

THE DARK SIDE OF THE QUOTA SYSTEM

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IN 1983 fishing quotas were introduced in Iceland. They have been hotly debated ever since. This account presents the main arguments being used against the quota system in the debate in Iceland.

Iceland succeeded in extending its fisheries limits to 200 miles in 1975. All the fishing and spawning grounds were then within the jurisdiction of Icelandic authorities and all foreign vessels banished from Icelandic coastal waters. It was then—and only then—that a sound basis had been created for a coherent and comprehensive fisheries management.

In the preceding years, scientists had been greatly concerned about the effects of unlimited fishing on the fishing stocks. At this time The Icelandic Marine Research Institute (MRI) published its first of many “Black Reports” predicting the imminent collapse of the cod stock. From this report it could be inferred that the size of the fleet should be kept within limits. Some halfhearted government attempts in that direction were rendered futile by the opposition of some of the vessel owners and the general optimism of the public in the wake of the extension of the fisheries limits. Politicians got carried away by public opinion and saw it as their task to secure a modern trawler to every community in the country. In the course of a few years, the capacity of the trawler fleet doubled.

Advice and Control Measures

The MRI was assigned the task of issuing yearly recommendations to the Ministry of Fisheries concerning the total allowable catch (TAC) of the various fish species. As it turned out, the Ministry's regulations exceeded the scientific advice considerably and the actual catch, in turn, exceeded the limits set by the Ministry. The control measures of the Ministry consisted mainly of limiting access to certain fishing grounds, control of the fishing gear permitted for harvesting, and limiting the number of days when vessels were allowed to catch cod. Furthermore, during certain short periods of the year, as the TAC limits were approached, all fishing was prohibited. Yet the main problem was not tackled: the fleet continued to grow at a rapid rate.

Introduction of Quotas

In the wake of a new “Black Report” from the MRI, a quota system was introduced in 1983 as a temporary measure to avoid the imminent collapse of the cod stocks. It did not occur to anyone at the time that the rights to certain tonnages of fish in the sea could be transferred to specific individuals, free of charge, on a long term basis, thereby excluding others from fishing. In fact, the majority of the Icelandic people still finds this morally wrong.

At the beginning, the quota system was legalized for a year only. Since then it has repeatedly been renewed and extended, with the result of making it ubiquitous, for all species and all vessels, and the system of individual transferable quotas (ITQ) has been established and strengthened from year to year. Since 1990, virtually all demersal fishing has been carried on under a quota, with the exception of inshore fishing by small boats. These have put up a vigorous opposition to the encroachment of the quota system, but have suffered more and more restrictions.

However, in theory at least, the whole quota system could be abandoned overnight, without any compensation to the original quota recipients, by a simple act of parliament.

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Protection That Leads to Extinction

There is no doubt about the fact that by initiating the quota system, authorities hoped to protect the fish stocks, and in particular the cod. The result, however, has turned out to be the opposite. According to the MRI, the cod stock has been on a steady decline in the past years, and unless the fishing fleet is drastically reduced, there may be a 50% chance of a Newfoundland-like collapse of the Icelandic cod stock within the next three years. The fleet is larger than ever, measured in tonnage, engine power—and foreign debt. It has to be operated at maximum effort in order to be able to meet financial obligations. This is in drastic contradiction to the advice of the scientists: the TAC of cod is now 150 thousand tonnes, yet the fleet is equipped to catch about 400 thousand tonnes of cod—and still keeps growing!

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Biological Impact

An increasing proportion of the fishing is conducted on large vessels using a trawl. The biological impact of this harvesting method has always been debated. It is commonly perceived as a destructive instrument, which plows across the bottom of the sea eroding plants and benthic life, levelling the ground and destroying the shelter for the young—in short, transforming the bottom of the sea into a lifeless desert. Little scientific knowledge, however, is as yet available on the effect of the trawl as a harvesting gear.

That the tools used by smaller boats, particularly the line and hook, are ecologically sound, can hardly be debated. Yet, this is the fleet that is being extinguished by the quota system. More and more of the fishing permits are collected by large fishing companies, which solely employ trawlers in their fleets.

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Paralysed Communities

The livelihood of the coastline fishing communities depends entirely upon the fish being landed and processed there. Now, for the first time in history, the right to fish is attached to specific vessels. Should a vessel be sold from the community, it either loses its livelihood or has to purchase another vessel with fishing rights (thereby depriving some other community of the

rights to fish). Thus, the communities have been at the mercy of the individual quota owners. This has proven a serious financial burden for many villages, which have found themselves forced to intervene when the local shipowner has sold his vessel, and to outbid others interested in buying the ship.

Another effect of the quota system is that the fishing permits are accumulated by large factory trawlers which process the fish at sea. This in turn may affect the available work in the processing factories on land, and force the workers there (mainly women) into unemployment.

The small boats, on the other hand, all land their catches at the local plants or fish markets, providing employment opportunities on land. This form of fishing enjoys popular support for this reason, but also because people view it as the last fortress of private enterprise in an industry which seems to be falling into the hands of capital intensive concerns.

Bending the Rules: Turning Fisheries into Criminal Activity

The increasing number of factory trawlers may be related to the fact that they have an opportunity to bend the fisheries management rules. It has been pointed out that compared to land-based factories, the factories at sea render a much higher yield from their catch than would be expected. This raises questions as to the reliability of their catch figures and their treatment of the raw material with respect to discarding catch of inferior quality.

Vessel owners have vehemently denied accusations of this kind, and authorities have considered this to be of minor importance. They claim that when controllers have been placed on board, no illegal activity has been observed. While control measures are only sporadic on the factory vessels, the inspection system of the inshore fishery has been greatly strengthened and carried out in a systematic way. An ever-increasing number of incidences have been reported where catches, particularly undersized fish, are being thrown overboard; cod is being discarded when the fisherman has used up his cod quota but still retains the right to fish other species; catches are landed but not reported; the tonnage and species composition of the catch are misreported; etc.

Authorities claim that misreporting of catch composition (passing one species for another) is highly unlikely because it requires the co-operation of so many links in the chain of sellers and buyers at home and abroad, if the operation is to be successful. Recently, however, several examples of quota misreporting have been disclosed. In one case, high-priced cod was passed off as saithe in the records, from the boat through the fish market to the producer, and would presumably have been passed on in the same way to the buyer in another country. Another recent example concerns a trawler landing a given amount in Germany, and at the same time passing on unrecorded containers of fish to Britain. Thirdly, in spite of the fact that selling to foreigners the right to fish in Icelandic waters is prohibited by law, an intricate web of forgery and deception was recently disclosed, whereby a German firm had in fact bought the quota, and rented vessels to fish it and a factory to process the catch, according to the company's specifications. These few recent examples should suffice as a reminder of human ingenuity when it comes to side-stepping regulations which do not have public support.

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Garbled Science

Considering that scientific advice is to a large extent based on records of landed catches, it seems obvious that the quality of the advice suffers severely if those figures are unreliable. This problem is by no means confined to Iceland, but is equally pressing in other countries which have introduced fishing quotas, systems that carry a built-in temptation to falsify records in order to maximize the yield from the precious and limited right to fish. Scientists now receive more figures than ever before, yet these figures are less reliable than ever. It has been suggested that, in the reports submitted to the Fisheries Council of the European Union, the only reliable figures were the page numbers.

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Police State

Authorities in Iceland have reacted to these misdemeanours in just the same way as authorities elsewhere: with an ever-expanding surveillance system, even to the extent of suggesting more than one controller per vessel, as is the case in the USA. It is claimed that in Canada, where fishing quotas were introduced more than 10 years ago, administrators and surveillors now outnumber the fishermen. Even so, the fish stocks off Newfoundland collapsed dramatically, forcing tens of thousands of fishery workers into unemployment. The Icelandic Minister of Fisheries recently proposed new legislation on how the fish will be under surveillance from catch to final production and export, turning everyone into an informer by placing the responsibility of control and reporting on every citizen involved in the process. As a reward, informers would be guaranteed against being fired. Opponents claim that this system is unlikely ever to function, and if it does it will eventually turn the country into a police state.

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Common Property of the Nation

The first paragraph of the quota laws explicitly states that the fishing grounds are the common property of the Icelandic people. Distributing the exclusive rights to fish, free of charge, to those who happened to be vessel owners at a particular time seems to be contrary to the spirit of this law. From the beginning it has been argued that the nation should reap some direct benefits from its natural resources, at least by charging a fee for the fishing rights. Those in favour of such a charge are again divided as some would agree to selling it once and for all, whereas others would choose to rent it on a yearly basis or for longer terms. The question also arises whether the quotas should be auctioned off and sold to the highest bidder. There seems to be a consensus of opinion, however, that if the quota system is to turn into a permanent phenomenon, the term "common property of the nation" would be rendered meaningless unless the nation receives some direct benefits from that ownership.

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Property or Not?

The original quota, still retained by the first receiver, is tax exempt. However, permanent quotas acquired through purchase are taxable, and quotas acquired by inheritance are also subject to tax. Such quotas are depreciated annually and written off in five years time. Banks and financial institutions have taken the quota as their main security when granting loans. The age and condition of the ship cease to be of any importance; what matters is the fishing quota attached to the ship. The value of the ship now depends on the value of its quota. A government bill revising the general rules on mortgages, proposed in Parliament last year, ran into strong opposition and failed to pass since it explicitly made this practice legal. The general feeling is that no one should be allowed to put up as collateral something which does not properly belong to him.

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Speculation in Quotas

Conflicts between the fishermen and the vessel owners that can be directly attributed to the quota system have grown steadily worse in recent years, repeatedly ending in long strikes. Vessel owners expect the fishermen to share in the cost of buying additional quotas, and in fact, they do so by reducing the fishermen's pay. There are even examples of owners who have sold their own quota, pocketing the profit, and then had the fishermen share with them the cost of buying a quota to replace the one they sold.

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Lords and Tenants

When the quotas were introduced, only limited high sea fisheries were conducted from Iceland. Fishing took place mainly within Icelandic waters. Since then the capacity of the fleet in terms of size, engine power, and technical equipment has increased dramatically. Many companies now send their ships to fish outside the national zones, meanwhile renting their quota to those who stay behind. Thus a new social class has been created, the so-called Lords-of-the-sea, which taxes those who fish. So in fact many fishermen pay for this right—not to the State but to those who received a free quota at the outset. People fear that with time the rights of the quota owners will be cast in cement, resulting in a superior class which, by inheritance, will claim to own the fish in the sea, and the right to wheel and deal with it at home and abroad as it pleases.

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No Alternative?

Advocates of the quotas ultimately argue that no alternative fisheries management scheme has been suggested which doesn't have at least equally serious drawbacks. Everyone agrees that fishing has to be controlled. Instead of doling out the fish, however, this can be done by adjusting the capacity of the fleet to the yield the fishing grounds can sustain. The capacity of single vessels, and therefore of the fleet as a whole, can be defined and growth can be controlled. With biological methods, the sustainability of each species can be roughly estimated so as to issue the maximum allowable catch. Specific protection can be achieved by closing off areas, and limiting the number of fishing days and the types of harvesting gear allowed in each region. Other than that, the access would be free, allowing a sound competition among vessels, companies, and

regions. This could prove an effective management system with a view to protecting the fish stocks, while at the same time avoiding the darker side of the quota management system.

In the end, however, this is a question of politics. Tremendous vested interests are at stake in the quotas. The owners include wealthy, well-connected, and influential individuals in Icelandic society who have every reason to fight tooth and nail to protect their newly-found treasure. The Minister of Fisheries claims that the new system has now settled nicely into place, silencing the voices of opposition. To the contrary, the longer it is observed in action, the more prominent becomes the dark side. The struggle is just beginning.

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