



ECONOMIC CONSEQUENCES OF THE OIL SPILL CAUSED BY THE *PRESTIGE*¹

by

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On Wednesday 13 November 2002, the oil tanker ‘Prestige’ transporting 77,000 tonnes of crude oil sent out an S.O.S. from the Cape of Fisterra (Galicia - Spain). This marked the beginning of a horrifically absurd towing operation which ended with the sinking of the vessel off the Cies Islands on 20th November, causing an environmental and economic catastrophe. The situation continues to worsen today and it is more than likely that we are only seeing the early stages of the oil spill. The current situation could degenerate if the spill were to spread to the Arousa Estuary or to other areas of the Galician coastline. It is as yet impossible to calculate the exact scale of the economic consequences, but other similar disasters which have blighted the coasts of Galicia, e.g. Polycommander (1970), Urquiola (1976), Andros Patria (1978), Aegean Sea (1992), etc. nevertheless enable us to predict at least some of the consequences with a high degree of certainty.

The oil spill caused by the Prestige is affecting areas of outstanding environmental value, most of which are classed and protected as sites of environmental interest owing to the natural beauty of the landscapes and their rich fauna. The Costa da Morte, the wetlands and marshes in Corrubedo and Baldaio, the mouth of the River Anllóns and Lake Traba which include some of the richest ornithological areas in Europe are just some of the sites affected. The Sisargas Islands and the Cape of Vilán which are home to the last remaining colonies of the guillemot (*Uria aalge*), the green cormorant (*Phalacrocorax aristotelis*) and the kittiwake gull (*Rissa tridactyle*), etc. are also affected. The affected area is also extremely rich in fish, molluscs and crustaceans, including horse mackerel, octopus, clams, mussels, goose barnacles, crabs, etc. which are caught for human consumption, providing an important source of income. The situation is further aggravated by the fact that in this particular case, the oil spilled by

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the Prestige is very low grade and extremely toxic, making it particularly contaminating due to the levels of benzene, sulphur and toluene, all of which will have a severe impact on the health of the local populations in the middle and long term.

Nor is it possible to separate the terrible biological and ecological effects from the long-term economic consequences. It is worth remembering that it has been ten years since the oil spill caused when the Aegean Sea ran aground, affecting the coastline from Sisargas to Ponta Langosteira in the Province of A Coruña, and whose economic effects are still being felt today. This same area has been hit once again, this time affecting 1,000 Km of coastline, in an area highly dependant upon fishing and shellfish. The economy will suffer the consequences at least until the ecosystem recovers its natural balance and even beyond, and it is clear that such a recovery will only ever be partial and in the very long-term. We are therefore facing a situation where economic and environmental recovery will take at least 10 years, or even 25 years for certain species.

It is important to take into account both the economic consequences regarding those activities directly or indirectly related to the sea, i.e. tradable goods and services, as well as the economic consequences affecting goods and services which are not destined for sale but which are nevertheless essential for maintaining the economy and the environment, i.e. non-saleable goods and services, including the natural heritage and the loss of biodiversity in the ecosystems of the North Atlantic coastal area of the EU. All of these factors can be calculated in monetary terms in as much as they have an intrinsic economic value which must be taken into account when considering the compensations which will have to be paid out to the people affected by the crisis, including not only those who depend directly upon fishing activities, but also the whole of the Galician population in as much as we are facing a loss of a unique natural heritage which belongs to all of the inhabitants of Galicia.

The economic imbalance will lead to a knock-on effect causing problems in all of the productive sectors, i.e. the initial major impact will increase as it goes on through the productive chain, affecting all of the other sectors of the economy.

In order to better appreciate the true scale of the economic consequences caused by this catastrophe, it is essential to understand how important this sector is to the Galician economy as a whole. In all, 41,600 people depend directly upon fishing in Galicia as a whole, with 18,400 in the Province of A Coruña alone, practically all of whom are currently affected by the oil spill. Furthermore, 9,200 people are involved in shellfish fishing with 13,422 involved in aquaculture (these figures rise to a total of 119,874 if we include people who depend directly and indirectly on this sector, accounting for 12.2% of the total population of Galicia). Several of the affected areas such as Fisterra (47.2% of the working population), Ribeira (39.9%), Malpica (32.4%), Camariñas (27.9%), etc. depend almost entirely on fishing. The Galician fishing fleet includes a total of 8,811 ships, 6,000 of which are traditional small fishing boats and 2,000 are



involved in off-shore fishing, which are the boats worst hit by the crisis. The volume of fish caught in Galicia accounts for 40% of the total Spanish catch, making Galicia the foremost fishing region in the whole of Europe.

Turning to the economic repercussions for the sectors most directly dependent upon fishing activities, the destruction of the marine environment will not only affect fishing, shellfish fishing and aquaculture, but also other sectors which in turn depend directly upon the former, such as net-makers, transport companies, dock workers and handlers, shipyards, supply companies, wholesalers, etc., with knock-on effects on the remaining sectors of the economy, e.g. hotels, shops, housing, the tourist trade, etc. The fishermen's reduced purchasing power will inevitably have negative consequences on the whole area, thus serving to further aggravate the current situation of economic and demographic decline, and it is worth bearing in mind that most emigration from Galicia comes from in these areas. Although these effects will be felt most sharply in the areas directly affected, they will also be felt throughout the whole of Galicia. We should also bear in mind the drop in the standard of living caused by the destruction of the environment and the landscape and the negative impact this will have on Galician culture which has always been very closely bound to the sea.

The halt in fishing, shellfish and aquaculture will lead to an immediate loss of income, further aggravated by the fact that the crisis has come at a time when prices are at their highest. However, the loss of income for people who depend directly upon the sea for their living will continue even when the restrictions applied to this sector are lifted. The effects on the environment will mean that fishing capacity will be severely reduced for certain species in particular, with the environmental imbalance affecting catches as a whole, thus leading to a continual drop in the overall value of fishing production in the years to come and the situation in the shellfish sector is no different, particularly for sedentary species such as goose barnacles. Other activities such as mussel grown on mussel-rafts could also be seriously affected as there is a minimum period of 18 months before they can be harvested after setting.

It is also quite clear that the area affected by the oil spill caused by the Prestige is of outstanding interest as a tourist area. Its landscape, natural environment and ethnographic features make the Costa da Morte, with its beaches and estuaries one of Galicia's main tourist assets, generating an additional source of income for the local population. The symbolic value of Fisterra (lit. 'Land's End') as one of Europe's westernmost outcrops marking the end of the Pilgrim's Way to Santiago also adds to its value as an area of tourist interest. To a large extent, visits to these areas for various periods of time will fall off owing to the negative impact suffered by the sea and the environment. The overall effects will, therefore, not be limited to the areas directly hit, spreading instead to the Galician tourist trade as a whole and negatively affecting Galician products.



The drop in tourism will lead to a drop in the sale of consumer goods in these areas which the suppliers will not be able to make up for with sales in other areas as many of the goods in question are dependant upon the tourist trade and would prove hard to market elsewhere, as in the case of fish and seafood which are consumed on the spot and at certain times of the year coinciding with the arrival of waves of tourists which cause the prices to rise. The people involved in off-shore and seafood fishing will therefore suffer from a loss of buying power which will have a knock-on effect on trade, which will also be negatively affected by the drop in tourism and in turn leading to negative consequences for the hotel trade.

So far we are only in the early stages of the catastrophe, but it has already reached dramatic proportions and, the international press has flocked to the site en masse owing to the gravity of the situation, which outweighs even the oil spill caused by the Exxon Valdez in Alaska in 1989. At that time, 13 years ago, the damage caused was estimated at 2,800 million Euros, rising to over 3,000 million Euros when taking into account the payment of compensations, fines and the cleaning operations. Galicia's tragic experience in previous catastrophes lags a long way behind such figures, e.g. the settlements paid out for the oil spill caused when the Greek ship the Aegean Sea (owned by the same company as the Prestige) spilled 80,000 tonnes of oil in the bay of A Coruña (Galicia) in 1992 didn't exceed 63 million de Euros, and only a part of this sum has so far actually been paid out to the victims of the disaster.

We have a duty to determine the true economic and environmental consequences caused by this catastrophe if we are to demand that those responsible make amends for the irreparable damage caused. Once and for all, it must be seen to that catastrophes such as this are not dealt with and assessed differently depending upon the economic importance of the country where they occur. The scale of this disaster makes it a catastrophe of international proportions and must be dealt with as such. Those who turn a blind eye to these facts, seek to play down the consequences or who do not speak out against it are nothing more than accomplices. We call upon the whole world to make sure that events like this NEVER happen AGAIN.