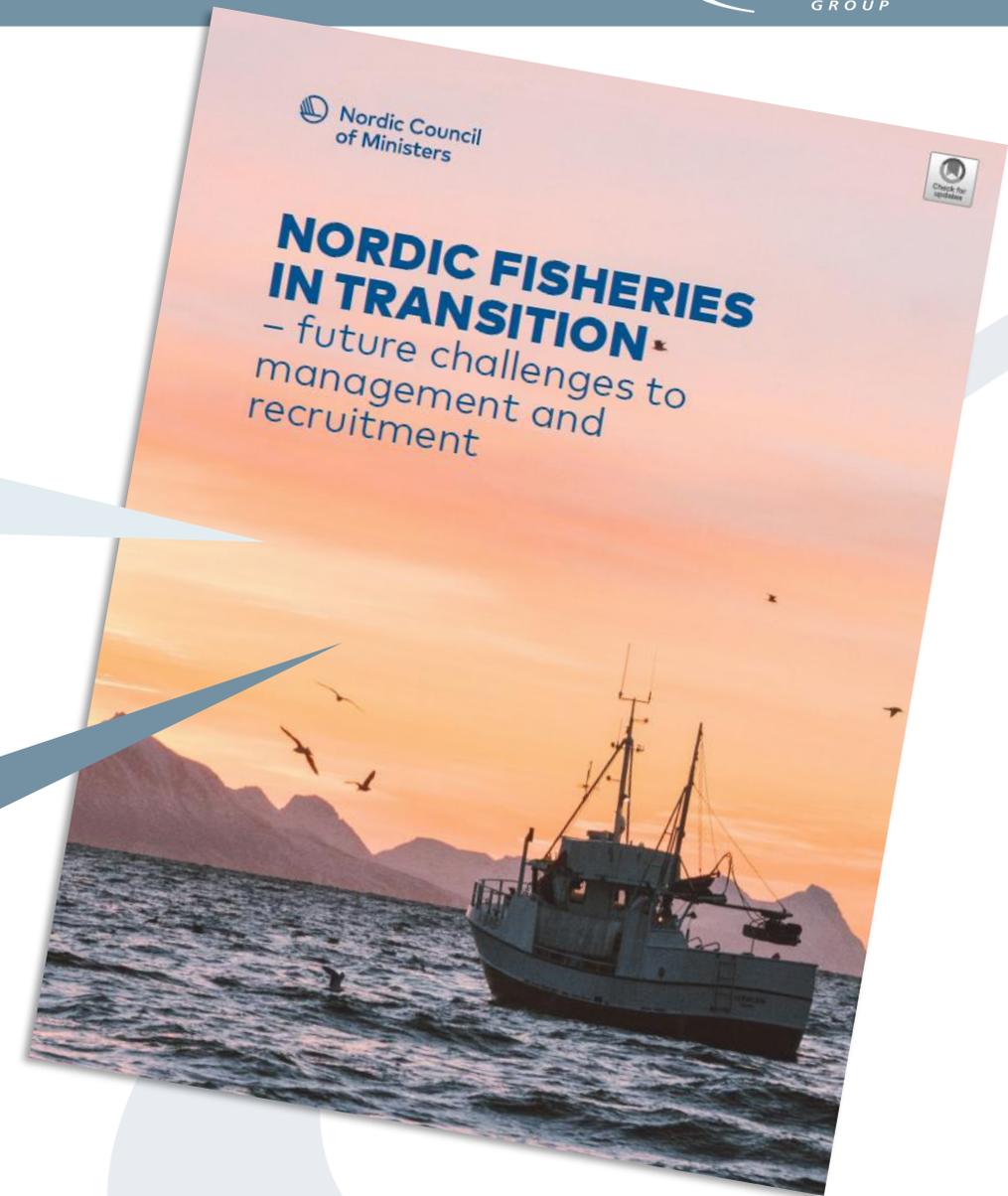


“Nordic fisheries in transition” looks at social aspects of market-based fisheries.

Part one “Nordic fisheries in Nordic societies” looks at conflicts and controversies in Nordic fisheries and at the specific safeguards and policy design in Nordic fisheries coping with these challenges. The report includes a country by country description of the use of market-based fisheries management.

Part two “From school to skipper” offers a special focus on the issues of recruitment and generational handover of quota rights. The report is based on interviews with young and aspiring fishers in Iceland, Norway and Denmark and presents their views on their future careers.

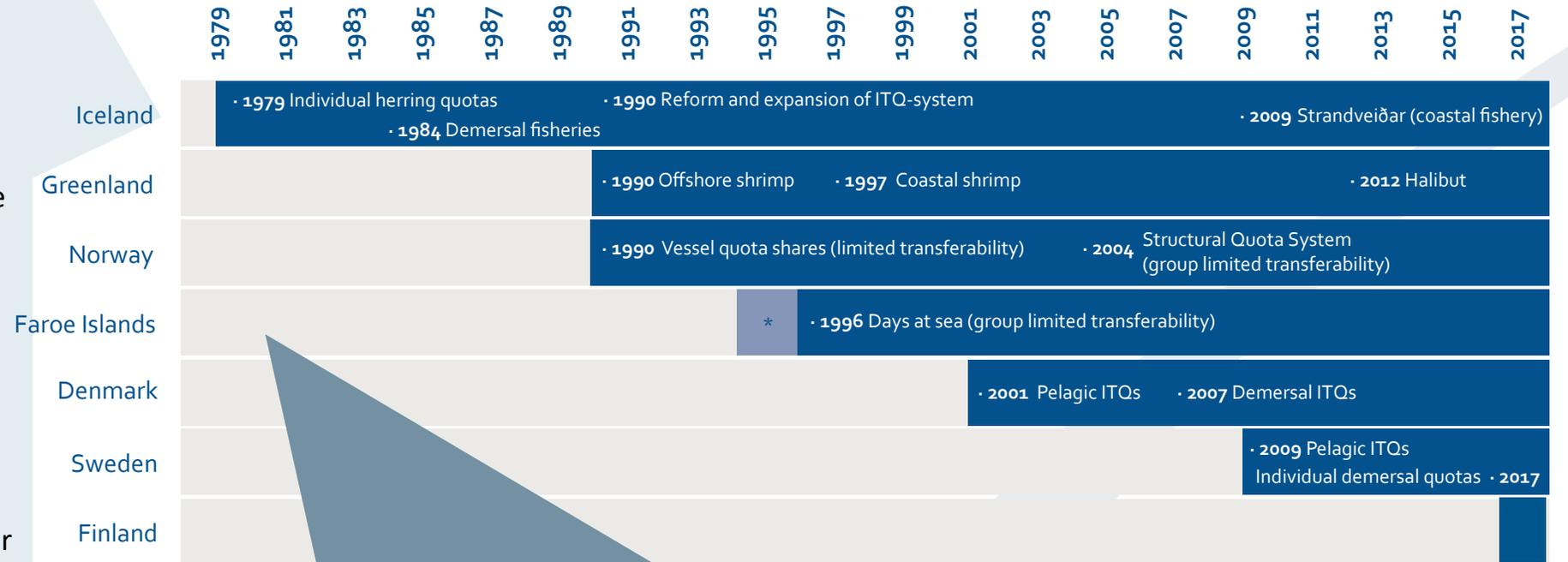


Different variants

Today all Nordic countries have introduced market-based fisheries management for some or all of their main fisheries. The individual systems are tailored to national contexts and objectives, and some are more regulated than others. In Norway for example the transferable object (quota factor) is a bundle of quota rights fixed to the vessel. In other systems, as in Iceland, each species can be traded in divisible sizes detached from the vessels. In some cases, as in Denmark, other management measures as kilowatt and GT are also individual and transferable commodities.

The main objectives with market-based models have changed over time. In the first trials quota markets were used as a distributional model to deal with a major resource concern. Later, from the 1990s and onwards, quota markets had a primary focus on economic competitiveness. Recent changes are concerned with balancing and softening of market effects, while still driving economic performance.

Market-based fisheries management across the Nordic countries



* ITQ system replaced by "days at sea" in 1996

Prior to the introduction of market-based fisheries management Nordic fisheries were neither unmanaged nor unregulated. However, the main objective was to regulate the different interests of resource users and to guard the spawning mass (input regulation). Later general output quotas were put on the different fisheries and created a distribution challenge. For the state, the focus was most often on growth in volume, species, catch areas and capacity. In a sociological understanding introducing private property rights represents a paradigmatic change in the relation between the user and the state.

Main controversies

All countries with market-based fisheries management also have a range of social conflicts and controversies. Across the Nordic countries these tensions are most often related to:

- Regional distribution and development logics
- Small and large-scale fisheries
- Distribution of wealth
- Generational handover

However, most countries also have issues with lack of transparency (challenging ownership and concentration rules), and cases of misconduct and “creative” company structures.

Profitability or regional development

A recurring debate is concerned with the regional impacts of market-based fisheries management. While market-based fisheries management is one element in a larger social change, it is often the tangible element that can be pointed out and disputed.

In many Nordic countries, two economic logics seem to collide, resulting in a recurrent tension between (export-oriented) profitability in the primary sector and a wider regional distribution of the fisheries to support local value chains (catching, processing, distribution and selling).

Debate and controversies in Nordic fisheries

Most Nordic countries have discussions on the consequences of market-based quota systems and are currently in the process of redesigning fisheries policies.

- Greenland are currently negotiating a new fisheries act which could include a partial redistribution of quota rights.
- In Iceland the newly formed government announced to look at resource rent taxation and increase the support for coastal fisheries.
- The Faroese government are currently introducing fundamental changes to the distribution of quotas including auctioning and a “development quota”.
- The Norwegian coastal quotas which run to 2027 are currently being evaluated and potential redesigns will be discussed by the Norwegian Parliament.
- Denmark is limiting quota concentration and improving conditions in the coastal fisheries.
- In Sweden the regional effects of pelagic ITQs and individual demersal quotas with annual leasing are currently being discussed.

(See further each country description in Chapter 4)

Small or large-scale fisheries? Across the Nordic countries the balance between small and large-scale fisheries is a recurrent theme. In general market-based fisheries promote large-scale fisheries. With individual quota shares fishing activities can be planned for full production, but the necessary investments demand specialized, corporate organized units.

All Nordic countries have introduced small-scale fisheries safeguards, to manage dynamics between small and large-scale fisheries. The research indicates that the most successful measures are:

- Market segmentation (i.e. dividing the market for fishing rights according to for example vessel length)
- Supplementing instruments (i.e. open groups) that resemble the socio-cultural characteristics of small-scale fisheries

SOCIAL DIVERSITY? The diversity and different economic logics of Nordic fisheries should better understood and acknowledged. In practice, the intention to include social sustainability in policy reforms is often sacrificed on the expense of economic imperatives that has aggregate growth and efficiency as its aim. We find that alternatives to large-scale fisheries are still attractive to youngsters if the right policy design allow for the different business models to co-exists.



Small-scale fisheries: Typically operated by one or two persons with short trips and from the same harbour, but can be part of a mixed household economy.

Small to medium-sized operation:

Operated on a share basis with boat and crew shares and with fishing trips typically being between one and three days.



Medium to large-scale operation: Operated with rotating crews, hired skippers and with fishing trips lasting four to six days targeting shifting fishing grounds according to season.



Large-scale fisheries: Owned by proper companies and investors and operated with rotating crews and onboard factories sometimes fishing in distant waters.



Understanding the social tensions

In general Nordic fisheries have grown out of a fishing tradition with owner-operated units **closely linked to the free and equal access** to the resource. These were efficient and hard working units that were well integrated into global supply chains. In many instances legal structures and tax subsidies were put in place to protect and promote this owner-operated and share-based form of life.

Therefore, the introduction of individual and transferable quotas represents a **paradigmatic change** of the social and productive base. This is the cause of many of the disputes related to market-based fisheries management. The introduction of private properties in fisheries management propels the new relations, values, behavior and ownership structures.

Main characteristics of Nordic fisheries in the 20th century.

- Owner operated
- Community based
- Flexible units (share organization)
- Corporation on land, competition sea

Current changes related to market-based fisheries management

- Increasing “passive” ownership
- Hired fishers
- Corporate based
- High specialization
- Competition on quota markets and leasing between operators

Introduction of market-based fisheries management

- Free and equal access
- Active ownership has been legally protected and actively supported

- Fishing rights as an (individual) transferable property
- Focus on the sectorial competitiveness of the sector.

Resource and management crisis

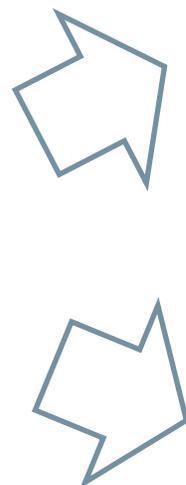
What does this mean for recruitment?

Generalists and specialists

The research in the three focus countries reveal that fisher schools still mirror the former employment system to some degree by educating generalists, i.e. equipping students with a range of broad skills to navigate, manage and handle a small vessel.

However, stakeholders observe an increasing differentiation in the needs of students. Those involved in management, navigation and on board engineering will need higher and higher degrees of certifications as the technology gets more and more advanced.

In the studied countries the level of specialization and academization varies from country to country (highest in Iceland and lowest in Demark). In some instances it might be better to link technical schools and the fishing industry than to develop the fisher schools in academic ways.



"The thing that no one can teach them is to fish! We teach them to sail safely and navigate, load the ship and other basic things. But we can't teach them how to fish. They get a "driving license" to the ship in accordance with legal requirements."

(School official)

Students' view on their education

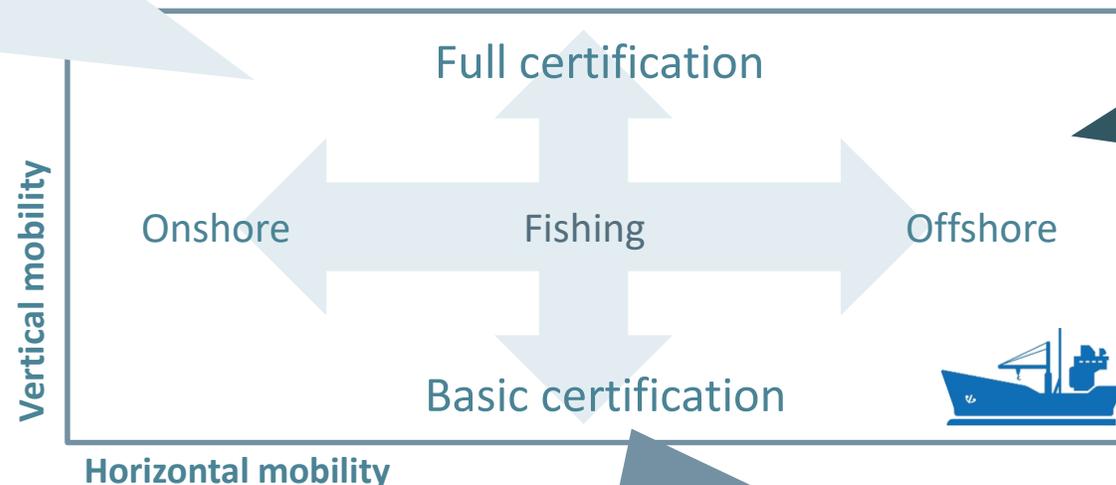
Students are happy with their training that provides skills and prepare them for their coming labour market. They are, however, concerned with the potential lack of practical training. They influence the importance of apprenticeships and of mentors (older fishers) in acquiring the experience and proper skills.

The labour market

It is all about mobility

Young and aspiring fishers see their labour market not just as fisheries – but broadly as work related to maritime sectors.

Standards and certifications are highly valued as they enable horizontal mobility between different types of fisheries. For others exams and specialization allow vertical mobility and new career steps.



“It was the diversity that fascinated me. When you have your certificates, you can take on all sorts of side work; for the power plants, anything that has to do with industrial refrigeration systems, and things like that. You become a very versatile handyman (all mligt mann).”

(Student)

Physical tear and harsh conditions

Some students consider leaving the fishing industry early due to the hard physical work and sometimes rough working environment. They see it as a temporary solution where they can make some money here and now and then continue on land later in their lives. There is also a concern about migrating labour competing and lowering the average terms and conditions

Different types of fishers and the question of quota ownership.



From active owners to hired fishers
 The current development towards large-scale fisheries and specialization along with increasing demands for quota investments have created space for investors and joint stock corporations in the Nordic fisheries. Due to the barriers to entry, it is realistic to foresee a future where hired fishers will take the place of active owners. This will pose new questions to the issues of ownership and legitimacy.



The self-employed fisher enjoy the freedom and independence of being one's own boss.

They have little interest in quota investments if the consequence is loss of independence.



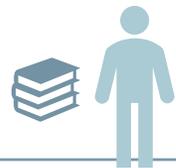
The quota holding fisher aims at building up a company and puts pride in job-creation.

Sees ownership as a long term investment and engage actively in building up a company.



The deck hand values the intensity of work, the pay and the lengthy periods off duty.

Sees no value in being involved in ownership that will put obligations on them with little gain here and now.



The highly skilled fisher enjoy the work and the career development.

Ownership is counter-intuitive to their mobility but they will take the managing role as hired skipper.

Quota ladders and increasing barriers to entry

The interview material reveal that the fishers aiming for self-employment are skeptical to both bank loans and especially investors. They have little interest in quota investments if the consequence is loss of independence. Open groups or small "quota blocks" encourage their establishment. Others engage in long-term transactions with established vessel owners, gradually taking over the company and quota investments. For the hired fishers resource ownership is neither seen as realistic nor desirable as it puts obligations on them that limit their mobility.

Conclusions

The Nordic way

All Nordic countries have introduced some degree of market-based fisheries management, and all countries have some kind of small-scale fisheries safeguard or other market regulations. Unregulated quota markets are not the case.

Systemic tensions: All countries have debates and tensions. Maybe we should see these as inherent in the market-based systems and the change they bring about.

“Quota-kings and small-holders”: Large-scale fisheries are investing to gain further large-scale advantages, while small-scale fishers are downsizing and changing strategies to improve resilience. This give fuel to the notions and media stories of quota-kings.

Across the Nordic countries we observe two policy development:

1. *Increased interest in and use of resource rent taxation (especially on pelagic fisheries).*
2. *Increased use and design of safeguards and supplementing instruments to support regional economies and/or small-scale fisheries (especially in demersal fisheries).*

Policy questions

What are the current and future status of "active owners"? Should future policies protect or abandon the legislative protection of "active owners" and what will be the consequences of this for social legitimacy and working conditions? Which accompanying policies should follow such a deregulation?

If economic competitiveness is the main objective in the current use of market-based fisheries management what is the next barriers for growth? Should national protection of resource ownership be (further) deregulated if this can increase future competitiveness?

What are the key elements to provide long term stability and avoid political turmoil as well as shifting policies in the future? Is there a *best practice* in designing quota markets that secures transparency and social balances?