

# Successfully Managing Fishing Capacity

*What options are available?*

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# Overview

- Symptoms and drivers of overcapacity
- Approaches to addressing overcapacity
- Shifts to successful management regimes
- Forging a common vision

# Reminders

# Reminder #1

- Overall purpose:
  - sustainability, stock diversity, social benefits from ecosystems
  
- Commercial perspective:
  - trying to ensure profitability
  
- Operational perspective:
  - encouraging involvement in management arrangements

# Reminder #2

- Purpose of capacity management:
  - prevent the development of overcapacity

or

- bring the existing capacity into line with the predefined target level of capacity

# Overcapacity: Symptoms & Drivers

# Symptoms

- ❑ Depletion, overexploitation
- ❑ Overinvestment, idle boats
- ❑ Conflicts, increasing political strife
- ❑ Pressure to raise TACs
- ❑ Financial concerns
- ❑ Declines in safety and quality of life
- ❑ Overcapacity in processing sector
- ❑ Cyclical – not steady - employment
- ❑ Economic losses, reduced returns to capital, labor

# Drivers of Overcapacity

- ❑ People wanting to eat
- ❑ People wanting to have money
- ❑ Companies wanting product
- ❑ Companies wanting profits
- ❑ Countries wanting domestic & export revenues
  
- ❑ Regulations making it harder to fish



# Drivers of Overcapacity

- Overcapacity in fisheries develops primarily as a consequence of
  - the absence of clearly defined property rightsand
  - the way in which fishers react to the influences or incentives that they face under such conditions.

FAO, 2004

# Approaches to Addressing Overcapacity

# Reminder #1

## □ Sustainability

- a function of the willingness to uphold limits on catches

## □ Commercial viability

- a function of the type of management program

## □ Participation

- encouraging additional participation without disadvantaging current participants
- inspiring participation, not circumvention whilst making circumvention / non-compliance undesirable

# Approaches

- ❑ alter capacity
- ❑ indirectly affect capacity
- ❑ directly manage capacity
  
- ❑ Because there is no single solution, capacity [management] programs will likely be a combination of some of the issues and approaches that are outlined...

FAO (2002)

# Altering Capacity

Closures → *displacement*

Consolidation → *efficiency changes*

Buyouts → *“innovation”*

# Indirectly Affecting Capacity

- ❑ Limited entry programs
- ❑ Permit moratoria, license limitation programs
- ❑ Gear and vessel restrictions
- ❑ Aggregate quotas (e.g., TACs)
- ❑ Non-transferable vessel catch limits

# Indirectly Affecting Capacity

Management Tool	Duration	Direct Effect(s)	Longer-term Effect(s)
gear restrictions vessel restrictions	temporary	<ul style="list-style-type: none"> <li>initial reduction in harvests</li> </ul>	<ul style="list-style-type: none"> <li>substitution of unregulated inputs or new gear types to replace restricted inputs</li> <li>regulations lose effectiveness and additional regulations required</li> <li>create motives for IUU fishing</li> <li>capacity will increase</li> </ul>
limited entry programs	temporary	<ul style="list-style-type: none"> <li>limit participation</li> </ul>	<ul style="list-style-type: none"> <li>capital stuffing – where a vessel’s horsepower, length, breadth, and tonnage are increased – typically occurs</li> <li>drives changes (technological innovations) in gear, in fishing periods or areas</li> <li>create motives for IUU fishing</li> <li>capacity will increase</li> </ul>
aggregate quotas total allowable catches (TACs)	temporary	<ul style="list-style-type: none"> <li>likely to accelerate, <i>not</i> reduce, the growth of fishing capacity</li> </ul>	<ul style="list-style-type: none"> <li>capacity and effort increase if effort and entry unrestricted</li> <li>race for fish (“fishing derby”) develops</li> <li>potential for frequent overruns of the TAC resulting in overexploitation</li> <li>frequently result in excess processing capacity and processing plant down time during closed season(s)</li> <li>additional regulations required, particularly to limit discarding and false reporting, ensure traceability and to control transshipment</li> <li>create motives for IUU fishing</li> <li>capacity will increase</li> </ul>
non-transferable vessel catch limits (individual quotas / IQs)	temporary	<ul style="list-style-type: none"> <li>overcapacity <i>not</i> addressed</li> <li>may limit <i>additional</i> growth of capacity</li> </ul>	<ul style="list-style-type: none"> <li>requires regulations to ensure traceability and to control transshipment</li> <li>additional regulations required</li> <li>create motives for IUU fishing</li> <li>capacity will increase</li> </ul>
buyback programs	temporary	<ul style="list-style-type: none"> <li>purchase of vessel(s), license(s), and/or gear(s)</li> <li>capacity <i>may</i> be temporarily reduced in the fishery</li> </ul>	<ul style="list-style-type: none"> <li>any improvements in stock abundance will attract additional capacity</li> <li>create motives for IUU fishing</li> <li>capacity will increase</li> </ul>

# Directly Affecting Capacity

## Tenure Systems

- Territorial Use Rights (TURFs)
  - Marine Exploitation Areas (MEAs)
  - Beach Management Units (BMUs)
- The “Q’s”
  - CDQs, CFQs, IFQs, ITQ, LAPPs, DAPPs, SFRs



# Directly Affecting Capacity

Management Tool	Duration	Direct Effect(s)	Longer-term Effect(s)
individual effort quotas (IEQs) denominated in trawl time, gear use, time away from port, fishing days, etc.	mid-term only	<ul style="list-style-type: none"> <li>•enforcement difficult</li> <li>•additional regulations required to control input substitution</li> </ul>	<ul style="list-style-type: none"> <li>•capital stuffing – where a vessel’s horsepower, length, breadth, and tonnage are increased – frequently occurs</li> <li>•requires regulations to ensure traceability and to control transshipment</li> <li>•create motives for IUU fishing</li> <li>•capacity will increase</li> </ul>
group fishing rights Community Development Quotas (CDQs)	potentially enduring	<ul style="list-style-type: none"> <li>•reallocation of the fishery to the recipient community</li> </ul>	<ul style="list-style-type: none"> <li>•requires group understanding of asset value of user rights, capability to manage</li> <li>•reduction of overcapacity or capacity containment depends on subsequent management</li> </ul>
Territorial Use Rights (TURFs) Management and Exploitation Areas for Benthic Resources (MEABRs) Limited Access Privilege Programs (LAPPs) Designated Access Privilege Programs (DAPPs)	potentially enduring	<ul style="list-style-type: none"> <li>•reallocation of the fishery to the recipient community</li> </ul>	<ul style="list-style-type: none"> <li>•requires group understanding of asset value of user rights, capability to manage</li> <li>•reduction of overcapacity or containment of capacity linked to subsequent management</li> </ul>
individual fishing rights (IFQs) individual transferable quotas (ITQs)	potentially enduring	<ul style="list-style-type: none"> <li>•market forces drive out overcapacity</li> <li>•consolidation occurs if overcapitalized</li> </ul>	<ul style="list-style-type: none"> <li>•capacity managed automatically, overcapacity does not occur / recur</li> <li>•compliance concerns internalized by fishers to protect asset (rally against IUU fishing)</li> <li>•supplementary regulations helpful to reinforce conservation</li> </ul>
taxes and royalties	indefinite duration	<ul style="list-style-type: none"> <li>•market forces drive out overcapacity</li> <li>•consolidation if overcapitalized</li> </ul>	<ul style="list-style-type: none"> <li>•administratively intensive: require constant adjustment of tax levels to maintain capacity at desired level</li> <li>•politically difficult to impose, easier to rescind</li> </ul>

# Directly Affecting Capacity

There is no single program of rights that can be applied to all fisheries...

... [it] will depend on the setting in which they are applied and on the design of the rights system which, in turn, hopefully reflects the objectives and goals set out for a particular fishery.

# Shifting to Successful Management Regimes

# Capturing the Sunken Billions

“The crisis in the world’s marine fisheries is not only a fisheries problem, but one of the political economy of reform.

Experience shows that successful reforms may also require champions or crises to catalyze the process.”

# Capturing the Sunken Billions

- Fisheries reform will require reduction in fishing effort and fleet capacity.
- Thus, successful reforms should take the time to
  - build consensus among fisheries on the transition pathways,
  - make provisions for creating alternative economic opportunities,
  - establish social safety nets for affected fishers, and
  - generally manage transition in an equitable manner.

The Sunken Billions (2009)

# Capturing the Sunken Billions

“Successful reforms will require

- ❑ strengthening of marine tenure systems
- ❑ equitable sharing of benefits from fisheries
- ❑ curtailment of illegal fishing
- ❑ reduction or elimination of pernicious subsidies in the transition to sustainability...”

The Sunken Billions (2009)

# Forging a Common Vision

# Examples

- ❑ International Plan of Action for the Management of Fishing Capacity (IPOA-Capacity)
- ❑ Regional Plans of Action
  - IATTC (2005)
  - Lake Victoria Fisheries Organization (2007)
- ❑ National Plans of Action
  - Indonesia (2008), Namibia (2007), USA (2004)



# LVFO RPOA-Capacity Action Areas

- ❑ Policy and Legal Framework
- ❑ Institutions and Institutional Processes
- ❑ Regional and International Collaboration
- ❑ Political Issues
- ❑ Stakeholder Participation
- ❑ Financing Capacity Management
- ❑ Information on Fisheries Resources
- ❑ Management of Fishing Capacity
- ❑ Species-specific capacity management measures
- ❑ Incentives in the Fishing Sector
- ❑ Socio-economic Concerns
- ❑ Human Resources Development
- ❑ Infrastructure Development
- ❑ Environmental and Ecosystem Issues
- ❑ Information Exchange and Dissemination

# From Vision to Reality

- Global vision
- Strategies and implementation
  - Regional
  - National
  - Local



*Thank you*