

Economic Drivers of Illegal, Unreported and Unregulated Fishing

Carl-Christian Schmidt*
Head of the Fisheries Division
OECD
Paris, France

* Views expressed are those of the author and do not necessarily represent those of the OECD or its Member countries

IUU Fishing Activities

-- an outline --

- Why have we failed so far to address IUU effectively?
- Drivers of IUU Fishing Activities
- How big is the problem?
- Where is IUU a problem?
- Environmental, social and economic consequences of IUU
- Changing the incentive structure: An agenda for the future

Why have we failed so far to address IUU effectively?

- We have not addressed IUU as an economic activity
- We have not understood the economic and social drivers that lead to IUU

The Economic Framework

- (1) Expected profit from IUU $> 0 \leftrightarrow$
Expected benefit $>$ Expected sanction
- or (2) $E(\pi) > 0 \leftrightarrow E(B) > E(S)$
- or (3) $P2 \times (B) > P1 \times (S)$,
- Where:
 - $E(\pi)$: expected profit
 - $E(B)$: expected benefit
 - $E(S)$: expected sanction (in absolute value)
 - Prob1: probability of being punished,
 - Prob2: probability of not being punished, with $P2 = (1-P1)$,

Drivers of IUU Fishing Activities

- Overcapacity in the worldwide fishing fleet
- Market demand and the price for IUU fish
- Level of MCS operations
- Level of sanctions, including fines and non-monetary sanctions
- Management regimes
- The current international framework
- Economic and social conditions of fishers

How big is the IUU problem?

- Anecdotal evidence
- The nature of IUU activities
- Estimates by regional fisheries management organisations
- Estimates by NGOs + COLTO/OPRT
- And where does this lead us?

Where is High Seas IUU a problem?

- CCAMLR -- Patagonian toothfish
- IOTC -- tuna
- ICCAT -- tuna
- NEAFC -- redfish

Principal Environmental, Social and Economic Consequences of IUU

- Stock impacts
- Bio diversity; by-catches and accessory catches e.g. birds
- Keep subsistence fishers from developing countries at bay; poor and unsafe working conditions
- Direct economic impact on fishers dependent on the stock i.e. lower income

Changing the incentive structure: An agenda for the future

- Improve domestic fisheries management and address overcapacity: should improve fishers income
- More monitoring, control and surveillance (VMS) and improve use of existing techniques – BUT COSTS
- Trace vessels registration
- Higher and concerted levels of penalty/fines

Changing the incentive structure: An agenda for the future

- Eliminate markets for IUU fish (trade measures, embargoes, port state controls, traceability)
- RFMOs: Empowerment and increased budgets
- Open membership of RFMOs and implement incentive structures more conducive to reducing IUU
- Is it time to rethink the high seas governance regime?