V_{fp} is endogenously determined through the
 235 'pushing' effect of capture fisheries.

236 The primary input of the fish marketing sector depends on both the amount of fish harvested and
 237 processed. The more raw or processed fish that needs to be distributed in the market, the more
 238 the primary input needed in the fish marketing sector. As a result, the production of the fish
 239 marketing sector also follows the Ghosh supply-driven model, with the following supply and
 240 demand balance,

$$241 \quad B_{fm,f} \cdot X_f + b_{fm,fp} \cdot X_{fp} + b_{fm,fm} \cdot X_{fm} + b_{fm,nf} \cdot X_{nf} + V_{fm} = X_{fm} \quad (5)$$

242 where $B_{fm,f}$ is a row vector by metier for the fish marketing sector. Its element $b_{fm,f}$ indicates
 243 the proportion of metier f 's product allocated to the fish marketing sector (reflecting the forward
 244 linkage effect). $b_{fm,fp}$, $b_{fm,fm}$ and $b_{fm,nf}$ are the Ghosh intermediate allocating coefficients of the
 245 processing, marketing and non-fisheries sectors for the fish marketing sector, respectively. The
 246 primary input (or value added) of the sector V_{fm} is endogenously determined through the
 247 'pushing' effect of both capture fisheries and fish processing.

248 Substituting equations (1) and (2) into equations (4) and (5), respectively, we get

$$249 \quad (1 + c_{fp}) \cdot B_{fp,f} \cdot X_f + b_{fp,fp} \cdot X_{fp} + b_{fp,fm} \cdot X_{fm} + b_{fp,nf} \cdot X_{nf} = X_{fp} \quad (6)$$

250 and

$$251 \quad (1 + c_{fm}) \cdot B_{fm,f} \cdot X_f + (1 + c_{fm}) \cdot b_{fm,fp} \cdot X_{fp} + b_{fm,fm} \cdot X_{fm} + b_{fm,nf} \cdot X_{nf} = X_{fm} \quad (7)$$

252 Contrary to the supply-driven fisheries sectors, the non-fisheries sector follows the Leontief
 253 demand-driven model, and has the following product balance:

$$254 \quad A_{nf,f} \cdot X_f + a_{nf,fp} \cdot X_{fp} + a_{nf,fm} \cdot X_{fm} + a_{nf,nf} \cdot X_{nf} + D_{nf} = X_{nf} \quad (8)$$

255 where all parameters are the Leontief intermediate use coefficients of the non-fisheries sector.
 256 Among them, $A_{nf,f}$ is a row vector the element of which $a_{nf,f}$ indicates the proportion of the
 257 non-fisheries sector's product used in capture fisheries sector f 's production (reflecting the
 258 backward linkage effect). $a_{nf,fp}$, $a_{nf,fm}$ and $a_{nf,nf}$ are the proportions of the non-fisheries sector's
 259 product used in processing, marketing and non-fisheries sectors' production (also reflecting the
 260 backward linkage effect), respectively. D_{nf} is exogenous final demand for non-fisheries product.

261 Combining equations (3), (6), (7) and (8), we express them in a matrix format,

$$262 \quad \tilde{A} \cdot \tilde{X} + \tilde{Y} = \tilde{X} \quad (9)$$

263 where

$$264 \quad \tilde{A} = \begin{bmatrix} B_{f,f} & B_{f,fp} & B_{f,fm} & B_{f,nf} \\ (1+c_{fp})B_{fp,f} & b_{fp,fp} & b_{fp,fm} & b_{fp,nf} \\ (1+c_{fm})B_{fm,f} & (1+c_{fm})b_{fm,fp} & b_{fm,fm} & b_{fm,nf} \\ A_{nf,f} & a_{nf,fp} & a_{nf,fm} & a_{nf,nf} \end{bmatrix}, \quad \tilde{X} = \begin{pmatrix} X_f \\ X_{fp} \\ X_{fm} \\ X_{nf} \end{pmatrix} \quad \text{and} \quad \tilde{Y} = \begin{pmatrix} V_f \\ 0 \\ 0 \\ 0 \end{pmatrix}$$

265 The solution of this linear equation system can be solved with

$$266 \quad \tilde{X} = (I - \tilde{A})^{-1} \cdot \tilde{Y} \quad (10)$$

267 where I is unity matrix. Assuming $D_{nf} = 0$, the solution then gives all impact of capture fisheries.

268 Since non-fisheries production follows the Leontief demand model, its value added will be
269 determined endogenously by total output or input:

$$270 \quad V_{nf} = v_{nf} \cdot X_{nf} \quad (11)$$

271 where v_{nf} represents the share of value added in total input in the non-fisheries sector.

272 Finally all fisheries sectors' value added can be summed into total fisheries value added,

$$273 \quad V_{fpm} = \sum_f V_f + V_{fp} + V_{fm} \quad (12)$$

274 Combining the fisheries value added with the non-fisheries value added then produces the
275 economy-wide value added, which is equivalent to the total final demand of society (GDP).

$$276 \quad V = V_{fpm} + V_{nf} \quad (13)$$

277 This equation describes an economic system where exogenous primary inputs of capture
278 fisheries (or fishing effort in the terminology of fisheries economics) determines fish production,
279 these act as core inputs to generate value added in the fish processing and marketing sectors
280 (forward linkage sectors), and all fisheries sectors pull non-fisheries sector's production
281 (backward linkage sector).

282 **2.1.2 The bioeconomic relations of fisheries**

283 Fish production uses not only intermediate products and primary factors but also natural aquatic
284 resource. Fishing removes some fish from the sea and thus intervenes into natural production
285 process of fish stock. On the other hand, state of fish stock affects fishing productivity. At this
286 point it is the connection between economic and ecological systems.

287 The fisheries bioeconomics relates fishing effort with Catch Per Unit of fishing Effort (CPUE) to
288 measure catch of fish in a time interval. CPUE values depend on catchability and fish stock.
289 CPUE coefficient will be high if a fish stock is abundant and will be low if the fish is scarce.
290 Assume a metier's action removes some amounts of multiple species from the biomass stocks
291 and total catch of a species results from all relevant metiers' actions. Let $E_{m,t}$ denote the fishing
292 effort of metier m , $c_{m,s,t}$ the catch of species s by metier m , and $C_{s,t}$ total catch of species s by all
293 metiers at time t , then

$$294 \quad c_{m,s,t} = CPUE_{m,s,t} \cdot E_{m,t} \quad (14)$$

295 Let $q_{m,s,t}$ denote the catchability of species s by metier m , and $BM_{s,t}$ biomass stock of species s at
 296 time t , the CPUE coefficient can be transformed into a linear function of biomass stock

$$297 \quad CPUE_{m,s,t} = q_{m,s} \cdot BM_{s,t} \quad (15)$$

298 where the catchability is a constant representing the probability of species s being caught by per
 299 unit of fishing effort of metier m , and can be calibrated from data at any reference time 0

$$300 \quad q_{m,s} = \frac{\frac{c_{m,s,0}}{BM_{s,0}}}{\frac{E_{m,t,0}}{BM_{s,0}}} = \frac{c_{m,s,0}}{E_{m,t,0}} \cdot \frac{1}{BM_{s,0}} \quad (16)$$

301 Substitute equation (16) into (15), then

$$302 \quad CPUE_{m,s,t} = \frac{c_{m,s,0}}{E_{m,t,0}} \cdot \frac{BM_{s,t}}{BM_{s,0}} = CPUE_{m,s,0} \cdot \frac{BM_{s,t}}{BM_{s,0}} \quad (17)$$

303 Equation (17) obviously states that CPUE value simply is the adjustment of reference CPUE by
 304 change in biomass stock. Substitute this equation into (14), the catch becomes a non-linear
 305 function of both fishing effort and biomass stock

$$306 \quad c_{m,s,t} = CPUE_{m,s,0} \cdot \frac{BM_{s,t}}{BM_{s,0}} \cdot E_{m,t} \quad (18)$$

307 In the equation, fishing effort, E , plays a key role in calculation. It can be set up on basis of
 308 exogenous value, optimisation, simulation or forecast, depending on the questions in interest. In
 309 our structural model, since fishing effort is exogenously given and structurally related to total
 310 input of fish production, we revise equation (18) by replacing effort with total input into a new
 311 formula

$$312 \quad c_{m,s,t} = CPUO_{m,s,0} \cdot \frac{BM_{s,t}}{BM_{s,0}} \cdot X_{m,t} \quad (19)$$

313 where $CPUO_{m,s,0}$ measures Catch of species s Per Unit of Output of metier m , its values can be
 314 calibrated from the data at reference time 0 . Since total output equals to total input, let $C_{m,t}$
 315 denote total catch by metier m , then

$$316 \quad C_{m,t} = \sum_s c_{m,s,t} = X_{m,t} \quad (20)$$

317 In equation (18), the biomass stock at present period depends on both the level and growth of
 318 biomass stock, and also the catch at previous period

$$319 \quad BM_{s,t} = (1 + BG_{s,t-1}) \cdot BM_{s,t-1} - C_{s,t-1} \quad (21)$$

320 where BG is growth rate of biomass stock, and $C_{s,t-1} = \sum_m c_{m,s,t-1}$ is total catch of species s across
 321 metiers.

322 **2.2 The ecological module**

323 The ecological module is an ecological extension of the economic model, focusing on
324 assessment of biomass change. From equation (21) it is clear that catch is a man-made factor of
325 biomass change to be determined in the economic model, and biomass growth is a natural
326 property of biomass change, needing to be simulated with some biological functions such as
327 linear, logistic, exponential, or others (Hilborn & Walters, 1992). Through this way the
328 economic and ecological modules are hard linked to each other, and the interactions between the
329 economic and ecological systems are captured. However, due to the complexity of biological
330 system, biomass change would be better assessed from comprehensive biological model systems
331 where biological interactions are taken into account to a considerable extent. In that situation, a
332 soft (external) link between the economic and ecological modules is needed.

333 In this research, we assume biomass change follows the logistic curve. Let θ_s and CAP_s denote
334 the intrinsic growth rate and carrying capacity of species s , respectively, then biomass growth of
335 the species is

$$336 \quad BG_{s,t} = \theta_s \cdot \left(1 - \frac{BM_{t,i}}{CAP_s}\right) \quad (22)$$

337 Both θ_s and CAP_s are biological parameters that can be estimated or calibrated from biological
338 data.

339 **2.3 The social module**

340 The social module is a social extension of the economic model, focusing on income-based social
341 issues.

342 Figure 2 shows the linkages among the social, economic and ecological models and the
343 calculation of social, economic and ecological costs. In the figure, ECOSTSM, ECOSTEM and
344 ECOSIM represent social, economic and ecological model, respectively. The economic model is
345 in the middle of the figure, linking the social model by functional incomes and the ecological
346 model by fishing effort. Presently we have not established direct link between the social and
347 ecological model. Based on personal income distribution, the social model can be used to
348 calculate the social cost of fisheries. The economic cost of fisheries is the sum of production
349 costs of all fisheries sectors net of total output, which depends on the catch from the ecological
350 model. The ecological cost is assessed from biomass stock change.

351 Figure 2 shows the interrelations among fisheries, all the four fishery sectors will use production
352 factors – capital and labor - and generate functional incomes. Once the functional incomes are
353 distributed to the factors, they will be further distributed among fishery-dependent households.
354 This comes to the personal income distribution, which is relevant to social issues. Here is the
355 linkage between social and economic systems.

356 The details of the model are presented in (Wang, et al., 2015). The resource content of fish
357 production is specified and changes in biomass stock are estimated. Thirdly, the feedback of
358 biomass change on fishing productivity or catchability is introduced into fish production. This
359 integration of the bioeconomic and economic structural approaches on fisheries seems to be
360 novel.

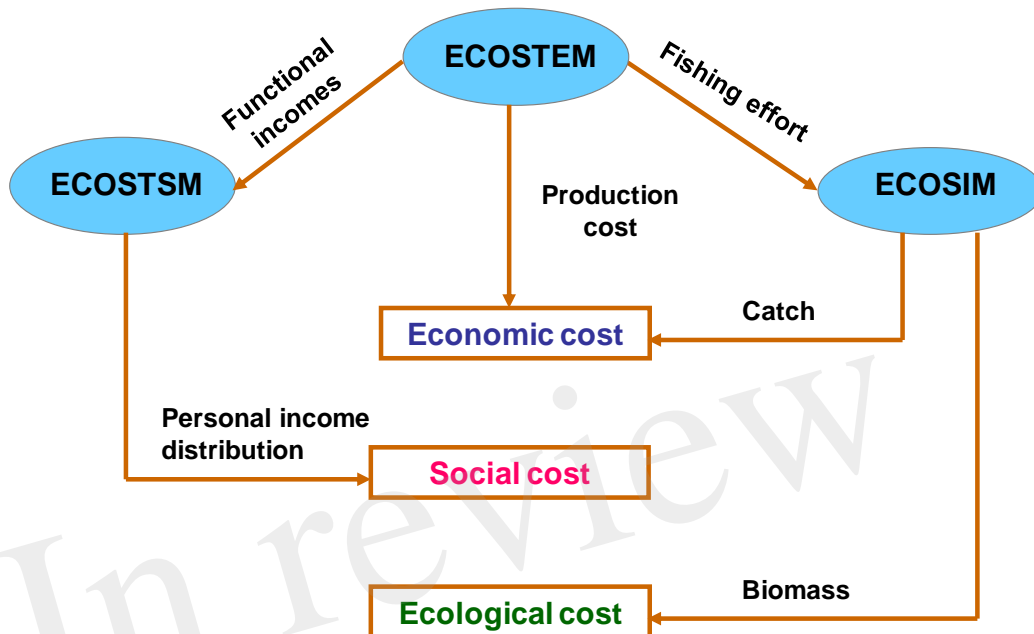
361 Fish products are raw and fresh fish, part of which will directly go to households for
362 consumption, part of which will go to the fish market for sale, and the rest of which will go to the
363 fish processing sub-sector for processing. In industrial evolutionary theory, a sector's evolution
364 largely depends on its "core inputs", which are produced and provided by the so-called "carrier
365 sectors or branches". According to this view the model regards raw and fresh fish to be the "core
366 inputs" of the fish processing and marketing sub-sectors, and so capture fisheries as the "carrier
367 sectors or branches". Fish processing produces processed fish; part of which will directly go to
368 households for consumption, part of which will go to the fish marketing sub-sector for sale.
369 Finally, raw and/or fresh and/or processed fish can also be supplied direct to the consumers.

370 It is the economic system that generates income from factor uses. The factor incomes affect the
371 social system through income redistribution among persons. The personal income distribution is
372 thus commonly regarded as one of the main forces determining the social costs and benefits. It is
373 closely related to well-being, poverty, and other income-based social issues. After all, some non-
374 income based social issues are also indirectly related to personal income distribution. The social
375 well-being is discussed in Millennium Ecosystem Assessment (2003) where the social services
376 include five categories, namely basic material needs, health, social relations, personal security,
377 and freedom and choice. The basic material needs generally cover food, water, clothing, shelter,
378 etc. The health concerns body condition, life length, feeling, and living environment. The social
379 relations include social cohesion, respect and help, and gender development. Personal security
380 means safety from natural and social environment. lastly, freedom and choice refers to own
381 control. Clearly, the first two categories are directly related to personal income that is generated
382 from the economy.

383 **3 The integration model**

384 Figure 2 shows the linkages among the social, economic and ecological models and the
385 calculation of social, economic and ecological costs. In the figure, ECOSTSM, ECOSTEM and
386 ECOSIM represent social, economic and ecological model, respectively. The economic model is
387 in the middle of the figure, linking the social model by functional incomes and the ecological
388 model by fishing effort. Presently we have not established direct link between the social and
389 ecological model. Based on personal income distribution, the social model can be used to
390 calculate the social cost of fisheries. The economic cost of fisheries is the sum of production
391 costs of all fisheries sectors net of total output, which depends on the catch from the ecological
392 model. The ecological cost is assessed from biomass stock change.

Figure 2. The linkages of social, economic and ecological models for cost calculation



393

394 Fisheries have been a traditional primary industry, which not only produce aquatic products for
 395 human consumption and industrial uses but also provide employment and generate primary
 396 incomes to support the fishery society. In this aspect, the impact of fishing on the society is
 397 obvious. However, the impact of fishing activity on social system involves much complexity.
 398 Fisheries incomes are relatively low on average particularly in the developing economy and
 399 unevenly distributed among earners, causing a number of social problems such as poverty, food
 400 insecurity, poor health care, less education, and others. According to Millennium Ecosystem
 401 Assessment (2003), social products and services include five categories: basic material needs,
 402 health, social relations, personal security, and freedom and choice. While the first two categories
 403 are generally classified as income based social well-being, the latter three categories are
 404 classified as non-income based social well-being. Because of immaturity in theory and
 405 methodology of valuation of the non-income-based social well-being, this research focuses on
 406 the income-based social well-being through the changes in income level and distribution induced
 407 by fishing activity. We adopt the ideal point method to value the social costs.

408 Fishing activity means a cost to the ecological system if it removes biomass stock at a scale
 409 beyond nature's ability to recover. As biomass stock declines, catching as same amount of fish as
 410 before will require more fishing effort. In this sense, the ecological system in turn induces
 411 additional cost to the fishing activity. Both of the two types of costs are related to the ecological
 412 system, but they are different by nature. The former measuring the damage to the natural system
 413 can be regarded as the ecological cost, while the latter should be taken as the indirect economic
 414 cost caused by ecological system. However, if fishing activity does not affect the natural state of
 415 biomass stock, the ecological system will offer a net benefit to the activity. There is also indirect
 416 impact of fishing on species population or biodiversity. Some fishing methods may damage the

417 environment or ecological system by fishing. As a result, relevant species will be affected
 418 inevitably. This research assesses the direct impact on population change by the ecological
 419 module and the indirect impact by an associate method.

420 **4 Indicators of fisheries performance**

421 At the central of the ECOST model is the fishery economy which then extends to fishery-related
 422 social and ecological systems. The fisheries economic model of the ECOST model considers the
 423 full production chain of fisheries, which includes fish harvesting, fishing supporting, fish
 424 processing, and fish marketing sectors. The fish harvesting sector consists of a number of micro
 425 producers that we define as metiers. A harvesting metier refers to a particular fleet equipping
 426 with a particular gear and targeting a particular species as main catch. A metier may capture
 427 other species as by-catch. Figure 1 illustrates the fishery production chain and its linkages to
 428 social and ecological systems.

429 **4.1 Valuation of fisheries performance**

430 Our aim in this research is to assess total cost of a metier's fishing activity. As the fishing
 431 activity will induce supporting, processing and marketing activities, the economic cost of a
 432 metier's fishing activity must include the costs occurred in all relevant fishery sectors. The
 433 fishing cost of a metier normally consists of two parts, namely fixed and variable costs. The
 434 former normally refers to the maintenance costs that are independent of fishing effort and the
 435 latter the running cost including factor and product inputs. In order to assess the full cost of a
 436 fishing metier's activity, we extend the fishing metier to include its impact on supporting,
 437 processing and marketing sectors. Let *ext*, *har*, *sup*, *pro* and *mak* represent extended metier,
 438 harvesting, supporting, processing and marketing sector, respectively, then the full cost of an
 439 extended metier then is calculated as follows

$$c_m^{ext} = c_m^{har} + c_m^{sup} + \sum_{sp} \theta_{m,sp}^{pro} \cdot c_{sp}^{pro} + \sum_d \theta_{m,d}^{mak} \cdot c_d^{mak} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot c_d^{mak} \quad (23)$$

440

441 Where

442 *m*: metiers

443 *sp*: processing firms or processed species

444 *d*: distributors

445 *c*: cost

446 $\theta_{m,sp}^{pro}$: the proportion of metier *m*'s products processed by the processor

447 $\theta_{m,d}^{mak}$: the proportion of metier *m*'s products directly distributed by the distributor *d*

448 $\theta_{sp,d}^{mak}$: the processor *sp*'s product distributed by the distributor *d*

449

450 The proportion variables θ can be either calibrated from data or endogenously determined by
 451 maximizing the revenues of processing and marketing sectors. Similarly, the benefit of the
 452 extended metier is

$$b_m^{ext} = b_m^{har} + b_m^{sup} + \sum_{sp} \theta_{m,sp}^{pro} \cdot b_{sp}^{pro} + \sum_d \theta_{m,d}^{mak} \cdot b_d^{mak} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot b_d^{mak} \quad (24)$$

453 And the net economic cost is

$$nc_{ext,m}^{en} = c_m^{ext} - b_m^{ext} \quad (25)$$

454

455 **4.2 The ecological costs**

456 Environmental economics has traditionally focused on impact of human activity on ecosystem.
 457 Recently a new brand of research mainly generated from ecological economics instead proposes
 458 to study impact of ecosystem on human society. Costanza et al. (Costanza, et al., 1997) argue
 459 that ecosystem contributes to human society through ecosystem services, which contain some
 460 economic value. Once these services are valued, they represent the ecological benefits to human
 461 society in monetary term. Millennium Ecosystem Assessment (2003) further extends to social
 462 system's services to explore the economic value of social system. Beaumont et al. (Beaumont, et
 463 al., 2007) apply the approach of ecosystem goods and services to marine system to study the
 464 goods and services that marine provides to human society. They identify 13 types of marine
 465 goods and services, which can be classified into five categories, namely, production services,
 466 regulation services, cultural services, option use value, and support services. Beaumont et al.
 467 (Beaumont, et al., 2008) further attempt to value those marine goods and services, using various
 468 valuation methods, in case studies. The result of the research inspires further directions as well
 469 as exposes difficulties in valuation of the marine goods and services that are not directly
 470 observed in the markets.

471 The ECOST research basically follows the theory of ecosystem approach to develop a
 472 methodology of quantifying and valuing marine goods and services. Instead of studying the full
 473 range of marine goods and services, we focus on fish only in this research. The fish perhaps is
 474 one of the most important goods and services that marine system provides to human society. The
 475 appropriation of the benefit is through fisheries, a direct economic activity. It is the economic
 476 system that reduces biomass stock through capture of marine fish and in turn the ecological
 477 system affects the fishing productivity due to the scarcity of biomass. If economic capture of
 478 marine fish is within the original natural growth of marine resource, the economic activity gains
 479 a net value from exploring the marine resource without damaging it. However, if the capture is
 480 beyond the original natural growth, the marine resource will only sustain a growth below its
 481 original natural growth. As a result, the marine resource may provide less value to the economic
 482 system than the marine resource at the original natural state does. In this sense, we say that over-
 483 exploration reduces the growing ability of marine resource and causes a loss to the ecological
 484 system. It will take time for the marine resource to recover from the new to its original natural
 485 state. The recovering process can be viewed as a loss in economic value that the economic
 486 system otherwise may subtract from the resource at the original natural state.

487 We first define landing value of a species of fish as the ecological benefit that the species
 488 provides to the fishing activity. Once a certain amount of the species is removed from the marine,
 489 the biomass stock of the species reduces to a new, low level, which will grow in next year. We
 490 thus define the difference between the landing value and the growth value as the ecological cost.

491 If the growth value is below the land value, there exists an ecological cost. If the growth value
 492 exceeds the land value, the ecological cost is negative, representing a benefit. For example, on an
 493 extreme case that the biomass stock will not grow any, the ecological cost equates to the landing
 494 value or ecological benefit, the net ecological benefit in fact is zero.

495 Let el refer to ecological system, X total removal of a species, the ecological benefit of a species
 496 is

$$b_s^{el} = P_s \cdot X_s \quad (26)$$

497

498 The potential growth of the biomass stock is

$$GB_s = f(B_{s,t-1}, X_s) \quad (27)$$

499

500 Then, the ecological cost of species s , is

$$c_s^{el} = P_s \cdot X_s - P_s \cdot GB_s \quad (28)$$

501

502 And, the net ecological cost is

$$nc_s^{el} = c_s^{el} - b_s^{el} \quad (29)$$

503 which in fact is the value of the potential growth of the biomass stock.

504 Since our aim is to measure social, economic and ecological costs at metier level and the
 505 ecological costs are measured for each species, they need to be transformed into the ecological
 506 costs by metier. The ecological costs and benefits are associated with not only harvesting
 507 fisheries but also processing and distributing fisheries. In each of these fisheries sectors, the
 508 ecological benefits are defined to be total production values, which are

$$b_{i,j}^{el} = y_{i,pr}^j, \quad i \in (m, sp, d) \text{ and } j \in (har, pro, mak) \quad (30)$$

509

510 In order to get the ecological costs for fisheries sectors, we first need to know how value output
 511 will change correspondingly with the potential growth of the biomass stock of a species. For
 512 each of the sector, it is

$$z_{m,pr}^{har} = \sum_s P_s^{raw} \cdot x_{m,s} \cdot \frac{GB_s}{X_s} \quad (31)$$

513

514

$$z_{sp,pr}^{pro} = \sum_{sp} P_{sp}^{pro} \cdot x_{sp,sp}^{pro} \cdot \frac{GB_s}{X_s} \quad (32)$$

515

$$z_{d,pr}^{mak} = \sum_s P_s^{mak,raw} \cdot x_{d,s}^{raw} \cdot \frac{GB_s}{X_s} + \sum_{sp} P_{sp}^{mak,pro} \cdot x_{d,sp}^{pro} \cdot \frac{GB_s}{X_s} \quad (33)$$

516

517 where z represents the value of potential growth of the biomass stock of a species.

$$c_{i,j}^{el} = z_{i,pr}^j, \quad i \in (m, sp, d) \text{ and } j \in (har, pro, mak) \quad (34)$$

518 The ecological benefit of an extended metier is

$$b_{ext,m}^{el} = b_{m,har}^{el} + b_{m,sup}^{el} + \sum_{sp} \theta_{m,sp}^{pro} \cdot b_{sp,pro}^{el} + \sum_d \theta_{m,d}^{mak} \cdot b_{d,mak}^{el} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot b_{d,mak}^{el} \quad (35)$$

519

520 The value of potential growth of an extended metier is

$$z_{ext,m}^{el} = z_{m,har}^{el} + z_{m,sup}^{el} + \sum_{sp} \theta_{m,sp}^{pro} \cdot z_{sp,pro}^{el} + \sum_d \theta_{m,d}^{mak} \cdot z_{d,mak}^{el} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot z_{d,mak}^{el} \quad (36)$$

521

522 The ecological costs of an extended metier thus is

$$c_{ext,m}^{el} = b_{ext,m}^{el} - z_{ext,m}^{el} \quad (37)$$

523

524 And, the net ecological cost of an extended metier is

$$nc_{ext,m}^{el} = c_{ext,m}^{el} - b_{ext,m}^{el} \equiv -z_{ext,m}^{el} \quad (38)$$

525

526 **4.3 The social costs and benefits**

527 In previous section, we stated that the Millennium Ecosystem Assessment (2003) classifies
 528 social products and services into five categories the first two of which are referred to income
 529 based social well-being and the latter three are referred to non-income based social well-being.
 530 There are rare research that report any valuation of the income based social well-being, needless
 531 to say the non-income based ones. In this research, we attempt to develop methods to value the
 532 basic material needs and health. To address the social value, we must at first define a society's
 533 economic position. Let us assume that an ideal level of personal income in a society is known.
 534 Based on this, ideal levels of spending on basic material needs, health and others can also be
 535 derived. Furthermore, based on the current market situation, we can calculate the necessary
 536 spending on basic material needs, health and others, respectively. If we define the real spending
 537 as social benefit, the difference between the ideal and real situation measures the social cost. For
 538 example, if ideal level of spending on basic material needs is \$1000 and real spending is \$600 in

539 a fisheries society. We say that the social benefit of the fisheries is \$600 and the social cost is
 540 \$400. If the real spending can reach \$1000, there is no social cost in terms of basic material
 541 needs.

542 In this research, we focus on social costs and benefits of basic material needs and health, and
 543 leave all other social services to the other category. Let *BMN*, *HLH* and *OTH* represent basic
 544 material needs, health care and other social services, respectively. *PIN* is person income, and
 545 the share of each spending in personal income. Then, the social benefits of each of social
 546 services related to each fisheries sector can be calculated as follows

$$b_{i,j}^{sc} = \alpha_i \cdot PIN_j, \quad i \in (BMN, HLH, OTH) \text{ and } j \in (m, sp, d) \quad (39)$$

547

548 The total social benefit of all social services related to each fisheries sector is

$$b_j^{sc} = \sum_i b_{i,j}^{sc}, \quad i \in (BMN, HLH, OTH) \text{ and } j \in (m, sp, d) \quad (40)$$

549

550 In order to calculate the social costs and benefits at métier level, we need to know the number of
 551 households depending on the income generated in *j*'s fisheries sector, *NHH*. Then, the social
 552 costs related to each fisheries sector can be calculated as follows

$$c_{i,j}^{sc} = IS_i \cdot NHH_j - b_{i,j}^{sc}, \quad i \in (BMN, HLH, OTH) \text{ and } j \in (m, sp, d) \quad (41)$$

553

554 And, the total social cost of all social services related to each fisheries sector is

$$c_j^{sc} = \sum_i c_{i,j}^{sc}, \quad i \in (BMN, HLH, OTH) \text{ and } j \in (m, sp, d) \quad (42)$$

555

556 Finally, we need to transform the social costs and benefits into extended métier level. The social
 557 benefit of an extended metier is

$$b_{ext,m}^{sc} = b_{m,cap}^{sc} + \sum_{sp} \theta_{m,sp}^{pro} \cdot b_{sp,pro}^{sc} + \sum_d \theta_{m,d}^{mak} \cdot b_{d,mak}^{sc} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot b_{d,mak}^{sc} \quad (43)$$

558 The social cost of an extended metier is

$$c_{ext,m}^{sc} = c_{m,cap}^{sc} + \sum_{sp} \theta_{m,sp}^{pro} \cdot c_{sp,pro}^{sc} + \sum_d \theta_{m,d}^{mak} \cdot c_{d,mak}^{sc} + \sum_{sp} \sum_d \theta_{m,sp}^{pro} \cdot \theta_{sp,d}^{mak} \cdot c_{d,mak}^{sc} \quad (44)$$

559

560 And, the net social cost of an extended metier is

$$nc_{ext,m}^{sc} = c_{ext,m}^{sc} - b_{ext,m}^{sc} \quad (45)$$

561

562 **4.4 The societal cost**

563 The societal cost is the sum of social, economic and ecological costs. Let *st* indicate the society,
564 then the societal cost of metier *m*'s fishing activity is

$$nc_{ext,m}^{st} = nc_{ext,m}^{en} + nc_{ext,m}^{el} + nc_{ext,m}^{sc} \quad (46)$$

565 **5 Applications of the ECOST model**

566 One of the main application areas of the proposed model is to assess the impacts of fishing
567 policy on fishing activities considering an integrated approach towards the social, economic and
568 ecological aspects in fisheries. Through evaluating the changes in the economic and social
569 indicators and connecting that to an ecosystem module, the model is constructed to investigate
570 how different policies result in different states of the socio-economic and ecosystem structure.

571 An application of the model is found in the study of (Christensen, et al., 2011) where a case
572 study based on an ecological model of the South China Sea ecosystems is used where the Tuna,
573 Mackarel and Clams value chains are assessed. The trophic ecosystem model is linked to a value
574 chain approach where the flow (amount, revenue and costs) of fish products from sea to the end
575 consumer is tracked. From a management perspective the model shows the impact of
576 interventions such as quota setting and effort regulations, on the ecosystem, economy, the social
577 setting, and the food availability for the consumers. In the study by (Wang, et al., 2016) the
578 ECOST model is applied to assess the implementation of ecosystem based fisheries management
579 in the Pearl River Estuary. The impact on the ecological-economy-social system are examined by
580 varying fishing efforts for four scenarios including status quo management, fishing effort
581 reduction policy, fishing gear switch and summer closure extensions policies. Their results show
582 the the gear switch scenario presents a compromise among the economics, conservation and
583 social metrics and also outperforms other scenarios in terms of biomass at the end of the
584 simulation period. However the fishing effort reduction policy performs better than the summer
585 closure extensions policy in terms of the conservation metrics but does relatively poorly in
586 economics terms. The model is also used in the study by (Wang, et al., 2020) to investigate how
587 different scenarios of fishing effort and catch management reflecting varying levels of input and
588 output in four fishery management simulations result in different states of the socio-economic
589 and ecosystem structure. The modelling results show that the output control policy has the most
590 positive effect on ecosystem restoration and can increase over all social welfare.

591 By providing a useful approach to quantify the trade-offs between ecological and socio-
592 economic systems, the model tends to deal with the multi-objective management of the fisheries
593 sector and reconcile the socio-economic and ecological goals which are inherently conflicting.

594 **6 Conclusions**

595 Marine and coastal area are complex systems formed by the interaction among the local
596 population, economy, environment and resources and there is an increasing tendency for recent
597 studies in fisheries research to incorporate interdisciplinary methods in their approach. This
598 paper proposes an integrated ecological-economics-social model for evaluating fishing activities

599 and policies to improve fisheries management. The integrated model developed in this research
600 could be applied in developing fishery regions in Africa, Asia and Caribbean. Data requirements
601 include an aggregate macroeconomic social accounting matrix (SAM) with the fisheries sector
602 particularly identified, detailed microeconomic fisheries data, some social data, and detailed
603 time-series biological data.

604 The economy wide value added contribution of fisheries induced by fish harvesting, lies also in
605 its effects on secondary activities such as fish processing, storage, marketing and the indirect
606 impact upon non-fisheries sectors. This study would be helpful particularly for developing
607 coastal regions to assess their fisheries industry and make appropriate policy measures to reduce
608 overexploitation of resources while maintaining a healthy economic balance. The comparison of
609 the results among the regions would reveal the current stages of each region's fisheries and
610 policy simulations would provide insights into potential improvement in future practice.

611

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In review

¹ Being a part of the European international research project in cooperation ECOST (Ecosystems, Societies, Consilience, Precautionary principle: Development of an assessment method of the societal cost for best fishing practices and efficient public policies), formed under the INCO-DEV Priority Research Area A.2.2. (Reconciling multiple demands on coastal zones).

² In literature of integrated assessment modeling, a hardlink means different modules are internally linked, whereas a softlink means different models are externally linked each other.