

Expert Meeting on the Human Side of Fisheries Adjustment

Chair's Summary

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The process of adjustment in the fisheries sector has been a continuous feature of fisheries policy in OECD countries for several decades. Declining fish stocks and expanding fishing fleets have combined with growing competition from aquaculture to put increased pressure on the fishing sector to adjust the size and nature of its operations in many countries. However, the process of adjustment has not always been straightforward and governments have often faced difficult policy dilemmas when trying to guide the fishing sector towards a more sustainable future.

A central concern has been the impact of adjustment policies on fishers and fishing communities. In many coastal areas, there are few alternative employment opportunities for fishers, resulting in a high degree of dependence on fishing activity. Indeed, such concerns are sometimes regarded as one of the major reasons behind policy inertia in adjusting fishing activity. Furthermore, adjustment policies are generally focused on reducing the number of fishing vessels or the amount of fishing activity, and the impact of such adjustment on fishing communities – the “human side” of adjustment - is often treated as an afterthought in the policy process.

To address these issues, the OECD convened an *Expert Meeting on the Human Side of Fisheries Adjustment*. This meeting took place at OECD Headquarters on 19 October 2006 and brought together delegates of the OECD Committee for Fisheries and experts to analyse the social issues and policy challenges that arise from fisheries adjustment policies, and how OECD member countries are meeting those challenges. The meeting was organised as part of the Committee's ongoing project on 'Fisheries Policy Reform' and sought to identify the key policy lessons for addressing the human side of adjustment from reform experience in the fisheries sector.

The dimensions of the policy problem

The focus on the labour market arises in recognition of the important role that social factors often play in helping or inhibiting the broader process of reform in the sector. This is particularly evident in the case of fishing adjustment programmes, as labour market changes generally accompany capacity adjustment, but are often overlooked in the policy debate. The particular characteristics of the fisheries sector make the social aspects of the adjustment challenge all the more difficult to assess and anticipate. For example, there is a general 'stickiness' in the fisheries-related labour market, with low job mobility and

limited employment alternatives in many coastal regions. This has a knock-on effect on the flexibility and resilience of fishing communities.

Government efforts to facilitate adjustment have tended to focus on short-term efforts to finance alternative employment for redundant fishery workers (often referred to as 'active' labour market policies). These are generally introduced as an adjunct to capacity adjustment programmes and are often added as an afterthought, given that vessel reduction is usually the main focus of policy reform. There has, however, been little evaluation of the effectiveness of such active labour market policies across the fisheries sectors of OECD countries and there is considerable scope for developing policy insights from the experiences of schemes that have been implanted to date.

A longer-term issue is to ensure that governments develop broader policy frameworks that provide fishing communities with a coherent set of policy signals so that adjustment occurs smoothly and largely autonomously in the future. Such 'passive' labour market policies are an essential complement to short term active labour market policies in ensuring that the adaptability and resilience of fishing communities is strengthened over time. The management arrangements for fisheries will also play a major role in ensuring the resilience of the fishing sector as it is essential that fisheries management policy and labour market policies are mutually supportive and coherent.

There is a strong tendency in fisheries management and analysis to focus on certain aspects of fish and fleets, to the virtual exclusion of other components of the fishery system. At a policy level, there have been remarkably few efforts, either conceptually or in practice, to link the fishery into broader societal concerns. Certainly, the role of the fishery in supporting regional economies and in providing employment is well known, but within governmental structures, the implications of this relationship often never make it into decision making processes.

A key realm of interaction between individual participants in the fishery and the overall socioeconomic environment is through labour markets, in which people choose their form of employment among options available to them. Fishers shift between occupations (occupational mobility) and locations (geographical mobility) in response to a wide range of factors.

In his keynote speech, Anthony Charles described how government policies have often centred on the fulfilment of ecological goals, with resulting social effects not fully anticipated. For example, capacity reduction schemes have a human dimension that is felt in fisheries labour markets. On the other side of the same coin, social policies have often been used to obtain desired ecological goals: adjustment measures may be a tool to manage fisheries capacity. However, fisheries communities have certain characteristics that change how they absorb and react to these policies. In fishery-dependent regions, coastal communities will typically have the fishery sector as the engine of the local economy. Therefore, a decline in the fishery can have dramatic impacts on the integrity of communities.

Challenges from the case studies

The multi-objective nature of fisheries

Fisheries management is multi-objective, serving a variety of social, cultural, political, economic and ecological goals. In this, social objectives are no less important

than economic or ecological ones. For example, in her case study on “The Real Cost of Diminishing Fishing Effort in the European Union”, using the Scottish Northeast Fishery as an example, Nicki Holmyard maintained that fishing communities see their own objectives as both pursuing a sustainable fishery and maintaining traditions.

Appropriate policy and regulatory instruments are necessary to achieve societal objectives such as the effective management of fisheries and the support of vulnerable fishing communities. Nevertheless, as occurred in the example from Australia provided by Frank Meere, structural adjustment was a tool used to redress overcapacity and reduce pressure on overfished stocks. Instead, he argued, a primary role for governments is to establish management regimes that remove incentives that lead to overcapacity, rather than using labour adjustment strategies, particularly as these strategies may have been part of government policy that contributed to overcapacity in the first place.

However, as Anthony Charles highlighted, objectives of adjustment in the fishing industry may already be contradictory even within government departments. For example, regional development policy may maintain coastal communities alongside a fisheries policy that reduces the number of fishers, or, conflict may exist between those whose responsibilities focus on the human side of adjustment and those who focus on the fiscal side. Government labour market adjustment policies and programs are typically a dynamic bend reflecting multiple and often changing sets of objectives and priorities.

Lack of economic alternatives

Fishery adjustment and restructuring policies that deal with over-capacity have been critiqued as failing to actively address the major problem of a lack of economic alternatives beyond the fishery. Restructuring, in the absence of non-fishery alternatives may fail, either because it is unsustainable and politically unworkable due to adverse impacts on those dependent on the fishery, or practically unfeasible, as when there is no alternative, fishers will fish illegally to maintain their livelihood.

Financial support in the face of a need for economic diversification does not directly provide fishers leaving the industry with an opportunity to find another employment activity. Instead, policy-makers implement active policies that centre on retraining, as described in the case study by Thomas Binet on France's experience of fisheries capacity adjustment. In France, the fisheries labour market is now a ‘closed’ market, requiring entrants to possess specific qualifications. Access to the labour market and progression through various levels of responsibility is achieved by certificate-holders and training is provided for each new level to facilitate occupational mobility. Although this leads to high levels of safety on board, such policies may make it extremely difficult for older fishers to find alternative employment. In Japan, this is a particular problem. Nobuyuki Yagi described how the percentage of male fishery workers over 60 years of age in Japan increased from 14% in 1971 to 47% in 2004, while only 3% of male workers are aged between 15 and 24. Furthermore, Bjørn Hersoug on his case study of Norway, discovered that education in fishing did not rely on formal education, but was acquired through experience with relatives in the industry and in a fishing community. As more formal education and certificates are required, some older fishermen may find their options restricted. The disadvantage of training and re-skilling for new roles is increased geographical mobility. Fishers may experience a pull from cities that can benefit from their new skills, resulting in migration away from coastal communities, as has been the case in Norway. In Scotland, the oil and gas industries in particular have been quick to employ skilled boat Masters. The result of this is that regulatory, economic and

demographic changes experienced by northeast Scotland's fishing communities in recent years has resulted in an increasing sense of despondency and low morale in fishing areas.

What goes on outside the fishery itself but within the broader socioeconomic environment can also operate in complex ways through the labour market to influence the fishery system. For example, increasing numbers of foreign workers have been obvious in the Scottish and French fishing industries. In Scotland, this can be seen in full-time fish processing. In France, an increasing number of foreign fisheries can be found in the off-shore fishery.

Additional factors highlighted by Bjørn Hersoug's study on the human side of fishery capacity adjustment in Norway include the fact that multiple household members may be involved in harvesting or related activities, resulting in less responsiveness to restructuring. In addition, there is a differential effect of adjustment on women and men, particularly as women, in addition to working in fishery-related roles, play an important role in the building up and holding of fishery and marine environmental knowledge, as explained in a presentation on Mexico's rural development strategy by Claudia Stella Beltran Turriago.

Political issues

The relative use of labour in a fishery relates to the social opportunity cost of labour. When fishers have no livelihood alternatives to fishing, there is a social cost to keeping those individuals in the fishery. Adjustment measures have the potential to be designed to alter the mix of factor inputs in order to better meet societal objectives. However, as Gorazd Ruseski pointed out in his paper on the lessons learnt from restructuring and adjustment policies in Canada, it is often difficult for policy-makers to design successful adjustment policy and programme options, as the state of the resource and vibrancy of the economy play a significant role. Furthermore, decisions to close fisheries are usually only taken at the last minute, leaving only a short window for officials to develop policy options and programs.

Gorazd Ruseski also highlighted the difficulty in determining who qualifies for adjustment measures. Many Newfoundland communities lost up to 20% of their populations, mostly in the 18-35 age group during 10 years of fisheries unrest (1992-2002). Instead, Canada has had most success with a voluntary, multiple round, reverse auction process where fishers set the value they will accept to return the licence and regional review boards managed by fishing industry representatives evaluate bids of comparable price against a number of factors.

Features of successful adjustment policies

Clear objectives

Fisheries adjustment is structural change that is undertaken to enable the fishery sector to better achieve a range of identified objectives. Given that most forms of adjustment in society involve a certain degree of dislocation, social stress and potential distributional impacts, it is important to ensure that they are necessary. A clear idea of the desired future look of the fishery before implementing policies to achieve that outcome is essential. Policy actions should be based on multiple societal objectives rather than single subordinate ones that may not reflect the full reality of fishery goals.

Provision of training programs and opportunities

The single most important challenge to be faced in putting into place fisheries adjustment measures is the lack of economic or livelihood alternatives available for those involved in fisheries, resulting in major social impacts arising from adjustment measures that target labour in the fishery. Those removed from the fishery may continue to fish illegally, or leave communities, disrupting the integrity of coastal communities. Supporting recruitment will also bring new generations into the industry.

Coherence with other policies

Social programs that assist adjustment are often funded separately and are not coordinated with fishery capacity reduction programmes. As a result, a lack of policy coherence may exist between fishery-specific policies and those outside the sector. Consequently, there is a need to integrate fisheries into regional economic development and other relevant policies.

Flexibility

Flexibility is necessary to meet all the possible fluctuations in designing successful adjustment policies. It is up to policy-makers to smooth the exchange of labour from low productive sectors to more highly productive sectors while also securing an acceptable social security for redundant workers. Norwegian experiences show that fleet adjustments work best if implemented gradually through market mechanisms or long-term state financed scrapping schemes. Flexibility allows policies to adapt to the objectives of steady rationalization, job creation and re-skilling - preferably in the same geographical area, and provide incentives for young people entering the industry.

Conclusion

In situations of perfect labour markets, fisheries adjustment that reduces employment in the sector will result in a shift of individuals to other occupations or locations. However, in many fisheries, labour is relatively geographically immobile as fishers place a high value on the communities in which they live. There is often a significant amount of occupational immobility. These are compounded by the specialised skills required by fishers and an increasing average age which might impact the perceived worthiness of retraining programmes. Competing or unclear objectives, a lack of labour mobility and a lack of attention given to the role of short and long-term responsive policies, are key challenges for fisheries adjustment. Efforts to establish clear objectives, ensure economic diversification through re-training, coherence with other policies already in place, and maintaining immediate and long-term responses, are critical to the success of programmes for sustainable fishery systems.