



Fisheries policy in the Faroe Islands: Managing for failure?

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ABSTRACT

The Faroe Islands have had five different fisheries management regimes for their demersal home fleet between 1948 and 2018: open access; regulated open access; a licensing system; a brief period of individual transferable quotas (ITQ); and, since 1996, an effort quota system, where the main control component comprises fishing days without total allowable catch (TAC) control. The Faroese cod and haddock stocks are severely overfished, and the fleet is largely unprofitable because of excess capacity and the stocks' poor state. This paper describes and analyses the main characteristics of the regimes and developments in policy to determine why management has failed. The results are compared with the Faroese pelagic and distant-water fleets, which are managed jointly with other coastal states using TAC and ITQ, to identify inconsistencies in policy and implementation. The conclusion is that the Faroese authorities have 1) persistently believed that fishing can be directed away from overfished stocks but have failed to accomplish this; 2) demonstrated short-sightedness in the management of their demersal fishery; 3) shown an unwillingness to effectively reduce fishing pressure and — by implication — employment in the fisheries sector for the sake of sustainability; and 4) shown that they can manage their fleets sustainably, as demonstrated by the pelagic and distant-water fleets, but have largely been unwilling to regarding the home fleet.

1. Introduction

Overfishing is a growing global concern. In 1974, only 10% of global fish stocks were overfished, but in 2013, that number had grown to 31% [1]. Overfishing is caused by fleet overcapacity [2] and an “unwillingness or inability to bear the short-term social and economic costs of reducing fishing” [3]. Thus, the problem is not a lack of appropriate tools but the failure to widely apply these tools [4].

Fishing is the foundation of the Faroese economy. In 2016, the marine fishery accounted for more than 50% of the country's exports, and the value of fish exports amounted to 22% of GDP. The harvesting and processing sectors directly employ 11% of the working population, and the fisheries are the main industry in many communities outside the capital area.

In view of the importance of fisheries to the Faroe Islands, sound management of this ocean resource is not only paramount but almost a matter of survival. Yet, the demersal fish stocks in Faroese waters, which historically have been critical for the country's economy, have been consistently overexploited [5,6], and the Faroe Islands have been identified as one of the failing fisheries of Europe due to the poor state of their cod and haddock stocks [7]. By contrast, the pelagic and distant-water fisheries that Faroese vessels partake in and are managed

jointly by many nations in the Northeast Atlantic, are conducted in a more sustainable and profitable fashion.

The Faroe Islands adopted a reform to its fisheries policy in 2017 that will be implemented in 2018–2019. If the Faroese are to disrupt this pattern of overexploitation, the underlying reasons for their failure to manage their demersal fishery sustainably must be identified. This paper describes and analyses the development of Faroese fisheries policy from 1948 to 2018 and compares the management of the demersal fisheries with those of the pelagic and distant-water fleets. During this period, the Faroese demersal fishery has gone from open access to regulated open access, had a brief period with an individual transferable quota system, and lastly implemented an effort-based system that is still in place in 2018. Finally, the outcomes of the management policies will be investigated by examining the effects on fish stocks.

2. The Faroese fishery and fleet

The Faroe Islands are an archipelago in the North Atlantic Ocean, situated between Scotland and Iceland. The Faroe Islands are a constituent country of the Kingdom of Denmark with a home rule government and have formally managed their own fisheries since 1948;

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therefore, they are not subject to Danish fisheries management laws. The Faroe Islands are not subject to the European Union's (EU) Common Fisheries Policy either, because they did not enter the EU with Denmark in 1973. The Faroese Exclusive Economic Zone (EEZ) is very large, spanning an area of 275,000 km², or almost 200 times larger than the islands themselves.

The Faroese fishing fleet can be divided into three segments: the demersal home fleet, the pelagic fleet, and the distant-water fleet. The demersal home fleet mostly operates in the Faroese EEZ. In 2014, the home fleet included seven large trawlers (over 110 Gross Tonnage (GT)), 22 pair trawlers, 15 large longliners (over 110 GT), 30 large coastal vessels (smaller trawlers and longliners), and 320 small coastal vessels (31 commercial and 289 recreational boats, many of which are inactive). The home fleet mainly harvests the demersal species found in Faroese waters; cod (*Gadus morhua*), saithe (*Pollachius virens*), haddock (*Melanogrammus aeglefinus*), and redfish (*Sebastes norvegicus*), with the choice of species mainly dictated by gear. The demersal home fleet is spread relatively evenly across the islands.

The pelagic fleet consists of 14 purse seiners and industrial trawlers, most of which are registered in the north and the island of Eysturoy. The fleet operates mostly in Faroese and EU waters, targeting herring (*Clupea harengus*), mackerel (*Scomber scombrus*), and blue whiting (*Micromesistius poutassou*). Five factory trawlers comprise the distant-water fishing fleet, which are registered in the north, Eysturoy, and the capital area. The factory trawlers operate in the Barents Sea, the North East Atlantic Fisheries Commission (NEAFC) regulatory area, and Greenland, where they target demersal species, predominantly cod, but also shrimp (*Pandalus borealis*).

3. Faroese fisheries policy

This section describes how the Faroese fleets were managed between 1948 and 2017. Section 3.1 describes how the fishery went from open access to regulated open access. Section 3.2 describes the introduction of the licensing system. Section 3.3 describes the introduction and dismantling of the Individual Transferable Quota (ITQ) system, and Section 3.4 describes the effort quota system, which was introduced in 1996 and remains in place in 2018. Before 1996, all fleet segments were managed in a similar manner, but most of the regulations in the EQ system only applied to the demersal home fleet. Therefore, management of the pelagic and distant-water fleets has since 1996 been ad hoc (Section 3.5). The different management regimes and their main management tools can be found in Table 1.

3.1. From open access to regulated open access (1948–1987)

For most of the 20th century, the Faroese territorial sea was only 3 nm [8]; therefore, Faroese authorities had little control over how fish stocks were exploited in the ocean surrounding the Faroes. Many foreign vessels were active in the waters around the Faroes; in particular, British trawlers were believed to harvest intensely, leading to Faroese concerns about overfishing. In 1959, the fishing limit was expanded to

Table 1

Fisheries management regimes in the Faroe Islands and their control measures. Spatial and temporal closures and gear restrictions remained in place until 2018 in the demersal home fleet.

All vessels			Demersal home fleet		Pelagic and distant-water
Open access Until 1977	Regulated open access 1978–1987	Licensing system 1987–1994	Individual Transferable Quotas 1994–1996	Transferable Effort Quotas 1996–2018	Catch Quotas 1994–2018
	Spatial & temporal closures	Harvesting licence	TAC	No TAC	TAC
	Gear restrictions		Transferable catch quotas	Transferable fishing days	Transferable catch quotas
	Minimum landing size		Bycatch quotas		Common pool quotas
	Bycatch restrictions		Harvesting licence		
			Discard ban		

Table 2

Faroese catch in all waters, 1956–1985 (1000 t) [9].

Waters	1956	1965	1975	1985
Faroes	14	20	40	169
Iceland	18	9	15	8
W. Greenland	32	66	11	1
E. Greenland	0	0	0	66
Newfoundland	0	16	10	4
Barents Sea, Svalbard	29	0	28	43
Norwegian Sea	23	31	0	0
North Sea	0	3	178	74
Total	116	145	282	365

12 nm; however, British vessels retained the right to harvest up to 6 nm on the grounds of historical fishing until 1964 when they were unilaterally forced out [8,9]. In 1977, the Faroese expanded their EEZ to 200 nm [9]. In 1978, the Faroese Parliament passed the Act on Fishing in the Territorial Sea (8/1978), whose management measures focused on controlling fishing effort, including spatial and temporal closures, gear restrictions, minimum landing sizes, and bycatch restrictions. No Total Allowable Catch (TAC) was set for any of the main stocks [10,11]. In 1955, the Faroese government had set up a government-financed ship financing fund with the purpose of financing a complete fleet modernisation. As a direct result, more than 50 new, modern, efficient trawlers and steel longliners entered the fleet in the ensuing years. By 1963, the fleet consisted of 195 vessels [12], which—to a great extent—operated in foreign fishing grounds (Table 2).

Fishing opportunities outside Faroese waters began to diminish in the 1970s as other nations expanded their fishing zones (Table 2). The newly modernised Faroese fleet had to return home, leading to rapidly increasing demersal catches in Faroese waters (Fig. 1) and over-exploitation of the haddock and cod stocks [13]. The fleet, which now predominantly had to land in the Faroe Islands, struggled financially because of poor landing prices and an overstocked fleet. To alleviate the financial problems and fishing pressure on cod and haddock, the Faroese government founded the Raw Fish Fund. The fund had two purposes: to even out long-term landing prices in the Faroe Islands by subsidising select species, and, by doing so, “direct the fishing effort away from the valuable, traditional and overexploited sorts, cod and haddock, to cheaper, less exploited and perhaps newly discovered sorts” [9].

By the end of the 1970s, experts warned the fleet was 30–40% too large; however, despite this and the problems of overexploitation, the Faroese government expanded its subsidies to the fishing industry. The subsidies programme culminated in the 1980s when the fishing industry received DKK 3.5 billion in subsidies and DKK 180 million in loans. The operation subsidies from the Raw Fish Fund and a fishermen's wage fund amounted to DKK 3 billion, with operators also receiving investment subsidies from the Ship Financing Fund (Table 3). As a result of these subsidies - and investments in infrastructure - the Faroese government accumulated a foreign debt of DKK 7.8 billion throughout the 1980s, equivalent to 119% of the country's GDP [14].

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