

## **Decentralisation in Fisheries Management: Feasibility and Implications**

**John Hambrey and Crick Carleton**

**Nautilus Consultants, 30/6 Elbe Street, Leith, Edinburgh EH6 7HW;**

**Tel + 44 31 555 0660; Fax + 44 31 554 5902**

### **Abstract**

*This article is derived from a paper presented by John Hambrey and Crick Carleton at the VIth annual conference of the European Association of Fisheries Economists in Crete in March 1994. The failure of the Common Fisheries Policy within the European Union was a source of great concern at the time of writing, subsequent to the failure of the mid-term review to come up with any radical policy alterations. Since that time the clamour for radical change has grown, with many in the UK fishing industry now calling for Britain to leave the CFP under the "Save Britain's Fish" campaign. It is highly unlikely that Britain will opt out of the CFP, so it is therefore necessary to consider how matters can be improved within the framework of the CFP. This paper considers one increasingly popular alternative - that of local management regimes.*

*The 1992 mid-term review of the Common Fisheries Policy by the European Commission concluded that there was a latent crisis within the fisheries sector and strongly emphasised the need to move responsibility for management within the industry to more of a local level. The current system of subsidies, financial incentives and management based on a biological basis is clearly flawed and this article proposes the introduction of local management regimes as a more viable alternative. The problems that may be encountered with the introduction of such a system are examined, together with possible methods of implementation. The article concludes that, although likely to lead to controversy, moves to create local management systems within the fisheries industry should be made to improve the current management system and help protect the fishing industry in peripheral areas.*

*The article does not attempt to explain the practicalities of local fisheries management, but rather the reasons for their introduction in the current circumstances.*

## **Introduction**

In their recent review of the Common Fisheries Policy the European Commission concluded that there was a latent crisis in the sector, caused by over-capacity (estimated at 40 per cent), and over-investment, leading to serious over-fishing. The management regime implemented through the Common Fisheries Policy and national legislation has proved inadequate to tackling these problems. The future, they suggest, must be further regulation and limitation of access to resources, and an increased emphasis on socio-economic aspects of management. They strongly emphasise the need to move responsibility downward - so that those who exploit the resource are encouraged to take responsibility for it, and implement appropriate management regimes for their own long term welfare.

This implies a shift to increased decentralisation in fisheries management. Despite these sentiments, there has been little, if any, sign of a shift in policy in this direction, and, in Scotland at least, there is resistance to the notion of any kind of regional or local management of fisheries from both central government, and from the more powerful fishing interests.

The detailed nature of local management regimes, and the way in which they might be introduced with minimal impact on the interests of nomadic fishermen, deserve more attention than they have been given to date. Recent EC initiatives offer the potential for pilot and demonstration projects in local fisheries and marine management.

## **A Rationale for Greater Decentralisation**

### **The lack of Successful Management at National and EU Level**

It has become abundantly clear that both the EC and National governments have found it almost impossible to manage fisheries. There are several reasons for this:-

**i) Inadequate Models**

Recent developments have highlighted the inadequacy of biological models in informing policy – they are often impractical, unworkable and are economically optimal in only the broadest sense. This is related to both the complexity and unpredictability of fisheries ecology and population dynamics on the one hand, and the irrelevance of the future health of a common resource to the decisions of most individual fishermen on the other.

It is now generally accepted that there is a need to incorporate socio-economic factors into the models. However, it is doubtful whether more sophisticated and complex models of this kind - at least at the pan-national and EC levels - will be effective, and their necessity is somewhat questionable.

**ii) The Inability to Formulate Objectives**

There is no clear view either in national government or Brussels as to the objectives which should be guiding fisheries policy. A vague feeling exists that stocks must be conserved at a "healthy" level, and that we need a smaller and more efficient fleet in order to do this. The latter objective may directly conflict with regional policy and employment objectives. In some European countries there is the bizarre practice of trying to reduce fleet capacity on the one hand, encouraging capitalisation through grant aid for new vessels and gear on the other, and then, just to clinch the confusion, restricting the use of those vessels and gear.

It is difficult to believe that local interests could not find a better solution, even if they were to fight a little on the way.

**iii) The Lack of Co-ordination between the CFP and Structural Policy**

As noted above, there appears to be little if any integration between fishery management and structural and other interventionist policies. The availability of tax-free fuel, capital grants for vessels and gear, investment in infrastructure etc. bears no relation to stock management and frequently works directly against it. Furthermore, this intervention comes in a relatively uncoordinated way from regional, national and EC funds.

**iv) The Lack of an Industry Perspective**

If attempts to manage fisheries have failed dismally, this is also related to the failure to see the behaviour of fishermen, or the interests of fishermen, within a wider economic context. If social and economic factors are working against compliance with regulation, it is unlikely that any management regime will be successful.

Fish stocks are not managed for the fish themselves, but for the fishery industry and the consumer. To ignore this wider context in the management process is to have lost sight of even the most self-evident of objectives.

**The Dominance of Large Scale and Capital Interests in Fisheries Management and Intervention**

There is also an argument that the CFP and national fisheries policy has discriminated against small scale operators, coastal and inshore fisheries, and peripheral communities.

There are two perspectives on our present problems of over-capacity. The more generally accepted view among policy makers at national and EC level is that we have too many fishermen, and that we need to reduce numbers and "rationalise the fleet" as a means of reducing over-capacity.

There is, on the other hand, only a half-hearted conviction that we have too much gear or too large boats. That it is half-hearted is evidenced by the reluctance to decommission on an adequate scale (at least in the UK) and the continuing assumption that capital grants for the construction and modernisation of fishing vessels, and exemption from tax on fuel, is a good thing. This is presumably based on the assumption that such intervention will:

- ❑ increase the return on labour (to fishermen);
- ❑ increase the "efficiency" of the sector (presumably in terms of the supply of low cost fish).

In practice it is questionable as to whether such grants have brought benefit to peripheral areas; indeed it is arguable that they have resulted directly in centralisation on the one hand, and decline in most of the smaller communities - where neither the infrastructure nor the capital is available to allow a move to larger boats - on the other.

With increasingly scarce resources (a direct result of the high level of capitalisation) and modern restrictions on effort, the direct effect on return on labour is also highly questionable. The only real winners appear to be those providing interest bearing loans, whose income from the enterprise is constant irrespective of catch. This itself reduces the income available for labour.

It is also argued that larger, "more efficient" boats will lead to cheaper fish to the benefit of the community as a whole. In practice the relationship between producer costs and the price of fish is weak; the main determinants are market demand and total volume - which is heavily dependent on world supply. Furthermore, in an increasingly sophisticated market, quality, in the widest sense, is becoming more and more important, and low price less so. Small scale low technology boats are sometimes better placed to provide high quality fish.

There is very limited information available - at least in the UK - on the overall financial and economic profile of different types of fishery enterprise - from catch to retailing, and covering time periods appropriate to an inherently variable industry. The social and economic arguments for encouraging high levels of capital investment in the catching sector remain unproven. On the contrary, it would appear that artificially high capital investment is detrimental not only to the sustainability of any particular fishery, but also to employment in the industry, especially in peripheral regions of the community. It seems unlikely, furthermore, that heavy capital investment is an appropriate financial strategy in an industry where - even under conditions of optimum management - returns are likely to be highly variable.

It would appear both incredible and irresponsible that we operate a vast edifice of intervention from fishing to retailing with very limited information on the overall economic effects of this intervention.

In many of the small and medium sized communities of the EU's peripheral regions fishing is the main, and sometimes the only, opportunity for employment. From this perspective our objective should be to maximise both employment and income in the sector, without destroying stocks. Many centrally conceived policies have worked directly against these objectives.

In purely practical terms there continue to be direct conflicts between small scale inshore operators and larger vessels from elsewhere. It is probable that either conflicts will increase, or local operators will be slowly put out of business.

## A changing Policy Context

The treaty of Maastricht has introduced as a principle objective the promotion of sustainable growth, respecting the environment (Art 2), and states that decisions should be taken as closely as possible to the citizens, in line with the principle of subsidiarity (Article 3b). The Treaty also places a major emphasis on cohesion: reducing the disparity between peripheral and central areas of the Community through special structural aid, and preferential support to isolated rural areas, or those where the economy is particularly dependent on agriculture or fisheries.

Increasing awareness of the conflicts between competing interests in coastal areas has also led the European Commission to identify coastal zones as a particular theme in its environmental policy programme "Towards Sustainability"<sup>1</sup>. It sets as its objective:

*"Sustainable development of coastal zones and their resources in accordance with the carrying capacity of coastal environments"*

To achieve this it sets itself several targets, including:

*"Higher priority to the environmental needs of coastal zones, through inter alia, better co-ordination between relevant EC policies and between policies at the EC, national, and regional levels"*

<sup>1</sup> Towards Sustainability. A European Community Programme of Policy and Action in Relation to the Environment and Sustainable Development. COM 92 23 Final Brussels 27th March 1992

Decentralisation of fisheries management offers opportunities for implementing policies related to sustainability, peripherality, subsidiarity, and environmental protection, all of which are at the core of the EC policy framework

## **Property Rights, Involvement, and Responsibility**

It has been demonstrated throughout history, and throughout the world, that open access to a valued common resource will result in resource degradation and associated economic hardship. Capital grants speed up and exacerbate this problem. In the few parts of the world where marine resources are "owned" or managed by local people, there exist some impressive examples of environmentally sensitive and sustainable resource management.

Increased local management of the allocation and development of natural resources tends to immediately shift the emphasis in management away from the purely biological, towards self-interest, the economic and sociological dimensions, and the general current and future well-being of the community. It tends to support and reward local increased levels of responsibility, and to increase the planning time-frame.

This contrasts starkly with a situation in which conservation measures are seen as an unfortunate impediment handed out by government, to be subverted as far as possible. Unless fishermen themselves are directly involved in management policy, and are likely to benefit personally from it - albeit in the slightly longer term - there is little hope for effective management

Related to this is the escalating cost of fisheries surveillance which is directly related to the alienation of the fishermen from the measures designed to benefit them.

## **The Immediate Need to Reduce Access**

It is generally agreed that there is substantial over-capacity in the ECs fishery fleets. This capacity, and/or access to stocks, has to be reduced. This implies discrimination of one kind or another. Given the declared aims of the EU to reduce regional imbalance and the disadvantage of peripheral regions, it would seem appropriate that peripheral zones should benefit from the small comparative advantage they may have in terms of fishery resources. If there has to be discrimination, it should be, in line with EU policy, in favour of peripheral regions.

It would, furthermore, appear just that if access is to be restricted to any fishery resources, the rights of local people to harvest these resources should be given greater weight than the rights of those from further afield who, in many cases, have reduced the quality of their own resources through over-fishing.

## **The Potential of Local or Regional Fisheries Management of Coastal and Inshore Marine Resources**

It is clear that a new approach to fisheries management is needed - or rather an approach, for there has not been a recognisable or consistent one to date.

There is no great need for spectacularly complex bio-economic and sociological models. In the short term all that is required is an institutional and incentive framework that will significantly reduce the pressure on stocks while maintaining or even enhancing employment and income to fishermen, especially in peripheral and disadvantaged regions of the community. Such a policy should take into account the structure of the whole industry from fishermen to retailers, and should not operate price intervention, capital intervention, and stock management measures in isolation from each other.

In the long term all that is needed are ball park estimates for a sustainable yield from different fisheries, around which we can build an appropriate incentive or regulatory structure if it is required; the combination of restricted movement of fishing vessels coupled with reduced or eliminated capital grants might be sufficient alone to limit capacity.

A major opportunity for such an approach lies in the decentralised management of coastal and inshore fisheries resources. The resources themselves are of great value and contribute a major part of income and employment to the sector. Regional policy and management has always taken a cross sectoral and vertically integrated approach to planning. It has also been able to define its objectives relatively clearly. Furthermore, such a move would be directly in line with overall European policy on subsidiarity, peripherality, and cohesion.

There is no guarantee of success, but given the lack of any other policy initiatives since the review of the CFP, it would be foolish not to try. There exist many regional/peripheral incentives and pilot project schemes under which such initiatives might be taken. They should be pursued with vigour. At the very least they will provide us with pointers for future initiatives.

## Problems and Impediments

### Opposition from Larger Vessel Owners

Clearly, restricting access to fishery grounds will be opposed by many interests, particularly those operating larger boats, who depend for their economic survival on access to widely dispersed or seasonal fisheries. However, it must be remembered that any restrictions on such boats (as in, for example tie-up) will, quite understandably, be vigorously opposed. As noted by the Commission:

*"re-balancing the fishing effort against resources will involve socio-economic upheavals for which the community must find solutions"*

Insofar as the CFP and various national measures have contributed toward the present situation, it should be the responsibility of the national government and the Union to minimise, as far as possible, these adverse effects. It is therefore imperative that, in parallel with any new initiatives, and in appropriate balance with them, structural measures, such as decommissioning and retraining programmes, be put in place. Further, restricting access to inshore fisheries would have to be introduced gradually to minimise disruption, and allow for adaptation within the industry to take place "naturally" as far as is possible. This implies the introduction of local or regional management areas only gradually, or phasing out access to these areas gradually through the use of licensing or similar measures.

### Opposition from Government

Despite considerable support for the concept of local area management in Scotland among a variety of interests, including inshore fishermen, Regional, District and Island Councils, and various semi-autonomous government and non-government agencies, the Scottish Office has expressed opposition to the idea:

*"The government have previously considered this option and rejected it, and this remains their view. Local management is not an appropriate means of controlling a modern and efficient catching sector which seeks to exploit opportunities wherever they arise".*

This opposition appears to rest on the assumption that a nomadic fleet of large vessels is "modern and efficient". The economic efficiency of an over-capitalised fleet chasing dwindling resources is, as noted above, highly questionable. This is especially so when the erratic effects of a cyclical "boom-bust" industry on the local economy is taken into account; and the assumption that large nomadic boats are more efficient than small vessels exploiting local resources is a simplistic generalisation which has nowhere been convincingly demonstrated.

### The legal Context

It may be argued that common access to the community's fishery resources is a fundamental requirement of the Treaty of Union, and access irrespective of nationality is meant to increase rather than decrease, particularly after 2002. However, restricted access on the basis of stock conservation and special regional interests is already practised through measures such as the Shetland Box, and the derogation in favour of national interests within the 6 (and sometimes 12) mile limit. Indeed, it is worth noting that this latter derogation, allowed for in the Treaty of Accession of the United Kingdom, Ireland and Denmark in 1973, was designed to reserve the fishing *"for local vessels, which had traditionally fished these waters from adjacent ports"*. In practice the 6 mile limit has been used to preserve national rather than regional or traditional interests, but the logic of the treaty refers to the latter:

*"Reservation of the coastal band for fishermen from adjacent coastal areas not only helps to ensure that fishing remains a component of the socio-economic fabric of the regions"*

*concerned, but also increases the degree of responsibility and safeguards certain local and regional fisheries"*

Within Scotland the Provisions of the Inshore Fishing Regime allows for restriction of access to certain areas or fisheries on conservation grounds, and there already exist restrictions on boat size in certain areas (for example in the Firths of Forth and Clyde) designed to protect traditional or historic interests.

In England and Wales the Sea Fisheries Committees already form the basis of an appropriate framework for increased local management, and greater powers - within an overall policy framework - might be given to them.

There would appear therefore to be no insurmountable legal difficulties to introducing more local management, given the political will.

## Implementation and Organisation

A variety of models have been proposed as a basis for local fisheries management. In England and Wales there are the local Sea Fisheries Committees representative of a variety of local interests. The extension of the remit of Producer Organisations is another clear possibility, which would achieve much greater support among the fishermen themselves (and no doubt spur the setting up of new ones).

But it would be wrong at this stage to lay down the rules in this regard. The way forward should be on the basis of several pilot projects covering an appropriate range of European conditions, and using a variety of approaches. There are a variety of EC regional initiatives which would allow of and perhaps encourage such projects. Following appropriate evaluation more widespread schemes set within an overall policy framework might be adopted by the Union.

## Future Potential

### Building on local area management to enhance the returns from fisheries

Fish and shellfish caught using sustainable, socially desirable, and environmentally friendly techniques, may command a premium in the marketplace, particularly where local day boats are able to offer a fresher product. It is important that any initiatives in resource management are matched by corresponding developments in processing, marketing, distribution and retailing. These should form an integral part of any local management initiatives.

### Monitoring and Evaluation

The rationale for such initiatives is ultimately social and economic. Improved management of the resource should lead to a higher overall resource rent, and the benefits of this rent should accrue to local communities in peripheral areas to a greater degree than is presently the case.

The success or otherwise of any of these schemes must therefore be measured in a variety of socio-economic terms. This implies a thorough study of the efficiency and desirability (against a wide range of social, economic, and environmental criteria) of a small local fleet appropriate to the resource, compared with the overall efficiency of a more open fishery which may be subject to tie-ups, quotas etc..

## Conclusions

Several important considerations reinforce the idea of greater decentralisation of fisheries management, especially with respect to coastal fisheries in peripheral regions of the community, and in situations where these resources are fully exploited. These include:

- The failure of existing national and EC policies:
  - inadequate models
  - political decision making
  - lack of consistent objectives

- lack of co-ordination with structural and regional policy
- lack of a "vertical" industry perspective
  
- The emphasis on capital investment and centralisation
- The changing policy context:
  - subsidiarity
  - peripherality and cohesion
  - sustainability
  
- The immediate need to reduce access, and necessarily, to discriminate.
- The importance of relating management strategies to particular stocks or fisheries.
- The continuing conflict between large scale and small scale operators.
- The need for local responsibility and accountability.
- The rapid increase in illegal fishing and marketing.
- The escalating costs of fisheries protection.
- The practical difficulties of enforcing unpopular conservation measures.

The actual scale at which local management might be applied, the resources to which it should apply, and the overall EU policy framework within which it might be developed, require detailed study and negotiation, but could apply to many of the inshore and coastal fisheries within the six or twelve mile limits.

There is little doubt that moves in this direction would be controversial, but there is little sign of uncontroversial solutions having any chance of success. As a first step, pilot projects should be set up - initially with rather limited powers - to test out some possibilities in practice.