

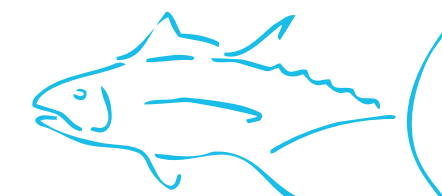
Introduction

Following the *Bellagio Conference on Sustainable Fisheries* and the *Napa Allocation Workshop*, the *Guayaquil Eastern Pacific Ocean Rights-based Management Workshop* was held as a forum for participants from the fishing industry and other interested stakeholders to review examples and economic cases of rights-based management (RBM) systems for potential application in tuna fisheries in the eastern Pacific Ocean (EPO).

The Workshop reviewed issues relating to overcapacity and its management in all tuna fisheries, especially the EPO, examples of how rights-based management may be developed in the EPO, the use of buybacks, results from the recent *Napa Allocation Workshop*, compatibility of RBM systems with national law and the Antigua Convention, and examples of how rights-based management might be used to address particular issues in the EPO tuna fisheries.

The main findings by the Workshop are presented here, together with recommended studies that should provide additional information. The Workshop recognized that the process established for introducing RBM would need to remove incentives and opportunities for fishers (and States) to exploit unused capacity to increase their share of future fishing rights.

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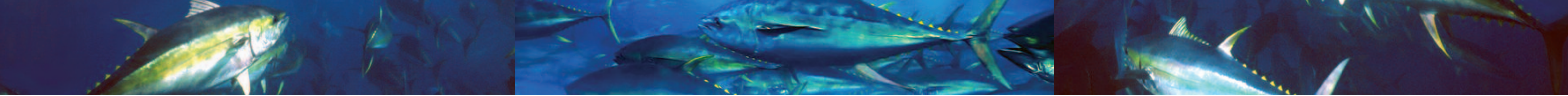
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Guayaquil Eastern Pacific Ocean Rights-based Management Workshop



Guayaquil, Ecuador
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1. REDUCING PURSE SEINE CAPACITY

The Workshop recognized that there would be conservation and economic benefits from reducing fishing capacity in the EPO. Inter-American Tropical Tuna Commission (IATTC) Resolution C-02-03 and the associated closed Regional Vessel Register (RVR) limits purse seine capacity. The target capacity adopted by the IATTC is 158,000 m³ of well capacity. However, the authorized capacity was at April 26th, 2011 213,421 m³, which under the Resolution could be augmented by inactive or sunk capacity (12,136 m³), giving a potential well capacity of 225,557 m³, in addition to any other capacity that has been approved by the Commission (e.g., due to movements of vessels in the RVR).

The surplus well capacity could be reduced by a buyback of capacity, focusing on two broad steps: The first step could entail purchasing the capacity *right* for the latent capacity comprising the 12,136 m³ of inactive or sunk capacity in addition to any other capacity that has been approved by the Commission (alternatively, a buyback could pay the owners of this *right* not to fish for an agreed upon period of time). The second step could entail purchasing of the excess authorized capacity, i.e., the 55,421 m³ difference between the authorized (213,421 m³) and target (158,000 m³) capacity. This might involve the purchase of both the *right* and the associated *vessel*.

Also, this surplus capacity could be reduced through stronger forms of rights, such as transferable effort or catch-based programs.

Participants suggested that a fund to finance the buybacks contemplated in both steps one and two above, could be established from several sources, such as payments by vessels to have authorized capacity in the RVR, and through multilateral bank loans.

Study 1. Information needed to facilitate a buyback.

This would include:

- (A) Examination of how implementation of IATTC Resolution C-02-03 can be strengthened and enhanced by ensuring clear definitions and procedures, improving compliance, and preventing new entry in place of decommissioned capacity as well as expansions of capacity by other means.
- (B) Economic evaluation to quantify potential costs and benefits of scenarios for management and purchasing surplus capacity, and dealing with removing capacity associated with various combinations of fishing modes such as fishing on tuna-dolphin associations or on floating objects.

2. SHIFTING TO RBM

After reviewing examples of how RBM might be developed and used in the EPO, the Workshop recommended that concrete examples for explaining the systems be developed.

Study 2. Development of a capacity-based RBM system.

This would involve developing the existing IATTC RVR into a management tool for purse seine vessels after the reduction of surplus well capacity to the target level of 158,000 m³, and strengthening the operation of IATTC Resolution C-02-03 (see **Study 1**). Mechanisms to adjust the total authorized well capacity in the light of stock fluctuations and efficiency changes would be included. The system would also include equivalent management measures for all other gear types. The study should also address market incentives that could strengthen the economic viability of a capacity-based RBM system.

Study 3. Development of catch quota-based RBM system.

This would involve (a) identifying the quota holders, as appropriate, for each gear type (e.g. vessels, companies, or cooperatives), (b) making allocations of quota based on the capacity-based RBM system (see **Study 2**) and other relevant factors, and (c) designing a system to monitor and control catches in relation to catch quota. Some industry participants expressed concerns that catch quota-based systems could cause problems such as lack of compliance and deterioration of statistical data that may make them undesirable. The study should address such concerns by reviewing the evidence on compliance and quality of data in other catch-based rights programs in light of the present IATTC reporting requirements.

3. TRANSFERABILITY

The Workshop noted that IATTC Resolution C-02-03 is not an impediment to transferability of capacity (more formally, places on the RVR) across flags, however the practice is not acceptable to all IATTC members. Sub-regional transferability of capacity is possible through agreements among States.

Study 4. Information needed on transferability of rights.

This would involve describing and quantifying the benefits that make transferability and tenure useful for industry and risks that could result.

4. EFFECTIVE MONITORING, CONTROL AND SURVEILLANCE

The Workshop acknowledged that an effective and transparent monitoring, control and surveillance system is necessary in order to ensure that the desired level of capacity is not exceeded and that any RBM system functions well. Notwithstanding the role of the Director of the IATTC, as keeper of the RVR, in the EPO there is no central authority with such a mandate and it would therefore be necessary that IATTC members cooperate fully in this endeavor. In this sense, it was noted that some countries in the region could benefit from more capacity-building to strengthen their fishery management institutions. Furthermore, the consensus-based decision-making at IATTC and the lack of clearly defined compliance procedures on some issues makes it important to consider ways to strengthen the RFMO as well.

Workshop participants also noted that the market side of the tuna industry has an important role to play to help compliance. For example, if the IATTC adopted an RBM system for the conservation and management of tuna resources in the EPO, then processors should not purchase tuna caught in contravention of this system.

5. GLOBAL CONSIDERATIONS

The Workshop recognized that it is important to consider certain global elements, as follows:

Resource status: If strengthened capacity controls or an RBM system are expected to result in improved status of the tuna resources in the EPO, this benefit could be eroded by uncontrolled fishing outside the region if there is mixing of the stocks.

Global market: Substantial capacity reductions in the EPO may require a substantial investment by the fishing industry in the region, thus making the cost of fishing, in effect, higher. In addition, changes in management may affect the sourcing of product necessary for processors in the region. The studies suggested here should examine the degree to which these factors may create competitive disadvantages in the global market if similar efforts are not made in other Ocean regions.

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