

Fairness or Efficiency?

As Europe moves towards privatization of fisheries, it is faced with the dilemma of balancing social and economic objectives in the new Common Fisheries Policy

One of the main components in the proposal by the European Commission (EC) for a new Common Fisheries Policy (CFP) in the European Union (EU) is a mandatory system of transferable fishing concessions (TFCs). Through the creation of TFCs, access to the marine resources becomes a tradeable commodity. Although the proposal still has to pass through the Parliament and later the Council, it is a rather clear indication of which way the wind is blowing for EU fishers and their communities.

The EC proposes to introduce a system of TFCs for all vessels over 12 m in length and for all vessels fishing with towed gear (that is, trawlers). In practical terms, this means that fishing concessions—in the form of the right to a certain portion of the effort (input) or share of the catch (output)—will be allocated to individual fishers (most often the vessel owners) who can buy and sell the fishing concessions. Some Member States like the Netherlands and Denmark already have formal market-based systems, while others like the United Kingdom have informal systems for trading of licences and fishing rights. In most closed-access systems, the value of 'access' will be embedded in the vessel or licence cost. The radical part of the EC proposal is the mainstreaming of a mandatory system of TFCs. Due to a long history of the oceans being regarded as a global commons and fisheries resources as publicly owned, the proposal is seen by critics as a quasi-privatization of the oceans. Undoubtedly, in terms of scale, this is one of the most far-reaching proposals in the history of the CFP. The declared aim of the measure is to tackle the

primary problem of overcapacity facing European fisheries.

Europe has a large and growing fishing capacity that is harvesting limited stocks of marine resources. The primary problem of overcapacity results from poor economic performance, as too much capital has been invested in some fleet segments, resulting in poor returns. The economic performance is worsened by other factors such as increases in fuel costs, lower catch rates and low prices. The side effects of overcapacity include illegal fishing and landings,

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inactive vessels and unemployment, and a constant plea for subsidies. Overcapacity also puts pressure on the environment and stress on fisheries managers, who have to distribute and allocate the limited resources by deciding who can fish, where, when and how much. From the viewpoint of the EC, the overcapacity problem has to be eliminated before other problems can be addressed, and the TFCs are aimed mainly at addressing this issue. Overcapacity is one of the five structural failings of the current CFP, according to the EC's Green Paper of 2009.

Fishing rights

By introducing a management system based on transferable rights, responsibility for the distribution of fishing rights is handed over to the

*This article is by **Jeppe Høst** (jeppehoest@gmail.com) a PhD student at the University of Copenhagen*

market, although at the cost of control and influence over how and where fishing rights are distributed. While it is claimed that market-based systems are efficient in reducing the fleet by consolidating fishing concessions on fewer vessels, they do also bring rapid and irreversible changes to the structure of the fleet and to the social and economic relationships between people. One of the controversial issues is the allocation of concessions. So far, the practice has been to allocate fishing rights to vessel owners. While this might make sense if the aim is to reduce the fleet, it changes the relationship between skipper and crew. The crew becomes dependent on the concession holder for access to the resource.

However, considering that poor economic performance is the motive for the introduction of TFCs, one can only wonder how one fisher can afford to buy out another. The answer to this lies in the link between fishing concessions and financial systems. In most cases, a fisher will have to approach a private investor or a bank

concerned with protecting jobs in the small-scale sector, safeguarding fishing communities along the coastlines and thus also indirectly preserving the traditional fishing culture in the EU. On the other hand, the economic objectives work to ensure efficiency for the operators. In a market-based system, the two objectives are in conflict since concentration on larger and more capital-intensive vessels will also mean fewer vessels in the remaining coastal communities and, consequently, fewer jobs. If a market-based TFC system is chosen as a mandatory allocation and distribution tool for fishing access in the new CFP, each member State will have to figure out how to balance the contradictory economic and social objectives. The contradiction can be solved politically by limiting and restricting the degree to which individuals and corporations can buy and sell fishing rights through the new market for fishing concessions. To curb the forces of the free market and restrict the centralization of fishing rights, a market-based system may be designed with a set of barriers meant to safeguard the fishing rights of the small-scale sector.

Differentiating small- and large-scale vessels by length is a familiar practice, though easily contestable. In a system of TFCs, such a segmentation will create two separate markets for fishing rights and thus provide the possibility for safeguarding the small-scale sector from the economic powers of the large-scale operators.

Buying concessions

In such a system, owners of vessels over a certain size, say, 12 m, will not be able to buy concessions from vessels under 12 m in length. Other criteria like engine power, tonnage size, crew number, trip lengths and gear types can be applied, but the vessel length is probably the most simple and practical criterion (from a bureaucratic point of view), which is why it is already being used in most technical definitions of small- and large-scale fleets by the EC and EU member States.

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and use the fishing concession as collateral for a loan. Without this extra capital input—created through the privatization of access to fish resources—the transferability, and thus the redistribution of concessions into more profitable units, will become a much slower process. The EC has proposed concessions with a limited time frame of 15 years, and it will be interesting to see how this will influence the investments in concessions and their use as collateral. It is hard to imagine a radically different distribution in 15 years.

Member States of the EU are facing a critical dilemma of balancing social and economic objectives in the new CFP. The social objectives are mainly



Fishing vessels anchored on the beach in Hastings, England.
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Segmentation can also be multiplied (for example, in vessel lengths of 0-6 m, 6-9 m, 9-12 m, 12-15 m, etc.) to allow for consolidation and capacity reduction. Further measures can be added, and certain segments rewarded through allocation of additional quota on a yearly basis according to other standards like gear type, length of fishing trips or even ecological criteria like low bycatch or use of low-impact fishing gear. To avoid concentration of concessions in too few hands a number of different instruments can be used. The Alaskan halibut fishery, for instance, uses 'blocks' to allocate quotas.

Even if a range of safeguard measures were to be applied to keep a desirable balance between fleet reduction and sustaining coastal communities, the introduction of a TFC system is still a radical shift from State control to a practically irrevocable privatization of access to fish resources. The EC is very eager now to implement a system designed to deal with the overcapacity problem,

and to address structural failures of previous and current policies. But the million-dollar question is: What will happen in the aftermath of a sudden privatization of fishing concessions? ❗

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Small-scale Fisheries and EU CFP reform

ec.europa.eu/fisheries/cfp/index_en.htm

Common Fisheries Policy

ec.europa.eu/fisheries/reform/index_en.htm

Reform of the Common Fisheries Policy