



Analysing the fisheries policy reform in the Faroe Islands: On the path to sustainability?



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ABSTRACT

The home fishery in the Faroe Islands has since 1996 been managed predominantly with fishing days. The system has proven ineffective and has led to overfishing, fleet overcapacity, and low profitability in the home fishery. A process of reform began in 2007 when fishing licenses were terminated, effective from January 1, 2018. A fisheries policy reform was adopted by the Faroese Parliament in December 2017, just weeks before licenses expired. This paper describes the substantial fisheries policy reform and analyses its likely effectiveness and impact on the Faroese fishing industry. New measures include total allowable catch and individual transferable quotas for parts of the home fleet; allocation of fishing rights through auctions and development quotas; harvest fees; and the complete elimination of foreign ownership and capital. The fishing days system will remain in place for the coastal fleet. We identify a number of barriers for success, most notably that measures to ensure sustainability in the home fishery only apply to parts of the fleet, which may render them ineffective and hinder the much needed recovery of the important cod and haddock stocks in Faroese waters. Full implementation of the fisheries reform may be hindered by a lack of political consensus on a number of matters, and ultimately, full implementation depends on the outcome of the next general election in the Faroe Islands (2019), as the current opposition has made it clear it prefers the fishing days system.

1. Introduction

The Faroe Islands are a fishing nation. Fishing is the foundation of the Faroese economy, accounting for 22% of GDP and more than 50% of exports, it is an important source of employment and plays a large role in many coastal communities. Since 1996, the Faroese home fleet has been managed with a combination of fishing days, temporal and spatial closures, and gear restrictions. Despite the vital importance of the fishing industry to the country's economy, fisheries policy has failed to prevent overfishing and reduce overcapacity, which has led to fish stock collapse and an unprofitable fleet (Danielsen and Agnarsson, 2018; Gróttinum et al., 2016; ICES, 2018a,b,c).

The process of reforming Faroese fisheries policy began in 2007 when the Faroese Parliament decided to terminate all fishing licenses in the fleet, effective from January 1st 2018. In December 2017, the Faroese Parliament passed the Act on Management of the Marine Resources (161/2017),¹ which represents a comprehensive reform of the country's fisheries policy and will result in rapid and dramatic changes in Faroese fisheries management, amongst others, new allocation methods and the introduction of Total Allowable Catch (TAC)

and Individual Transferable Quotas (ITQ) in the home fleet. The objectives are for the fishery to become biologically and economically sustainable but the well-being of fishing communities is also acknowledged. This paper describes the changes that will be introduced with the reform and discusses their potential impact on stocks and the fishing industry. Some lessons learned will also be discussed with a focus on the United Kingdom (UK), which, if they proceed with the withdrawal from the European Union (EU) and the Common Fisheries Policy (CFP), will have to determine which control measures to use and also how they will allocate any additional fishing rights they may obtain.

2. Faroese fishery and fishing policy

2.1. Faroese fishing fleets

The Faroese fishing fleet can be divided into three segments: 1) the home fleet, 2) the pelagic fleet, and 3) the distant-water fleet. The home fleet consists of 93 fully-operated vessels and 266 vessels that have a license to land fish but may not necessarily operate commercially. These vessels are separated into vessel groups (Table 1). The pelagic

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¹ Available here [in Faroese]: <http://www.logir.fo/Logtingslog/161-fra-18-12-2017-um-fyrising-av-sjofeingi>.

Table 1

The Faroese fishing fleet and target species in order of importance (total catch value in 2017). Source: Faroese Fisheries Directorate (2018a).

Fishery	Vessel group	Vessels	Target species
Home fleet	Trawlers (> 500HP)	33	Saithe, mackerel, Greenland halibut (<i>Reinhardtius hippoglossoides</i>), greater silver smelt (<i>Argentina silus</i>), golden redfish (<i>Sebastes norvegicus</i>)
Home fleet	Longliners (> 110GT)	15	Cod, ling (<i>Molva molva</i>), haddock, tusk (<i>Brosme brosme</i>), Greenland halibut
Home fleet	Coastal trawlers (< 500HP)	8	Cod, mackerel, monkfish (<i>Lophius budegassa</i> , <i>Lophius piscatorius</i>), haddock, lemon sole (<i>Microstomus kitt</i>), saithe
Home fleet	Large coastal vessels (15–110GT)	17	Cod, haddock, ling, Greenland halibut, monkfish, saithe
Home fleet	Small coastal vessels (< 15GT)	20/266	Cod, haddock, ling
Pelagic	Industrial trawlers and purse seiners	16	Mackerel, blue whiting, herring, capelin (<i>Mallotus villosus</i>)
Distant-water fleet	Factory trawlers	5	Cod, haddock, shrimp, golden redfish, Greenland halibut, saithe

fleet consists of 16 pelagic trawlers and purse seiners, and the distant-water fleet consists of five factory trawlers.

The home fleet predominantly operates in the Faroese Exclusive Economic Zone (EEZ), but some vessels also operate outside Faroese waters, for example, in Icelandic and EU waters. The pelagic fleet operates in Faroese and EU waters but also in waters around Greenland, Norway, Iceland, and North-East Atlantic Fisheries Commission (NEAFC) areas. The distant-water fleet operates in the Barents Sea, Greenlandic waters, and NEAFC areas.

The home fleet has traditionally harvested cod (*Gadus morhua*), haddock (*Melanogrammus aeglefinus*), and saithe (*Pollachius virens*); however, cod and haddock have been severely overfished, and the catch is now historically small (ICES, 2018a,b). In 2008, the amount of mackerel (*Scomber scombrus*) and herring (*Clupea harengus*) in Faroese waters began increasing, and some vessels in the home fleet now also harvest mackerel (Table 1). The pelagic fleet has traditionally targeted blue whiting (*Micromesistius poutassou*), but the increase of the more valuable herring and mackerel in Faroese waters has made the pelagic fishery more attractive and led to a growth in the pelagic fleet. The distant-water fleet targets demersal stocks and Northern shrimp (*Pandalus borealis*) (Table 1).

2.2. Faroese fisheries policy, 1996–2018

2.2.1. The home fleet

Faroese fisheries policy last underwent reform in 1996. Since then, the home fleet has been managed with individual transferable fishing days, area closures, and technical restrictions (Commercial Fisheries Act 28/1994 and subsequent amendments; for a more detailed description, see Jákupsstovu et al., 2007). A fishing day was defined as every 24 h a vessel was at sea. Fishing days are species-independent, which means vessels can pursue any species they wish but must adhere to gear and area restrictions. The fleet has not been subject to total allowable catch (TAC) limits. Fishing rights were grandfathered to all vessels active in 1995 and distributed evenly between all vessels in each vessel group (Table 1) but have since been distributed according to each vessel's proportional share of fishing days.

Fishing days became permanently transferable in 2002 but only within vessel groups. No single owner could, however, hold more than 20% of fishing days in each vessel group. Temporary transfers could occur across vessel groups in the last three months of the year as long as both vessels utilised the same gear, e.g. a vessel using trawl could only transfer from a vessel also using a trawl, not a longliner or jigger. The purpose of this restriction was to maintain the same overall fishing pressure after transfer, which would not have been the case if, for example, a trawler utilised fishing days allocated to a longliner.

The act stated that the fleet could not expand beyond its size in 1995; therefore, vessels could only enter the fishery by acquiring a harvest license from one or several vessels exiting the fleet, but total harvesting capacity had to remain the same. However, the authorities had no clear definition of harvesting capacity. For example, the initial

definition focused on average daily fishing mortality while a later definition said vessel dimensions should be included too and in some cases also engine power (Danielsen and Agnarsson, 2018). Given this imprecise definition, monitoring has not been possible and therefore the objective of keeping harvesting capacity at the 1995 level has not been achieved (Danielsen and Agnarsson, 2018; Thomsen, 2005).

The annual allocation of fishing days was determined by an amendment to the Commercial Fisheries Act. Advice on fishing days was provided by the Marine Research Institute and a stakeholder committee comprised of industry representatives. Based on this advice, the Minister would form a legislative proposal, which would undergo three readings in Parliament before becoming law. During this time, Parliament could amend the proposal and thereby the number of fishing days allocated to the fleet. Therefore, the number of fishing days allocated to the fleet varied according to what Parliament approved and each vessel would receive fishing days according to the proportion of fishing days they held in the previous fishing year.

Limiting fishing pressure was a problem from the beginning. The initial number of fishing days allocated to the home fleet was too high, for example, some vessel groups were allocated 60% above the scientific advice, and average utilisation of fishing days across vessel groups in the period 1996–2015 ranged from 58% to 90% (Faroese Fisheries Directorate, 2018a, 2018b; Faroese Marine Research Institute, 2016; Hopkins et al., 2013; Jákupsstovu et al., 2007). Therefore, fishing pressure has not been effectively limited by fishing days (Danielsen and Agnarsson, 2018; ICES, 2018a). This is a common story when politics determines allocation, and has, for example, also been a problem in the EU's CFP from the very beginning (Corten, 1996; Khalilian et al., 2010).

The process of allocation is the primary reason that fishing days were not reduced sufficiently to limit fishing pressure. In the advisory stage, the Minister took advice from the Marine Research Institute as well as an industry stakeholder committee, which usually did not agree (Hegland and Hopkins, 2014). The Minister's proposal to Parliament was therefore usually a reflection of their role as arbitrator between two opposing advisory groups and meant that the Minister's proposal to amend the act did not follow scientific advice. Furthermore, Parliament also exercised considerable influence over the allocation, often increasing it even further (Danielsen and Agnarsson, 2018). As a result, allocations have far exceeded the scientific advice. The lack of a management plan and formal procedures in the event of overfishing made it easier to exceed scientific advice and avoid implementing effective measures to reduce fishing pressure (Danielsen and Agnarsson, 2018; ICES, 2016). Industry, politicians, and even some members of the administration have argued that the system was self-regulating in the sense that effort would naturally decrease when stocks declined but that has not been the case given the state of the stocks and the negative resource rent in the home fleet (Gróttinum et al., 2016; Hopkins et al., 2013; ICES, 2018a,b,c).

There is a large overcapacity in the home fleet. The fleet expanded considerably during the 1980s due to fleet expansion subsidies from the government, and a vessel buyback scheme initiated in the late 1980s

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