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STATEMENT BY THE OECD COMMITTEE FOR FISHERIES**

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## STATEMENT ON THE STUDY ON THE TRANSITION TO RESPONSIBLE FISHERIES

1. The OECD Committee for Fisheries, at its 85<sup>th</sup> Session 20-22 March 2000, adopted the following Statement on the Study on the Transition to Responsible Fisheries\*.

### I. Background

2. The economic and social importance of marine fisheries is considerable. Globally, more than 30 million people<sup>1</sup> depend directly or indirectly on fisheries for their employment and income. As a source of food, fish and fish products account for 17 per cent of all human consumption of animal protein according to the FAO. World marine capture fisheries production reached a new record of 85.7 million tonnes in 1996, and was shortly down to 85.6 million tonnes the following year. However, it is widely recognised that many fish stocks are overexploited<sup>2</sup> and that corrective measures are needed to restore their productivity and ensure long-term sustainability and economic viability of the fisheries sector. While important measures have been taken during the last decade regionally, nationally and internationally, additional efforts are needed to ensure long-term viability of all stocks to the benefit of all. The benefits from such change could be significant; for example, work by the FAO has estimated that better management of marine fisheries could increase production by 8 million tonnes.<sup>3</sup>

3. In response to the increasingly difficult problems faced by fisheries, the international community has adopted various agreements and arrangements that provide a legal and institutional context for responsible fisheries. Among these, the United Nations Convention on the Law of the Sea (UNCLOS) signed in 1982, codified the introduction of 200-mile exclusive economic zones (EEZs). In 1995, states were encouraged to adopt the Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas, an arrangement that has not yet received a sufficient number of ratification to enter into force. In 1995, the Agreement on Straddling Stocks and Highly Migratory Fish Stocks was adopted, although this Agreement has still not received the necessary number of ratifications to come into effect. In the case of the Code of Conduct for Responsible Fisheries, adopted by the FAO in 1995, states were encouraged to adopt the High Seas Compliance Agreement.

4. The establishment of new regional fisheries organisations, as well as the reinforcement of existing ones, shows the determination of the international community to reinforce an appropriate legal framework for fishing activities. A common theme highlighted by the various initiatives has been the call for a move to responsible and sustainable management of fisheries. The Declaration of Cancùn (1992) endorsed the concept of responsible fisheries, stating that “this encompasses the sustainable utilisation of fisheries in harmony with the environment; the use of capture and aquaculture practices which are not harmful to ecosystems, resources or their quality; the incorporation of added value to such products through transformation processes meeting the required sanitary standards; the conduct of commercial practices so as to provide consumers access to good quality products.”

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\* OECD (2000), *Transition to Responsible Fisheries -- Economic and Policy Implications* (in press).

## II. The study by the OECD Committee for Fisheries

5. More responsible and sustainable management of fisheries will offer improved economic and social returns to the industry and to society as a whole. But the transition to more responsible fisheries can be a difficult process primarily because it involves trading the possibility of long-term gains against short-term costs. Against this background and upon the successful completion of its study on management instruments<sup>4</sup> in 1996, the OECD Committee for Fisheries decided to embark on a study of the environmental, economic and social implications of a transition to responsible and sustainable fisheries. The purpose of this study is to initiate an analysis of the ways and means through which the quantitative evaluation of the costs and benefits could be undertaken. The measures associated with a transition towards responsible fishing should be identified and their costs and gains assessed.

6. The Committee decided to address the transition process from four perspectives: (i) evaluating transition costs and gains; (ii) exploring the impact of government financial transfers on resource sustainability; (iii) identifying the social implications of the transition; and (iv) examining the role of post-harvesting practices in facilitating the transition.

7. Over the period 1997 to 1999, the Committee reviewed a range of case study experiences from Member countries. Each of these experiences provided valuable insights on the transition process, although each also reflected the unique context of fisheries management in the relevant Member country. The Committee was able to identify a large number of policy relevant findings and conclusions. These are presented in the four sections below. The case studies and other background material to the four studies have been published as general distribution documents (in press).

## III. Findings

### *(i) An evaluation of the costs and gains*

8. The extensive empirical material produced by the Committee demonstrates that the transition to more responsible and sustainable fisheries offers the potential for long-run gains that are beneficial to producers, consumers and society as a whole. There are two important challenges that policy makers face in the transition process: (i) dealing with the complex and, to some extent, uncontrollable nature of the fishery ecosystem; and (ii) managing the effects of change that must inevitably be faced by the stakeholders in the fishery.

9. While noting in general the prospects for improved economic and biological performance, some case studies exhibited overcapitalised fisheries that in the short and medium term would be expected to have appreciably smaller harvest sectors. In this context, the choice of management frameworks and supporting policies should be carefully examined. Some management frameworks that enhance industry responsibility can provide for industry self-adjustment. The sense of shared responsibility may be facilitated by approaches by fisheries managers and by the use of management instruments that enhance fishers' sense of shared involvement in solutions (e.g. licences, individual quotas, area use rights).

10. There are no easy ways to smooth the path towards responsible fisheries. It is likely that costs will be incurred in the short-run if the decision is made to restore fish stocks. Decisions on the rate of desired restoration is also likely to involve trade-offs between economic, social and biological components of the fishery system. The need for adjustment in capacity levels may in some cases be unavoidable if long-run economic performance is to be improved and preserved. Dealing with the inherent uncertainties in the fishery system suggests the adoption of prudent and precautionary approaches in setting and executing

management objectives. The possibilities for improved economic performance appear to be enhanced if management frameworks provide the sector with sufficient stability over the longer-term.

***(ii) The impact of government financial transfers on resource sustainability***

11. This study shows that in 1997 OECD countries expended USD 6.3 billion in government financial transfers to the fishing industry. A transfer is defined as the monetary value of interventions associated with fishery policies. Most transfers are general services that are devoted to fisheries infrastructure and expenditure on activities for ensuring the sustainable use of fish stocks and the aquatic ecosystem (e.g. fisheries management, research and enforcement). At least USD 4.9 billion (77 per cent of all transfers) was spent on such activities in 1997 -- equal to 13 per cent of the value of the landings. A further USD 1.4 billion was spent on support in the form of direct payments and cost-reducing transfers (e.g. modernisation grants, income support and tax exemptions) to the sector in 1997 -- equal to 4 per cent of the value of landings. The nature of government financial transfers in OECD Member countries has changed since the 1970s and 1980s, when they were aimed at developing fisheries.

12. Direct payments and cost-reducing transfers are often used to reduce fishing capacity (e.g. decommissioning schemes). These policies are used for a variety of reasons: to boost profitability, to reduce dependency on the fishery, to meet international obligations and to reduce pressure on stocks. However, they can also have spillover effects into other fisheries and can encourage the introduction of new technology, but the possible negative effects can be avoided if adequate management policies are in place.

13. Some other direct payments and cost-reducing transfers such as modernisation grants, fish price support, interest subsidies and fuel tax exemptions, can encourage a build-up of capacity and an expansion of fishing activity. Some transfers can imbed industry expectations that may complicate future adjustment efforts. However, many of these effects can be avoided if there are adequate management systems in place. The effect of transfers on resource sustainability is difficult to determine, as there are many influences on fish stock health that are difficult to disentangle. The possible negative effects of some kinds of transfers can be reduced or minimised when transfers policies and resource management policies are coherent.

14. Some countries consider that the reform of their financial transfers policies, combined with other management measures, have been successful with respect to their resource management objectives. Capacity reducing transfers and dependency reducing transfers, combined with appropriate management measures, can reduce pressure on fish stocks.

***(iii) The social implications of the transition***

15. Employment in marine fishing has been declining steadily since 1970 in most OECD Member countries. This is the result of several factors, including technological change, overfishing and extended jurisdiction by coastal states. The transition to responsible fisheries will likely lead to a further contraction in employment, though employment in downstream activities may actually increase.

16. The distinctive socio-economic characteristics of the fisheries labour-force, and the households and communities in which they live, have important implications for the adjustment process. The general profile of the population at risk from structural reduction in fisheries employment can be characterised as people with little formal education who live in fisheries-dependent communities remote from other centres of employment – particularly share-workers in harvest fisheries and women working for a wage in a coastal processing plant.

17. Avoiding the need for special measures to address the social welfare needs of fishers and communities is the preferred policy. In anticipating change governments should try to smooth the path for adjustment before a crisis hits, through for example, job counselling, retraining and other active labour-market programs. However, where adjustment to fisheries regimes is likely to be large and abrupt, governments may wish to assist adjustment with more passive policies, such as extended unemployment and retirement benefits. In this regard it should be noted that educational policies that improve the qualification of fishers could play an important role in the transition.

18. Sustainability will necessitate the creation of policy frameworks that not only ensure sustainability of the resource but also provide a coherent set of signals to fishery workers. When moving towards responsible fisheries, governments should try to better understand how their resource management, social protection and labour market policies interact. The role of short, medium and long term active educational programmes can also be important in facilitating the transition. The long-term goal for sustainable fishing should be to transform the sector into one that is largely capable of adjusting its structure automatically and autonomously.

*(iv) The role of post-harvesting practices*

19. The post-harvest sector includes all activities related to fish and fish products following the harvest, including activities related to processing at sea and on land, distribution, sales and retailing to the consumers. Thus, the post-harvest segment is the link between those who exploit fish resources and those who consume fish. The behaviour and performance of fish processors, distributors and other firms may affect both natural resources and markets, and vice-versa. Government policies aimed at influencing the post-harvesting sector may therefore have intended or non-intended spillover effects both upstream and downstream in the product chain. The ongoing work concerning the improvement and collection of basic statistics both at the national and international level is very important.

20. The evidence presented in the study suggests that the post-harvesting sector of many OECD countries is larger than the supporting harvesting sectors, both in terms of value-added and employment. It has also become clear that most Member countries have a limited quantitative knowledge of the extent and activities of the post-harvesting sector. This also concerns the collection of basic statistics both at the national and international level.

21. While many countries recognise that the practices of the post-harvesting sector can have potentially significant importance in sustaining a move towards responsible fisheries, few report on having implemented an active policy that could underpin such developments. The FAO Code of Conduct includes a section (Article 11) dealing with post-harvesting practices and trade, and the national implementation of this part of the Code will form an important element in the move towards responsible fisheries.

22. Based on their own experience, some countries are of the view that the post-harvesting sector can play an important role in the application of trade measures that support sustainable fishing practices and fisheries. Nevertheless, trade measures implemented in support of responsible fisheries remains an issue of discussion. According to some case studies, national market intervention mechanisms, when applied in a non-discriminatory fashion, may also contribute to correcting market signals and thus sustain a move towards more responsible and sustainable fisheries practices.

23. The increasing awareness of consumers of the safety and quality aspects of food in general, and fish in particular, have prompted governments to set minimum quality standards for fish products and to encourage private industry to develop and adhere to quality control systems. A number of operators have schemes that seek to inform consumers on the products they purchase. In this regard, and complementing

an early implementation of the Code of Conduct, the development of marketing practices and improvement of consumer information can enhance the move to more responsible fisheries.

#### IV. Final Observations and Future Work

24. The Committee's work has shown that several important commercial fish stocks in OECD countries are overexploited and corrective measures are needed to restore the productivity of these stocks. The transition to responsible and sustainable fisheries is complex as it involves a realignment of the range of policies that affect the behaviour of fishers, operators in the post-harvesting sector and other stakeholders. The aim of policy makers and the fishing sector should be to alleviate the negative effects of the transition so that the future stream of benefits outweigh short-term losses and to evaluate the outcomes of alternative strategies and the pace at which change should occur.

25. The main issue in fisheries management is how to restore fish stocks to environmentally, economically and socially sustainable levels. Some countries consider that fisheries management can be improved, under the responsibility of the administration, by the active participation of management bodies and by the use of management instruments that enhance fisher's sense of shared involvement in solutions. For some other countries, co-management frameworks that provide for input from fishers are considered to be valuable by providing improved user right and stewardship over the resource, in addition to being a valuable source of information. However, all aspects of fisheries – from harvesting to marketing to consumers – should be considered in a comprehensive way for a successful transition process to responsible fisheries. In this regard, it would seem that more effort is needed on consulting a broader set of fishing industry stakeholders.

26. The benefits of responsible fisheries are long-term and should be subject to particular attention. Transition policies should address short-term social and economic adjustment costs without detracting from long-run conservation objectives.

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27. The Committee for Fisheries will continue its work on responsible and sustainable fisheries and the promotion of policies and practices that conform to that paradigm. The importance of these efforts was underlined by the 1999 OECD Council Meeting at Ministerial Level that stated that "*Effective and sustainable management of fishery resources and the relationship between resource management and trade require timely international agreement and action. Ministers welcomed the FAO's International Plan of Action for the Management of Fishing Capacity, and endorsed OECD's ongoing examination of the impacts of government financial transfers and other relevant factors on fishery resources sustainability, including over-fishing*".

28. In accord with the guidance provided by Ministers, the OECD Committee for Fisheries will continue to contribute to the move to responsible and sustainable fisheries through the implementation of a comprehensive 2000-2002 Programme of Work. In this regard the Committee will undertake studies on a variety of issues including analysing fisheries management costs, fisheries trade and investment liberalisation, indicators for monitoring sustainable fisheries development, and the causes and consequences of fishing capacity change.

## ENDNOTES

1. FAO estimates that by 1990 globally 29 million fishers were active.
2. Among major fish stocks for which information is available, the FAO reports that for 1996, 29 per cent are under- or moderately exploited, 49 per cent are fully exploited, 15 per cent are overfished and 9 per cent are depleted or recovering, thus 24 per cent are overexploited.
3. FAO (1996), *Chronicles of Marine Fishery Landings (1950-1994): Trend analysis and fisheries potential*. FAO Fisheries Technical Paper, No. 359, Rome.
4. Published by OECD (1997) under the title *Towards Sustainable Fisheries*. Paris.