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An analysis of existing Rights Based Management (RBM) instruments in Member States and on setting up best practices in the EU

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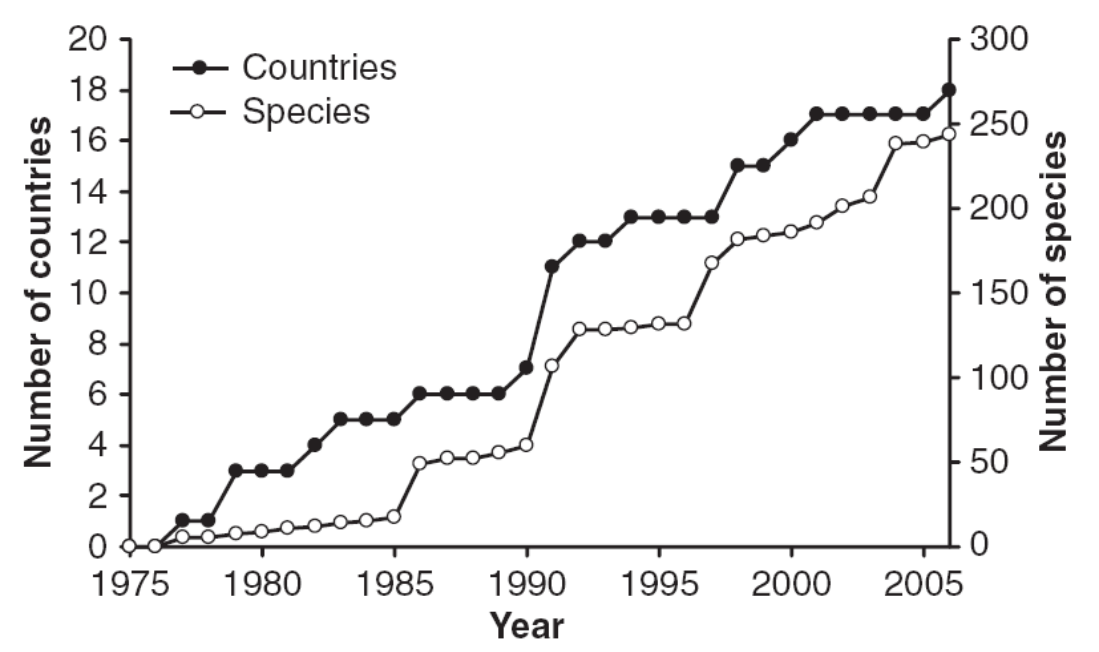
Basis for the Review

- Deterioration of the economic situation of EU fisheries and the associated social difficulties.
- Proposed solutions include a focus on the economic management of fisheries and a better matching of fishing effort with available resources (e.g. COM(2006) 103 final, 9 March 2006).
- Rights-based approaches show potential and are already implemented across the EU
- Study aimed to review current national systems and develop lessons learned for best or better practice



Global assessment of the number of countries using ITQs and the number of species managed (Chu 2008, Fish and Fisheries 10, 1-14)

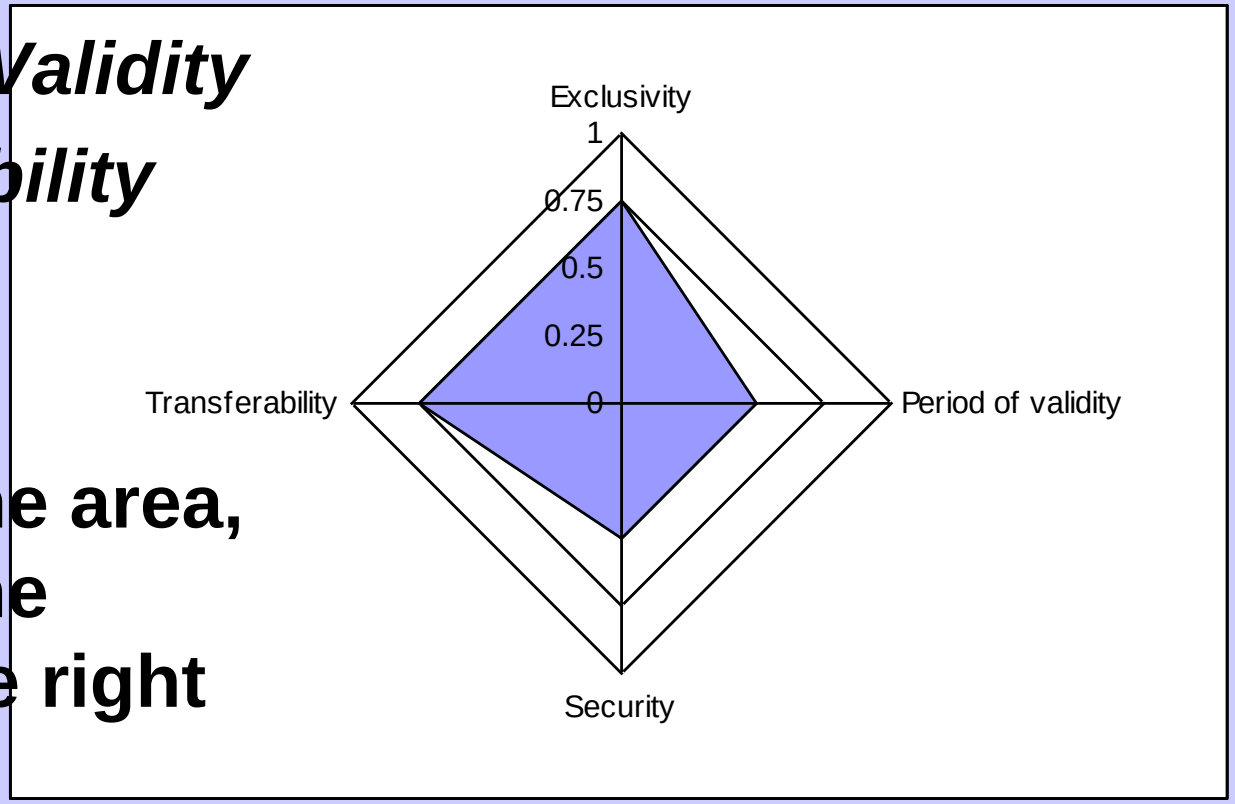
Methodology

- Part I: Analysis of characteristics and effects and lessons learned
- Part II: Catalogue of RBM systems (Part II)
- Definition of RBM: *“any system of allocating fishing rights to fishermen, fishing vessels, enterprises, cooperatives or fishing communities”*

RBM type (OECD typology)
Community-based catch quotas *(CQ)*
Limited Non-Transferable Licences *(LL)*
Limited Transferable Licences *(LTL)*
Individual Transferable Effort Quotas *(ITE)*
Individual Non-Transferable Effort Quotas *(IE)*
Vessel Catch Limits *(VC)*
Individual Non-Transferable Quotas *(IQ)*
Individual Transferable Quotas *(ITQ)*
Territorial Use Rights *(TURFs)*

Methodology

- **Attributes,** based on OECD system
  - ***Exclusivity***
  - ***Security***
  - ***Period of Validity***
  - ***Transferability***



The larger the area, the higher the quality of the right

Results: Overview of RBM in the EU

- **Bundles of rights** e.g. vessel licence, quota allocation and days at sea
- Difficulty in characterising the occurrence of RBM systems across a range of fisheries and countries.
  - e.g. limited licensing in combination with IQs or ITQs.
- **Key drivers**:
  - Distribute and manage quota allocation
  - Economic performance
  - Capacity restrictions

Results: Overview of RBM in the EU

- **EU level:**
  - The **Council of Ministers** sets the TAC/quotas and fleet management programmes (effort restrictions)
  - All **Member States** are believed to operate a licensing system of some sort as a means of managing fleets in line with Community restrictions, but this is usually not the main mechanism for allocating rights.

Overview of RBM in the EU – National

- **North Sea and Atlantic stocks**:
  - IQs, VCs and ITQs used to manage quota allocations.
  - Denmark operate ITQs for pelagic and demersal stocks; special provisions for small-scale vessels and scheme for new entrants to the fishery.
  - Spain operates an ITQ system (transferable only within fleet census); has resulted in regional shift of the fleet.
  - UK operates a quasi-ITQ system – transferability gradually increased as a result of demand from industry.
  - Ireland and Belgium operate non-transferable systems with the objective of protecting national industry, fishing communities and small-scale vessels.
  - Individual effort allocations are commonly used in support of catch quota allocations; may result in reductions in economic efficiency, e.g. days-at-sea restrictions overlaid on IQ and ITQ systems in the North Sea.

Overview of RBM in the EU - National

- **Mediterranean fisheries** rely on input controls (effort restriction) through limited licensing reinforced by technical measures, restrictions on fishing time and limits on fishing areas.
  - Few species managed by TAC in the Mediterranean limit the range of RBM types.
  - Cyprus, Malta, France, Greece all have systems based on LL in the Mediterranean.
  - TURFs also exist for sedentary species (e.g. Italy), as well as a form of TURF for dolphinfish in Malta.
  - Bluefin tuna is managed by TAC, and countries use either IQ or ITQ.

Overview of RBM in the EU - National

- **Baltic fisheries**: Mixture of IQ, ITQ, IE and ITE depending on fleets, stocks and national objectives.
  - Estonia: ITQ for offshore stocks, and ITE for inshore fisheries / coastal fleet
  - Latvia: IQ and IE for offshore and coastal fisheries
  - Lithuania: IQ for all stocks
  - Poland: IQ for salmon & offshore cod; CQ for coastal fisheries, sprat and herring

Results: Allocation of rights

- Allocations usually based on historical fishing patterns using fixed reference periods
- Some MS take into account socio-economic factors e.g. France:
  - Historical track record
  - Market orientation
  - Socio-economic equilibrium
- Exclusion of prior resource users uncommon

Allocations favouring environmental aspects

- Scottish conservation credits scheme:
  - Voluntary scheme
  - Real-time closure of juvenile or spawning areas, controls on net sizes
  - Participating fishermen are given back days at sea they otherwise would have lost

Protection of small-scale fisheries

- Can be built into the design of RBM systems even including ITQs
- Initial quota allocation (UK under-10, DK, LT)
  - Denmark – smaller vessels entitled to additional quota allocations
- Fishing zones for SSF (LT, LV)
- TURFs
- Different RBM systems (effort rather than quota) (EE)
- Limits on transferability (IE, BE)

Impacts on discards

- Discards caused by a range of factors irrespective of RBM or non-RBM system
- Transferability of quota in mixed fisheries can help reduce discards by allowing the right species mix to be obtained, but highgrading can still occur
- Technical measures, MS-MS quota swaps and reducing fleet capacity can also reduce discards

Transferability and Markets

- Markets for rights exist for *all* types of RBM system, whether transferable or not
- Impacts include:
  - Price of rights can rise significantly
  - Change in spatial distribution of rights (ES)
  - Concentration of rights and increase in economic efficiency (DK)
- Social impacts limited by factors constraining transferability
- Relative stability not affected if a ‘fair’ transaction takes place based on market value

Provisions for new entrants

- Most RBM systems can be accessed by new entrants, even if rights are non-transferable
- Licences – government rules and priorities for issuing licences
- Quota – purchase a vessel with licence and quota rights
- Transferable rights – more flexible, vessel and quota rights can be bought separately
- Specific schemes to facilitate new entrants (UK, Denmark)
- TURFs are most difficult for newcomers to access

Decommissioning schemes

- OECD recommendations
  - Management systems should prevent overcapacity and overfishing
  - Incentives for fishers to automatically adjust fishing capacity and effort
  - Decommissioning can be used for urgent capacity reductions, should be cost-effective and time-limited, and prevent capacity re-entering fisheries

Decommissioning schemes

- Licence usually decommissioned with the vessel
- Treatment of quota under decommissioning schemes varies
  - Decommissioned
  - Redistributed amongst remaining vessels (EE, LT)
  - Remain with vessel owner who can sell, lease or transfer the allocation (UK, NE)
- Transferability can result in a reduction in capacity without decommissioning (DK, ES, EE)

Management costs

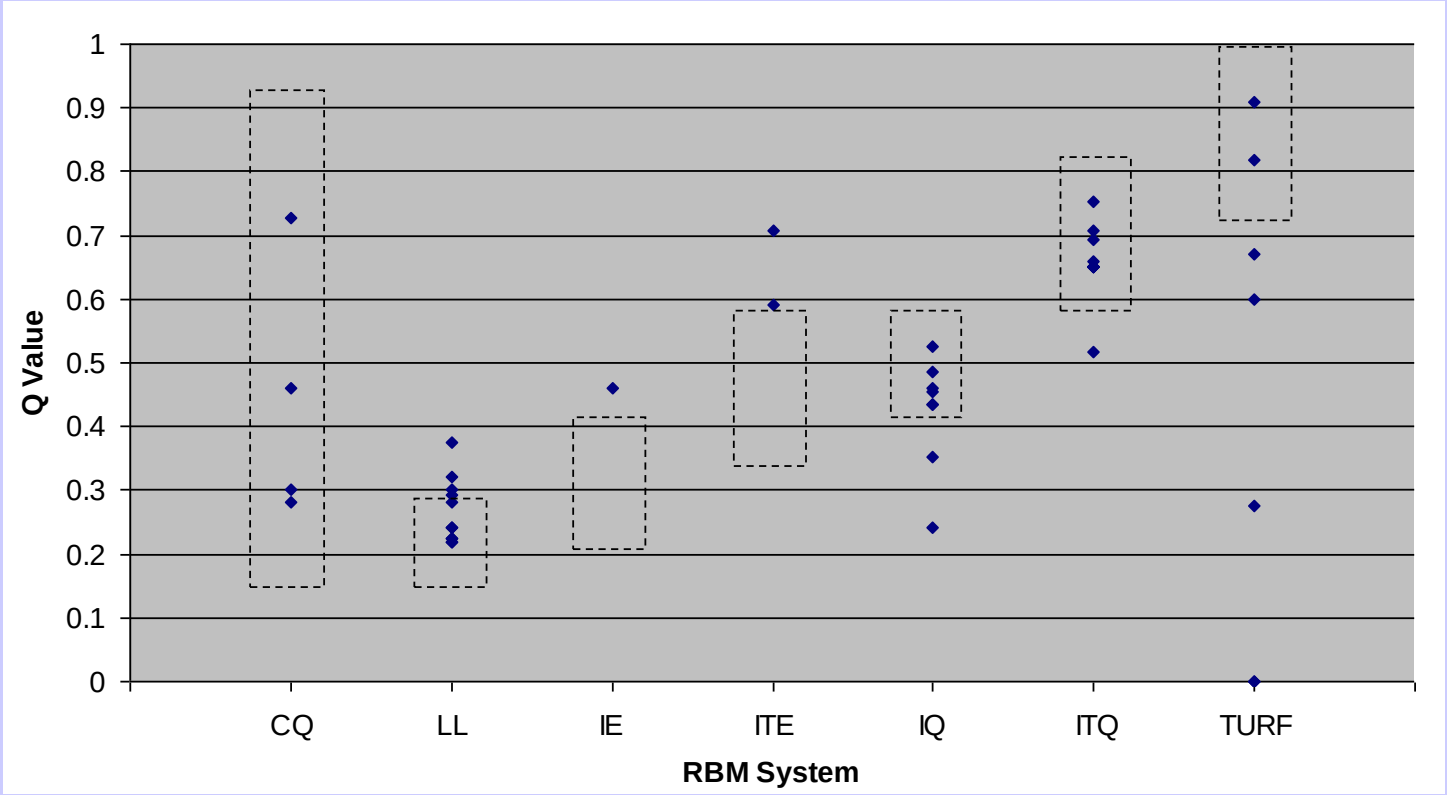
- Management involves administration, research and enforcement
- Sophisticated, quantitative RBM systems such as IQs and ITQs can require substantial resources for research and enforcement
- Management costs as a % of landed values are low in countries that have implemented RBM/ITQ regimes (e.g. New Zealand, Iceland)
- Minimal cost recovery in European fisheries (e.g. licence fees, quota fees)

Results: Identifying Best Practice

- **Two approaches:**
  - An analysis across RBM systems to explore potential **relationships** between the **attributes** of the systems and the **outcomes** relative to the objectives of the CFP
  - An assessment of **lessons learned** from selected individual examples of RBM in the EU

Results: Identifying Best Practice

- **Relationships:**
  - **Calculation of *Q*-value based on attribute scores**
  - **Expected and actual *Q*-values by RBM System**



Results: Identifying Best Practice

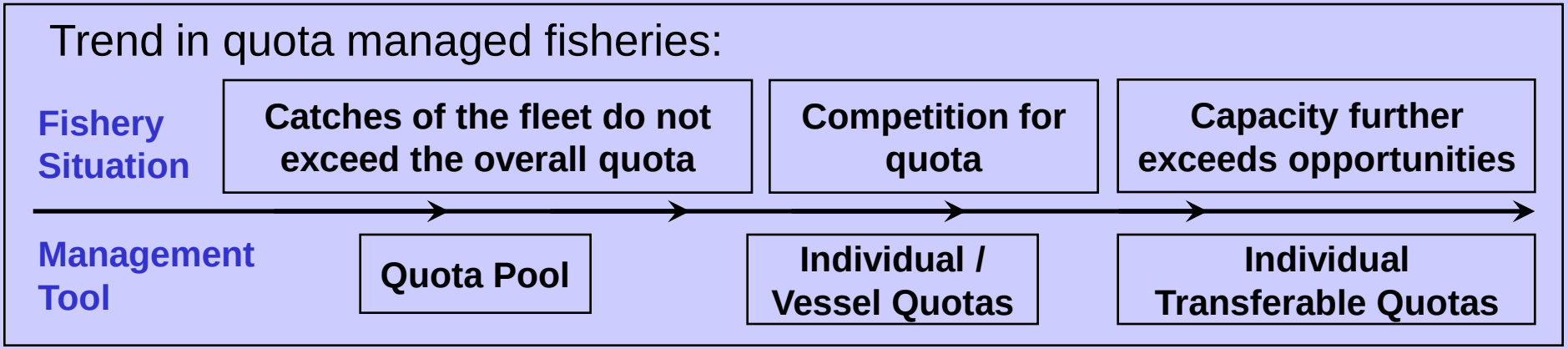
- **Lessons Learned**
  - RBM systems are not specifically aimed at meeting the objectives of the CFP;
  - RBM systems have evolved independently and diversely and may be significantly driven by local business and/or political needs.
  - RBM systems have shown benefits where rights are exclusive, secure, long term and tradable and where participants take on responsibility for the fishery.
  - Impacts are harder to tease out where exclusivity is reduced.

Results: Identifying Best Practice

- **Lessons learned - Constraints to RBM:**
  - Mediterranean countries use mainly LL and TURFs – not quota
  - Policy reasons for restricting transferability
    - e.g. avoidance of concentration of ownership / protection of small scale interests
    - concerns about monitoring and control of quota uptake following transfer
  - EU CFP framework limits exclusivity
  - Legal constraints
    - Overarching conservation and management measures determined by the EU
    - Overall policy at Community level, therefore MS less inclined to enshrine higher quality rights e.g. in primary legislation

Results: Identifying Best Practice

- **Lessons Learned**
  - Quota allocations have evolved to manage fisheries governed by a TAC, particularly where capacity is high and competition for quota.
  - The bulk of rights trading occurs within countries for the purpose of partitioning the available national quota among the competing fishing interests in that country.



Results: Identifying Best Practice

- **Lessons Learned**
  - There are benefits in moving towards management systems that provide higher quality rights for participants, but this does not mean that management of all fisheries should move inexorably towards systems with high *Q* values, such as ITQs and TURFs.
  - Variable experiences with “similar” management systems e.g. ITQs in Denmark and the Netherlands. Main difference related to management of capacity.
  - Benefits of transferability in mixed fisheries such as in the North Sea; potential reduction in discards.
  - Vessel decommissioning schemes and national quota swaps may substitute for transferability.

Results: Identifying Best Practice

- **Lessons Learned**
  - quota-based RBM systems require extensive management and monitoring of quota uptake, which can be a problem for some Member States and some lower value or small scale fisheries
  - more straightforward, and potentially cheaper to administer, licensing systems can be an effective means of managing fisheries, when complemented with other management measures to mitigate effort creep and increase selectivity
  - importance of cooperation in designing and implementing RBM systems; a variety of institutional structures that can be used for their implementation in a co-management framework

Results: Identifying Best Practice

- **Lessons Learned**
  - The need remains for sound scientific data about fish and fisheries and regular stock assessments.
  - if RBM successfully reduces fishing pressures on a stock, the need for TACs to be highly accurate to avoid stock collapse can be reduced somewhat.
- **Suggestions for Further Research**
  - Development of indicators linked to CFP that better correlate with management systems
  - Assessment of economic performance based on RBM units, e.g. fleets under different RBM systems targeting the same stock
  - Comparison of legal frameworks at different levels (EC, national)
  - Further investigation of the development of markets and trends in levels of trading; effects on rights' values.

Thank You