

## Comments on the Green Paper for the reform of the Common Fisheries Policy

*These comments have been made in cooperation between Thorupstrand Kystfiskerlaug (in-shore fishers guild of Thorupstrand) Han Herred Havbåde (Sea Boats of Han Herred – a working shipyard and research centre<sup>1</sup>) and a group of researchers from the Saxo Institute, Copenhagen University (authors), Denmark.*

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*Dear Mr. Borg*

Please find following a few suggestions in response to your Green Paper on the reform of the Common Fisheries Policy.

### **Overcapacity and transferable rights**

The main problem of the current common fishery policy (CFP) is the overcapacity in the European fishing fleet, and a central question in the Green Paper is whether transferable rights could be a solution to the overcapacity problem. Recent experience from Denmark shows that a model based on transferable quotas, poses a serious threat to post-industrial and in-shore fisheries and the communities depending on these fisheries. In fact, as a consequence of transferable rights, fishing activities have disappeared in several communities, as fishers have sold their boats and quota to cash in on a 1000 % raise in quota value, leaving their former crew unemployed on the shore and the community with one economic opportunity less.

To prevent further overcapacity, the CFP should instead put a stop to any external subsidy or economic support that provides financial resources to the fishing sector. The European fishing fleet should be adjusted to the market demands for fish, the state of fish resources and the nature of fishing grounds, and not as it is now, where a subsidised and energy-consuming trawling fleet expands.

### **Transferable rights lead to new problems**

The Danish experiences show that the introduction of a market-led transferable rights regime can

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<sup>1</sup>[www.havbaade.dk](http://www.havbaade.dk)

lead to a reduction in the fishing fleet, but also that this creates a range of new problems. The new regulation has led to a concentration of the fisheries in a few harbours, the closing down of several fishing communities and almost eradicating in-shore fisheries. These are radical effects that should be better understood and discussed prior to the implementation. In addition, and contrary to the beliefs of fisheries economists, the quota market has not been acting in an ideal way. Thus, speculation, monopolization and concentration has led to a race for fishing rights and a raise in quota prices that has either led fishers to sell their business and withdraw the profit from the fishing sector, or buyers to buy quotas while taking up massive loans in banks.

As an example, a Danish coastal community with 20 fishing vessels had none or very little debt before the introduction of transferable rights. Now it has a debt of 13.5 € from acquiring and saving the fishing quotas at local hands which are necessary to maintain the fishery. In other communities every boat and quota has been sold and moved to bigger vessels in other harbours.

### **Vulnerability**

The implementation of transferable rights has not developed an entirely healthy and viable fishing sector with benefits for the society and the ecosystem, but has instead resulted in a concentrated and indebted demersal sector. With huge investments and bank loans, fishers have become more vulnerable to the very nature of wild fisheries; fluctuating catches, prices and quota sizes, not to mention the vulnerability to financial instability and rising oil prices.

### **A threat to the share-system**

The European in-shore fishing is mainly based on the share-system, a system of equally sharing risks and income amongst the fishing crew. By the introduction of transferable rights, given to the boat owner, this traditional system is eliminated, and replaced by an employer-employee relation. For thousand years, the share-system has proved to be the base of a positive involvement of fishers in the fishing business and in coastal communities of Europe. In addition, the share-system is less vulnerable to fluctuating prices and catches. Research in Denmark indicates that by promoting transferable rights, the CFP will take away the basic foundation of the share-system.

Instead, the CFP should create a framework to cater for and secure the share-system by recognising this as a preferential economic organisation in the fisheries. Further the CFP should recognise and promote the in-shore and share-based fisheries as important to thriving communities and coastal culture. It is this type of fisheries that provides the high quality catches, maintains the basic European maritime cultural heritage, and can thus gain from tourism and value-adding marketing. By promoting a transferable rights regime which in a very short time leads to a concentration, the CFP will take away possibilities for the in-shore fishing sector to develop products based on regional identity and terroir-maritime. With the competition from third world aquaculture and fish harvesting, the production of high value commodities will be an important factor in the future food market.



*For more than thousand years this beach has been the home base of clinker crafts. Today the share fishing fleet of Thorupstrand consists of 20 modern clinker built vessels landing on the beach. Equipped with state-of-the-art technology these fisherman-owned boats are the most competitive form of fishing for the fresh fish gourmet market in Europe. It is, however, at the same time extremely vulnerable to transferable fishing rights systems open for operations and fluctuations at the financial markets and speculative investments of venture capitalists.*

### **The need for a differentiated policy**

Chapter 5 of the Green Paper asks if a differentiated policy should be implemented to protect small-scale coastal fleets. The single most important point is to safeguard the in-shore fisheries from a transferable rights regime. The CFP should, on a European scale, work to promote this sector, as it is ecologically more sustainable, delivers high-value products and has a very important economic role and cultural significance in rural and coastal Europe.

## Case study

The introduction of a transferable rights regime resulted in dramatic changes in the Danish fishing sector. Although most fishers were unprepared for the rapid changes, there has been a few examples of initiatives trying to protect the in-shore fisheries from the changes. This case study draws upon experience from an initiative in the fishing community of Thorupstrand.<sup>2</sup> The fishers in Thorupstrand catch high value fish products in the North Sea and Skagerrak that are landed on the same day they are caught and typically sent off to the central and southern European markets for fresh and high quality fish. In the village of Thorupstrand, boat owners and fishers have established a cooperative company where they have bought quotas jointly, with the aim of securing the community of its present and future catch rights. In that way, the cooperative company replaces the Danish state as provider and guarantor of fishing rights.

The basic principle in the cooperative is that any fisher landing his fish in Thorupstrand can become a member by paying a fixed entrance fee and by committing himself to an ethical codex. Thereby younger fishers without quotas have an opportunity to enter the community quotas on the same conditions as the founding members. This means that it is not possible to speculate in the quota value of the cooperative, and thereby extracting the surplus from future generations, which is happening other places in Denmark as a consequence of transferable rights. In Thorupstrand there has been a positive influx of new and young fishers, something very rare under the new management regime.

## Financial vulnerability

The fishing quotas have been bought with money from loans in local banks, with the security of the entrance fees and the value of the quota. Before the introduction of transferable rights the community with around 20 fishing vessels had none or very little debt. Now it has a debt of 13.5 €, solely from acquiring the necessary fishing quota. These loans and interest have to be paid off by catching fish, and the financial crisis has meant a decrease in prices, while at the same time one of the credit institutions has been declared bankrupt and taken over by the state. Thus, at a time with huge catches it is not enough to meet increased demands from the credit institutions.

Community based quota companies, which use advantages of scale to own and distribute quotas in cooperation, is a sustainable model for in-shore fishers to survive a transferable rights regime. If, however, dependency on borrowed money is too big, the model is not resistant to financial and price crisis. Therefore the CFP should focus on delivering a framework that caters for communities and inshore fishers by diminishing the dependence on loan-capital.

## A solution for the share-system and coastal fishing communities of Europe

1 - In the Danish case fishers and communities were unprepared for the repressive expropriation of the old equal catching rights, the introduction of a privatised fishing rights system and the consequent fast and sudden rise in quota (boat) prices. Any future European implementation of a transferable rights regime should be implemented with precaution and with the proper preparations in the in-shore sector.

2- In fact it would be better to exempt the in-shore and post-industrial fisheries from a transferable

<sup>2</sup> Andresen, Jesper & Thomas Højrup: "The Tragedy of Enclosure". In: *Ethnologia Europea* 38:1. Museum Tusulanum Press. <http://havbaade.dk/fiskeriet.html>

rights regime, as this leads to concentration in a few companies and harbours, and changes the fleet from an owner-operated into a relationship of employer/employee. This means business activities are moved away from communities, and that cheaper migrant labour is hired as crew. The CFP should differ strictly between the in-shore and the industrial fisheries.

3 - To avoid non beneficial mortgage and indebtedness of the in-shore fisheries, a percentage of the total allowable catch should be allocated to the in-shore sector beforehand, together with the establishment of modern local cooperative quota companies. These quotas could be allocated with a certain set of restrictions that would allow the in-shore fishing to develop. This would make the in-shore sector less vulnerable to financial fluctuations and crisis. By promoting this model the CFP would promote economically, environmentally and socioculturally sustainable fisheries.

The single most important point is to safeguard the in-shore fisheries from a transferable rights regime. The CFP should, on a European scale, work to promote this sector as it is ecologically more sustainable, delivers high-value products and has a very important economic role and cultural significance in rural and coastal Europe.

We hope you find our comments useful.

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