

Towards a market oriented management (MOM) model for straddling fish stocks

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Management of straddling and highly migratory fish stocks

-The problem, proposed solutions and difficulties

- Ownership uncertainty & disputes
- The UN Law of the Sea consensus (1995)
 - Regional Fisheries Management Organizations (RFMOs)
- Local implementation barriers (Bjorndal et al 2000)
 - Number of players, new players
 - Overshadow other management demands

Limited market oriented value adding (MOVA) management: Why?

- Management sets behaviour barriers
- Operational barriers for value adding (VA)
 - Fish size & condition, catch areas, landing area, season
- Barriers in the catch history allocation principle
 - Competitive advantage and monopoly power for initial entrants
 - Reduces motivation for (MOVA)

Limited market oriented value adding (MOVA) management: Why?

- Mixing private Vs. national rent seeking interests
 - Maximizing rent for limited resources Vs favoured fishing Co.s?
 - Mixed negotiation teams, difficult to separate interests
 - Private interests of first entrants become the 'national' interests
 - Traditional value chains dominate > gain political protection > reinforced barriers to MOVA
- Mixed interests barrier to value adding to limited fish resources!

The case of Atlantic Blue whiting (*Micromesistius poutassou*)

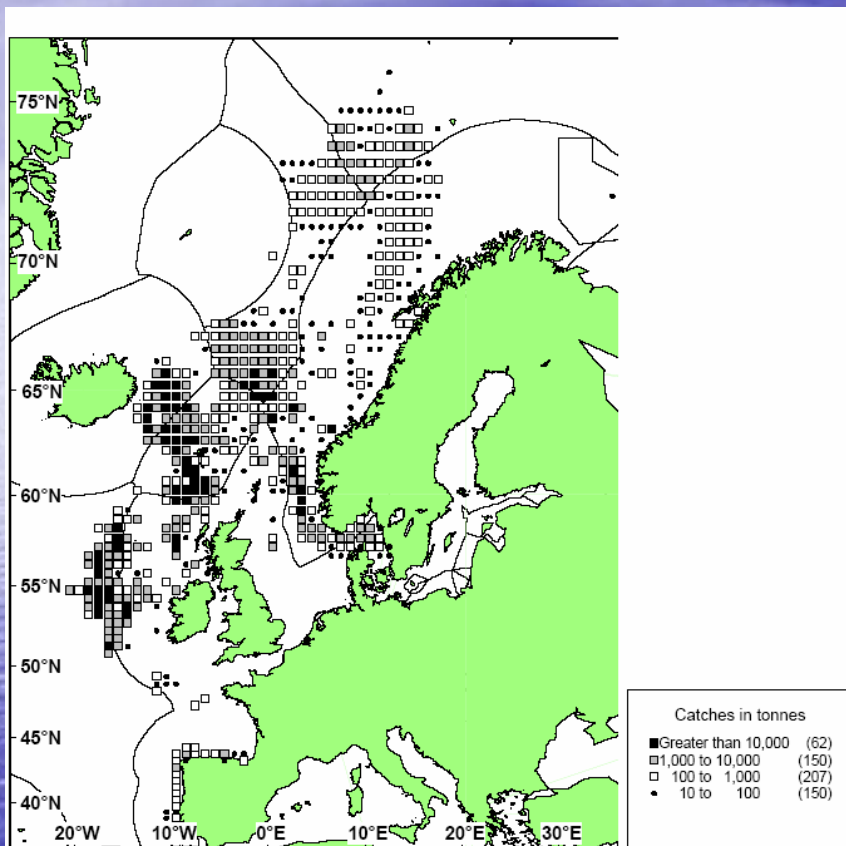
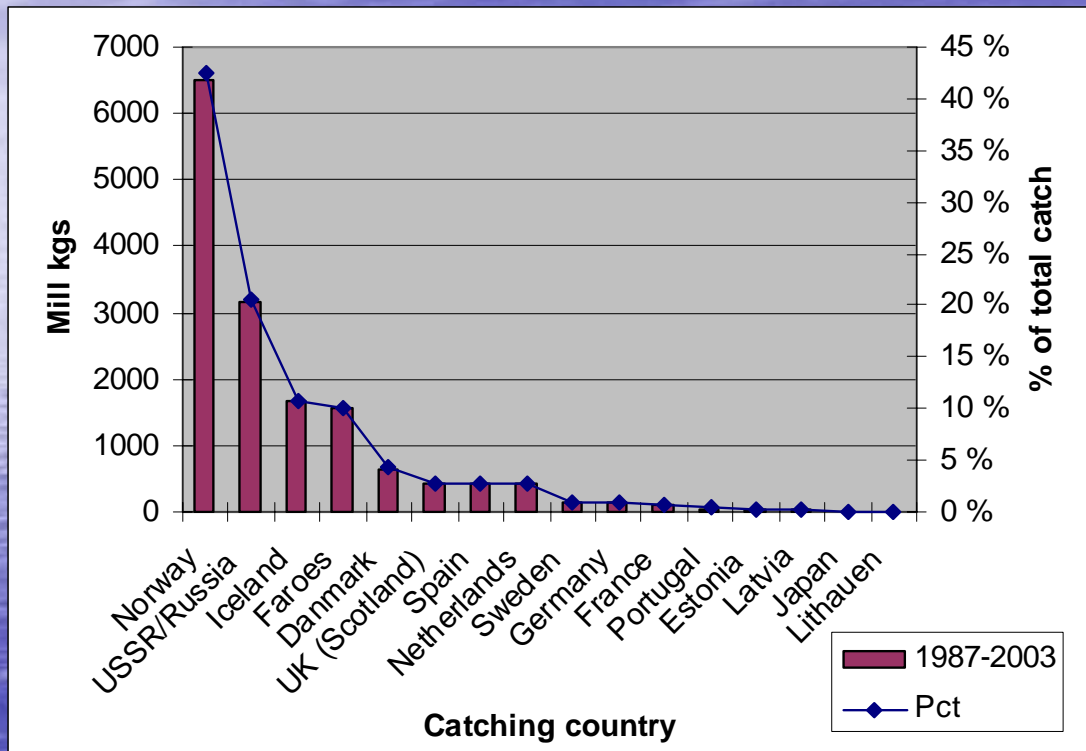


Figure 1. Atlantic blue whiting. Total catches in 2003 (ICES 2004).

- Straddling stock
- Different EEZs
- International waters
- Uncontrolled fishing effort
- Enforcement problems
- Incentives?

Many & diverse stakeholders



- Key participants:
1. Norway
 2. Russia
 3. Iceland
 4. Faroe Islands
 5. EU

Figure 2: Atlantic blue whiting. Total Catch 1987-2003 (Source ICES 2004b)

Expansion & Overfishing

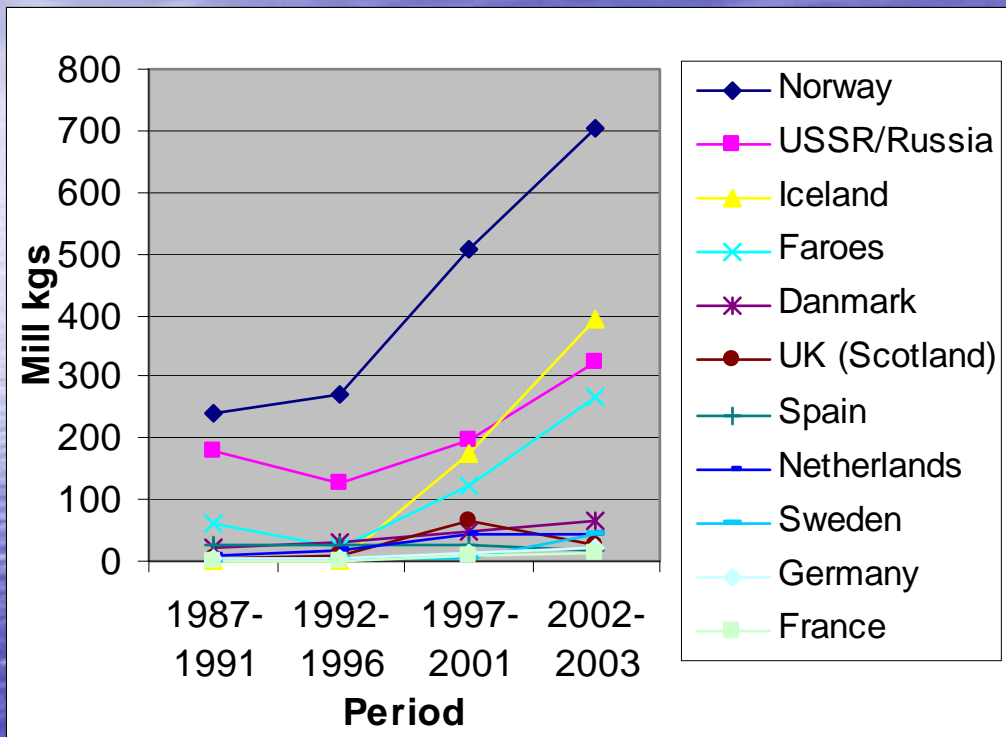


Figure 3: Atlantic blue whiting. Average yearly catches 1987-2003 (Source ICES, ACFM 2004)

- TAC: 600-650t tonnes
- Actual catch: 2.3m tonnes
- Expansion
 1. Norway
 2. Iceland
 3. Russia
 4. Faroe Islands

Value adding (VA) strategies

- Cost Oriented Value Adding (COVA) & volume driven expansion
 - Norway, Iceland & Faroes
 - Catching for fishmeal & oil @ 0.1€/kg
- MOVA strategies for human consumption
 - Russia (expansion), Dutch vessels (stable)
 - Whole fish freezing for human consumption
 - Russian, African, Chinese markets @ 0.3€/kg
 - 1 French, 1 Faroese/Norwegian vessel (stable catch)
 - Surimi @ 0.4-0.5€/kg

Impact

- No agreement on total quota
- Deadlocked negotiations
- Real & increased risk of stock collapse
- Low value adding
- Low uptake for human consumption
- Resource underutilised
- Not sustainable

The MOM model solution

- The MOM model

An institutional framework for resource management decision making process

1. Separates the rent seeking interests of the State & fishing firms
2. Cognisance of needs for
 - Long term sustainability
 - Efficient & effective management of TAC
3. Incentives for MOVA business behaviour

Figure 4: MOM model for straddling fish stocks



The Regional Management Committee

- RFMO
- RAC
- IWC
- The Norwegian- Russian fishery Commission
- Open process for resource allocation related to State rent-seeking interests

Multinational Resource Cooperative

- A non profit fish business organisation
- Organises quota auctions
 - Collects resource rent for member nations
 - According to catch area
 - Finances research, monitoring, control & enforcement
- Volume-based Auction fees encourage MOVA per catch unit (increase unit values)

National allocation

- Pre qualification for bidding on quantities similar with national TACs
- Where No TAC agreed: catch in international waters similar to last year's catch share

Conclusions

- Strong need for better management models for straddling stocks
 - Many stocks in biological & economic crisis, more likely...
- The Stakeholder State roles are
 - TAC Negotiation through RMC
 - Allocation of fishing rights to companies participating in the auction

Conclusions

- MOM key advantages
- Manage Value (rent) instead of Volume (t) via Multinational Resource Company (MRC)
- Separates rent-seeking interests of States & firms
 - Fishing firms free to operate independent of EEZs
 - Time, species & area limited quotas purchased in auctions
 - MRC empowered & enabled to manage total TAC, collect rent, control & enforcement