

Chapter 1

Introduction

Over the past decades, a broad consensus has developed on the key features that characterise sustainable and responsible fisheries in the OECD countries. Well-defined access and use rights, a sound scientific basis for decisions of catch and effort levels, effective enforcement, and stakeholder involvement in decision-making form the core attributes of effective fisheries management regimes. Manifestation of this consensus can be found in the FAO Code of Conduct for Responsible Fisheries and associated technical guidelines, and the OECD's reports on sustainable fisheries, the transition to responsible fisheries and the use of market mechanisms (FAO 1995, 1997; OECD 1997, 2000, 2006).

There has also been a broad consensus that reform in the sector is crucial to respond to the problems of over-fishing, overcapacity and poor economic performance that persist in many parts of the sector. This consensus is reflected in the domestic reform agendas for the fisheries sector in many OECD countries (such as the ongoing reform of the EU's Common Fisheries Policy) and at international levels (for example, the commitments to restore fish stocks by 2015 and discipline fisheries subsidies under the WSSD Plan of Implementation and Doha Declaration, respectively). While much has been done across OECD countries, the scope, depth and timing of reform towards sustainable fisheries have differed considerably across countries. These cross-country differences generally reflect two distinct factors. First, the reforms that have been undertaken reflect different national starting points and national preferences. Second, they reflect the different political economy issues in creating the necessary consensus for reform and overcoming opposition to reform by distinct groups within the sector.

This study focuses on the factors that hinder or assist the development of consensus for reform in the fisheries sector in a number of OECD countries. The study is part of the broader OECD project on "Fisheries Policy Reform". Other components of the project focus on the social effects of fisheries adjustment, capacity adjustment, and reform in regional fisheries management organisations. The next section in this study presents a simple exposition of the key elements of the framework. The framework provides insights into the factors that influence the possibility and pace of reform. Case studies of fisheries sector reform in Norway, Mexico, Iceland, New Zealand, and Korea are then presented in the following chapters. The purpose of the case studies is to provide an overview of domestic reform experiences in the fisheries sector of these countries and to highlight the lessons learned from the experiences.

The reform experiences reviewed in this study reflect a range of national resource endowments, political systems, economic, social and cultural backgrounds, and fisheries policy objectives. Nevertheless, while there are different challenges and approaches in the countries' experiences, it is the intention of this paper to elucidate the common elements that underlie successful reform and the lessons learned from reform efforts that fall short of their intended outcomes. The case studies will focus the following issues:

- the policy context in which reform is undertaken;
- the drivers for reform (including the role of different groups in developing and implementing reform);
- key features of the policy reform and impacts on the sector;
- ensuring that reform is sustainable; and
- lessons learned.

The motivation for the study lies in the relatively large amount of information that is available on failures of fisheries management compared to management successes. As observed by Cunningham (2005) in a recent review of successful fisheries management, “[t]here is an overwhelming concentration on bad news with innumerable studies demonstrating disaster, failure and human-error” (p.9). This is perhaps understandable given that it is widely acknowledged that fisheries management tends to have been characterised more by failures than successes. In addition, it often seems more pressing for commentators, academics and politicians to highlight management problems and to offer solutions. It can also be argued that, in many cases, accusations of management failure have been used to disguise a debate between stakeholders about management practices and priorities (Cunningham, 2005).

There have, however, been many examples of successful reform in the fisheries sector that can provide just as valuable insights to the policy process as those from policy failures (although, as noted below, success is often difficult to measure with multiple policy objectives). Successful reform tends to be taken for granted in the policy debate and also by the general public. This review will seek to draw out the key messages from a selected number of case studies of reform in the OECD fisheries sector. It is not intended to be a comprehensive review of reform in the sector, but will provide positive examples of successful reform and illustrate pertinent insights.

Defining “successful” reform

In this study, reform is defined simply as a change in policy settings from the status quo. Reform can therefore refer to major sectoral policy changes, or to smaller policy initiatives focused on a particular fishery or even segment of a fishery.

While the concept of reform is fairly straightforward, defining “successful” reform is more contentious. From a theoretical perspective, successful reform should result in an improvement in total social welfare. This requires that the magnitude of gains and the magnitude of losses from a policy change are such that the gainers can fully compensate the losers for the losses and still be better off themselves.¹ The compensation is purely hypothetical and does not necessarily have to be paid for a policy reform to be considered welfare-enhancing for society. The actual distribution of the gains and losses between different groups in society, and the associated compensation strategies, depends on political economy factors such as the relative bargaining strength of the groups and the economic and political institutions in particular countries.

In practice, success also needs to be measured in terms of outcomes against the objectives. The fisheries management problem revolves around the constraint of needing to maintain the renewable resource base, while accommodating a range of objectives of governments in relation to economic and social policy. All these dimensions are inextricably linked within the fisheries system and changes to policy settings in one dimension will have a flow-on effect to the other aspects of the system (Charles, 2001).

The ecological and economic objectives are relatively straightforward: to maintain the harvest at a sustainable level so as to maintain the fish stock; and to maximise economic potential of the fishery sector (measured as resource rent) (FAO 1997).

The social objective in fisheries management is arguably the hardest to define or identify because it can encompass so much and has a direct impact on politically difficult distributional issues. In OECD countries, the social dimension tends to revolve around employment opportunities, income distribution, regional development, food security and community resilience. It can also encompass issues of participation, empowerment, cultural identity and social cohesion.

Successful reform will result in successful management and there is a considerable literature on what constitutes successful fisheries management. The principles of successful management have been articulated in international forums such as FAO, (through Code of Conduct for Responsible Fisheries (FAO 1995)) and the OECD (through its work on sustainable fisheries (OECD 1997)), as well as in numerous academic publications (see, for example, Crutchfield, 1965; Charles, 2001; Cunningham and Bostock, 2005, Grafton *et al.*, 2007). The key principles include (but are not limited to) the establishment of well-defined rights of use and access, sufficient institutional capacity for management, research and enforcement, meaningful stakeholder participation in decision making, generation of resource rent, and a holistic approach to management. Incorporation of these features into fisheries management frameworks will help ensure a sustainable and profitable fisheries sector.

In practice, however, objectives may be mis-specified (for example, as a result of inadequate information, a misunderstanding of the nature and causes of the problem, through manipulation of the policy process by interest groups, as a result of diverse pressures on politicians, etc.) and implementing such reforms may not necessarily lead to an improvement in fisheries management and hence in social welfare.

Can this situation be classed as successful reform even though the stated objectives of the policy change were met? In this study the answer is definitely “no”: if the particular reforms do not lead to an improvement in social welfare, then the reform cannot be considered to be successful. Mis-specifying the objectives to the extent that they result in a lowering of fisheries management performance indicates a systemic failure in the policy process itself. To some extent, this definitive response depends on who establishes the objectives and the criteria for success: objectives may differ considerably between groups so that a reform that is regarded as a success by one group may well be regarded as a failure by another group (Bennett, 2005). It also depends on the measurability of success (it is generally easier to measure biological and economic outcomes than social outcomes) and if the success (however measured) is sustainable over time.

In summary, therefore, successful reform requires both the achievement of the stated reform objectives and an improvement in social welfare (broadly defined to include environmental, social and environmental aspects)².

Notes

1. These criteria are based on the concepts of Pareto-improvement and Kaldor-Hicks compensation. See Hausmann and McPherson (1996) for a summary of these concepts and their use in welfare economics.
2. It should be noted that there are considerable measurement difficulties in trying to develop a composite indicator of total social welfare and that the concept of social welfare is used for illustrative purposes in this study.



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