Rights-based Management and Buybacks in International Tuna Fisheries

- Introduction
- Rights-based management systems
- Mechanics of MCS systems
- EPO tuna fisheries
- Capacity reduction in the EPO
- Costs of a vessel buyback in the EPO
- Buyback design considerations

Fisheries Management

- Restrict catches to levels that are sustainable and for which the value of the catch is greater than harvesting costs
- Should take account of other costs that fishing imposes on society

Introduction

Fisheries Management

- Restrictions on total catch, fishing effort, closed seasons – fishers struggle against authority and usually win the battle but lose out.
- Allocation of harvest rights – areas, quotas - incentives to maximize values of rights aligned with conservation

Introduction

General conclusions of FAO project

1. Moratorium on the entry of additional large scale vessels,
2. Allocation criteria and mechanisms for new participants,
3. Participation by all tuna fishing nations and entities in RFMOs,
4. Improved monitoring of tuna fishing fleet and its activity.
5. Collection of information on activity of vessels that are currently not monitored.
6. **Closed regional vessel registers, and global vessel register,**
7. **Buybacks or similar incentives to reduce any over capacity,**
8. **Rights of and incentives for participants in the fishery.**
9. Transparency and participation of stakeholders.

Rights based management systems

Examples within national jurisdictions

- Individual transferable quotas
- Territorial use rights
- Limited entry

Rights based management systems

Characteristic of property rights

- exclusivity
- duration
- security
- transferability

The more developed these characteristics are the more the interest of the rights holders are aligned with conservation of the stocks

Rights based management systems

Application to tuna fisheries

- Extensive movements –› limited entry or quota systems *and* management by RFMOs
- Excess fleet capacity in most tuna fisheries

Rights based management

Particular issues for rights based management

- to whom do rights belong
- how are the rights initially allocated
- who maintains a record of the rights
- what system is used to ensure fishers do not exceed their rights

Rights based management systems

Allocations by RFMOs to individuals or cooperatives?

- Allocation to states considered best practice
- Examples of allocation to individuals
  - *AIDCP DMLs allocated to individual vessels*
  - *IATTC limited entry rights to individual vessels*
- Neither is a strong property right

Mechanics of MCS with RBMS

Limited Entry

- List (register) of those entitle to fish
- Records or inspections of compliance with any controls on investment in capacity increases.

Mechanics of MCS with RBMS

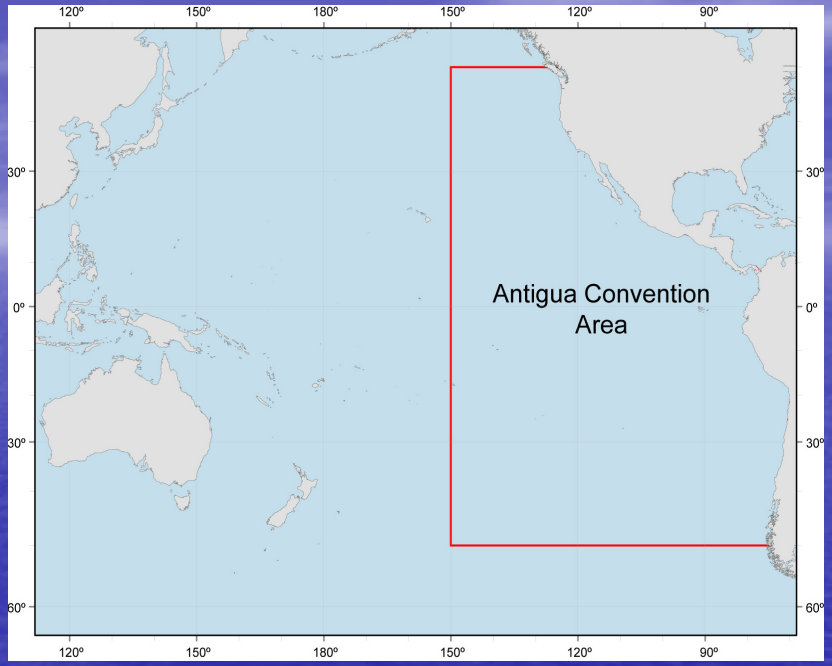
Quota systems

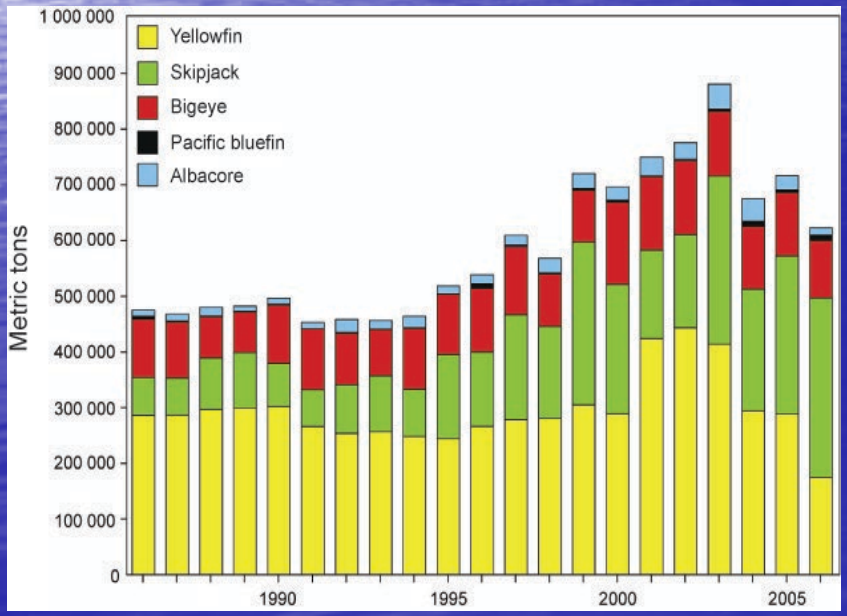
- Register of quota(s) held by individual
- System to compare catch to quotas
- Quota balancing systems

Mechanics of MCS with RBMS

- Key role of Registers of rights holders
- Similar to registers of shareholdings in companies
- Requires unambiguous rules concerning any changes
- Important for those who maintain register be arms-length from rights holders

EPO tuna fisheries example





EPO tuna fisheries

Purse seine vessel with a carrying capacity of 2000t of tuna frozen in brine.

A modern longline vessel with a carrying capacity of 400t of ultra low temperature frozen tuna


Guatemala: Villagran, Perez,
Sanchez, Jolon, Lopez.
El Salvador Salaverria, Sui, Barahona
Nicaragua: Urteaga
Costa Rica:
Mug, Andraka
Segura
Panama: Mituhasi, Pacheco
Colombia: Barreto, Zapata
Ecuador: Hara, Rendon, Parrales
Peru: Valqui, De Paz,
Kelez, Calderon
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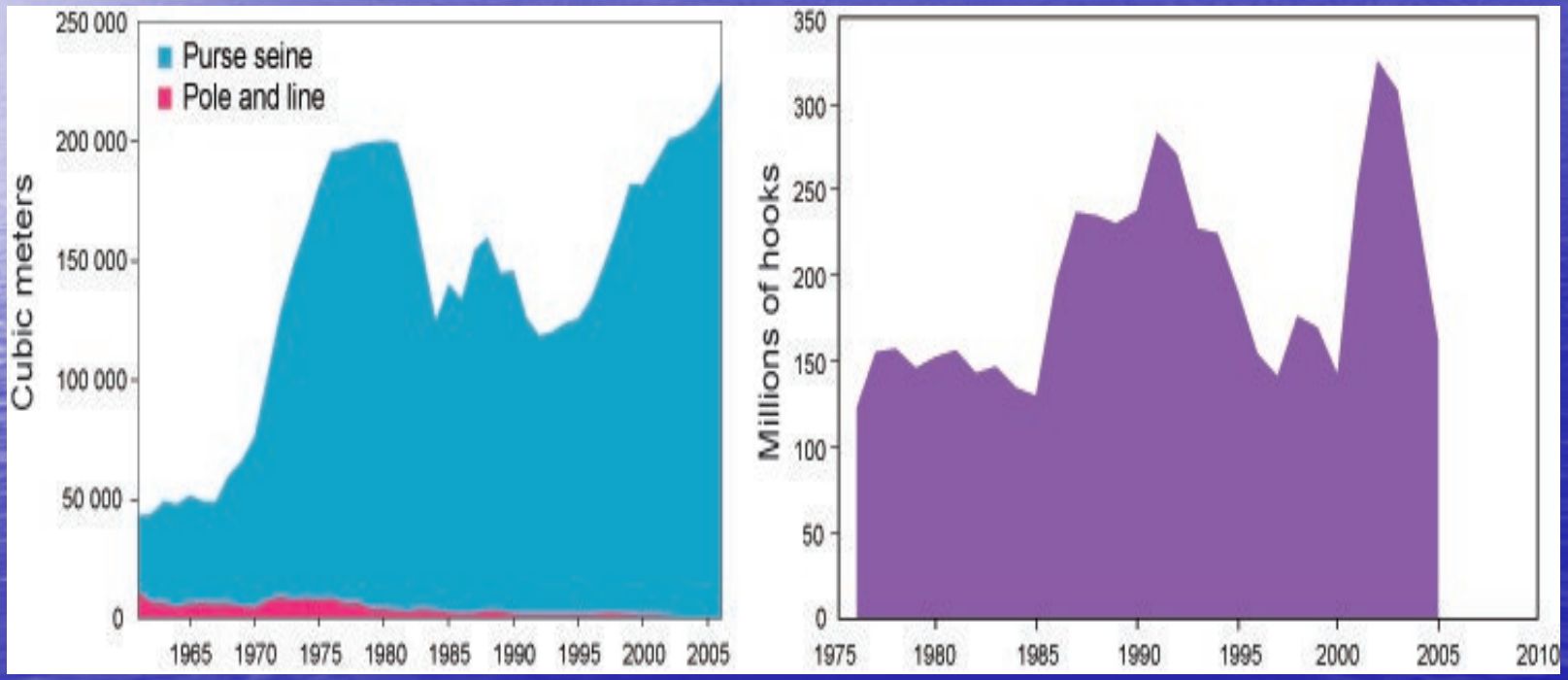
EPO tuna fisheries

Growth of fleet size



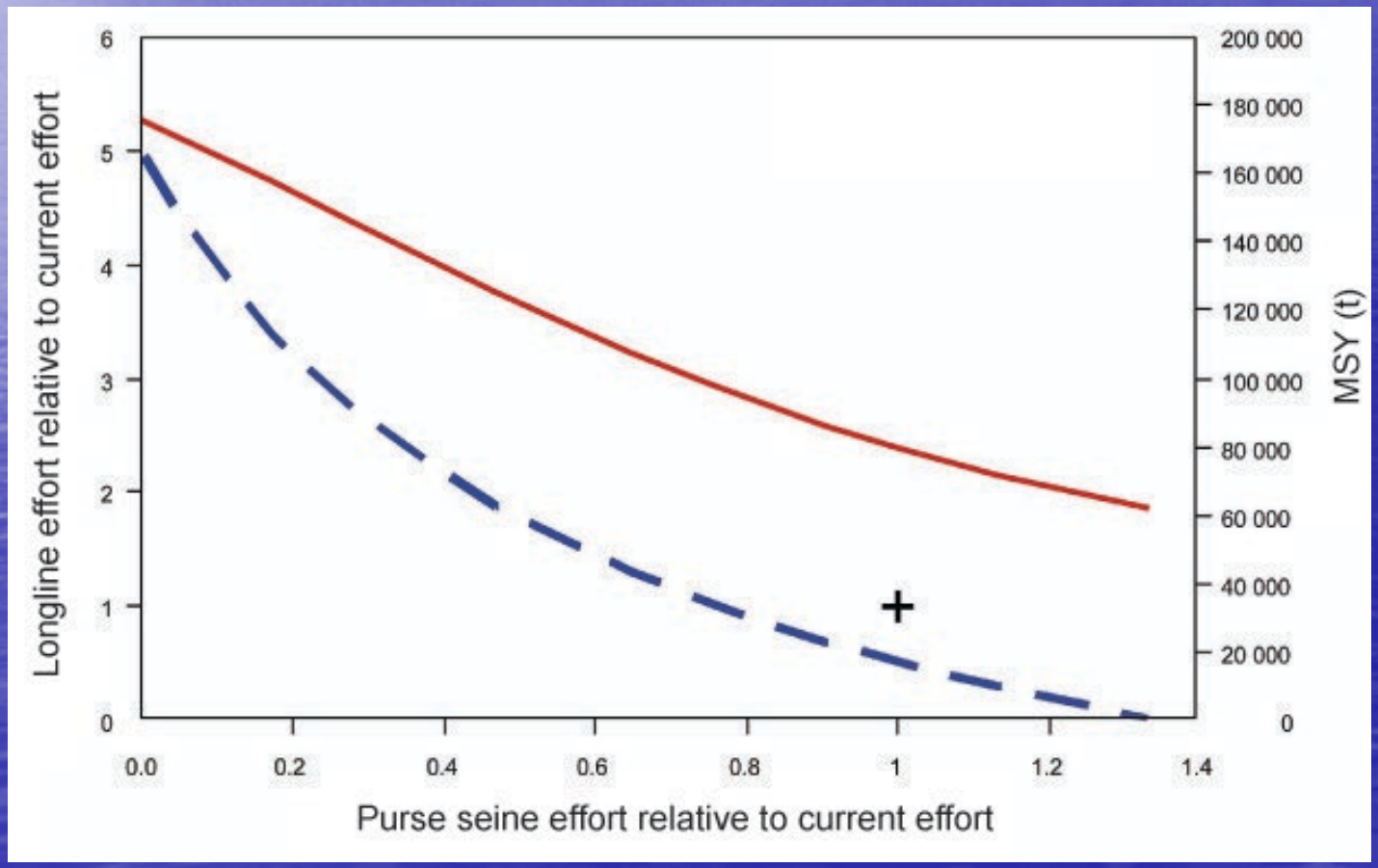
EPO tuna fisheries

A buyback to reduce the EPO fleet size

- Could a buyback be effective? (no replacement)
- Resolution C-02-03
- Currently no capacity limit for longline
  - *but EPO quotas and global scrapping*
- Even with capacity limit - effort creep – specify rights more completely

EPO tuna fisheries

Choice of reductions in PS and LL



Financing a P-S buyback

- Some guesses at cost of PS buyback
- To reduce to RPOA capacity of 158,000 m^3 – need reduction of 70,000 m^3
- Recent sales of 1200 m^3 vessels $5-8.5 million
- Purchasing 59 vessels between $300-500 million
- Less expensive to buy places on the RVR

EPO tuna fisheries

Financing a buyback

- As well as active vessels governments have rights to add about 54,000 m^3
- Cost $6-13 million – but more than 50% not associated with individual right – governments could write off.

Considerations in designing a buyback

Section 6 of paper, but Dale's presentation will cover in more detail .

Conclusion

- Overcapacity of tuna fleets is difficult to solve with current approaches
- Buybacks coupled with rights-based management seems a better approach
- Purpose of paper is to stimulate discussion which we hope will be a step in the road to better management and conservation