

Fisheries in the Faroes: Strange Policies, Strange Results

Hans Ellefsen 18 OCT 2023

(Based on: Hans Ellefsen and Daniel W. Bromley, 2023.
“Coordinating Fisheries in The Northeast Atlantic: Brexit, Russia, and Elusive Stocks” under review at Marine Policy)



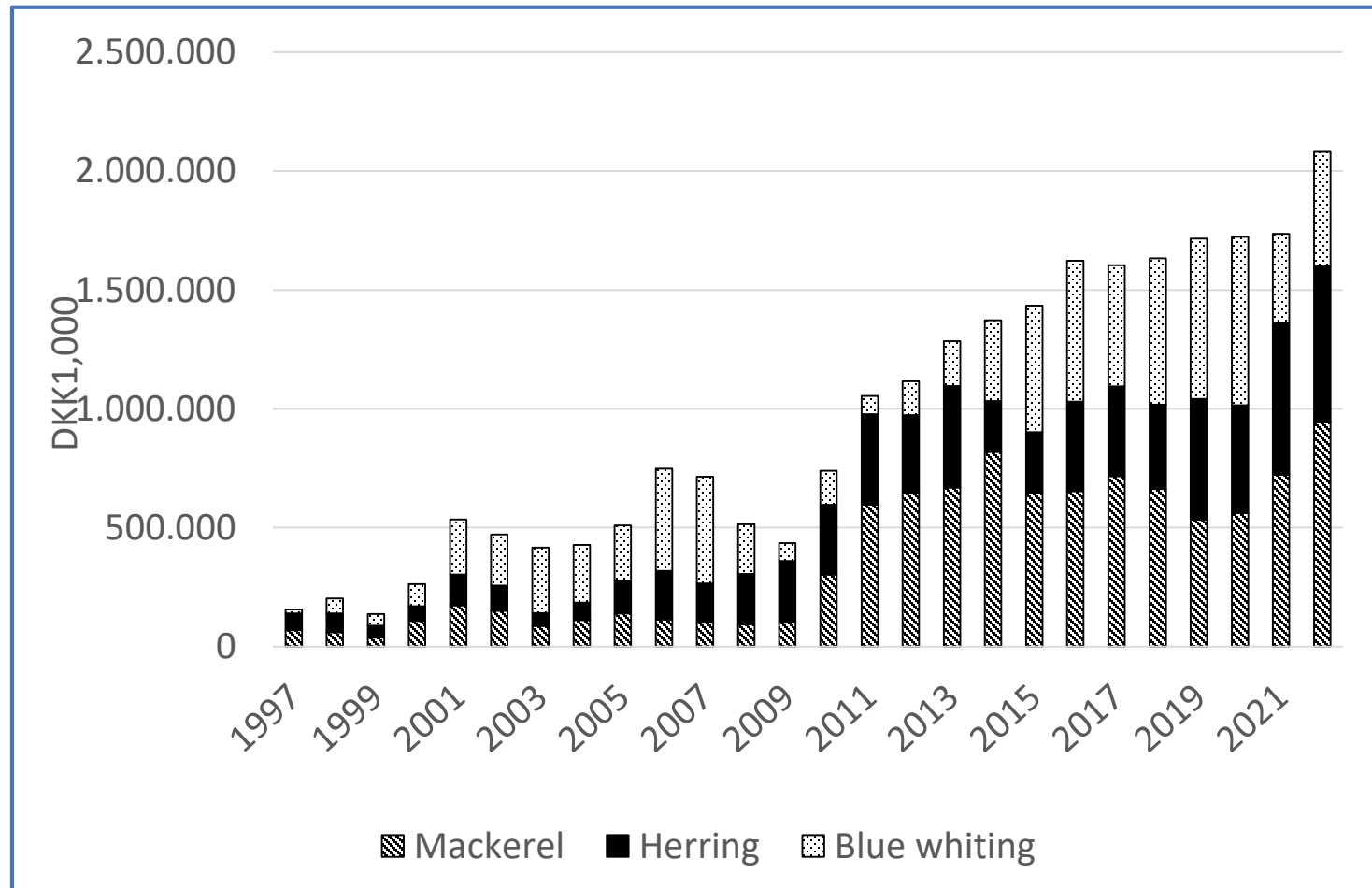
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Introduction

- We document the defects of the previous 24 years of fisheries “management” in the Faroes
- Standard story is that ITQs rationalize the fishery (remove excess capacity)
- However, in the Faroes, quota shares are “tokens” that the Parliament hands out to the pelagic sector as free gifts
- This has indirectly led to a serious decline in the demersal fishery
- The pelagic fishery is now plagued by incoherence and inefficiency

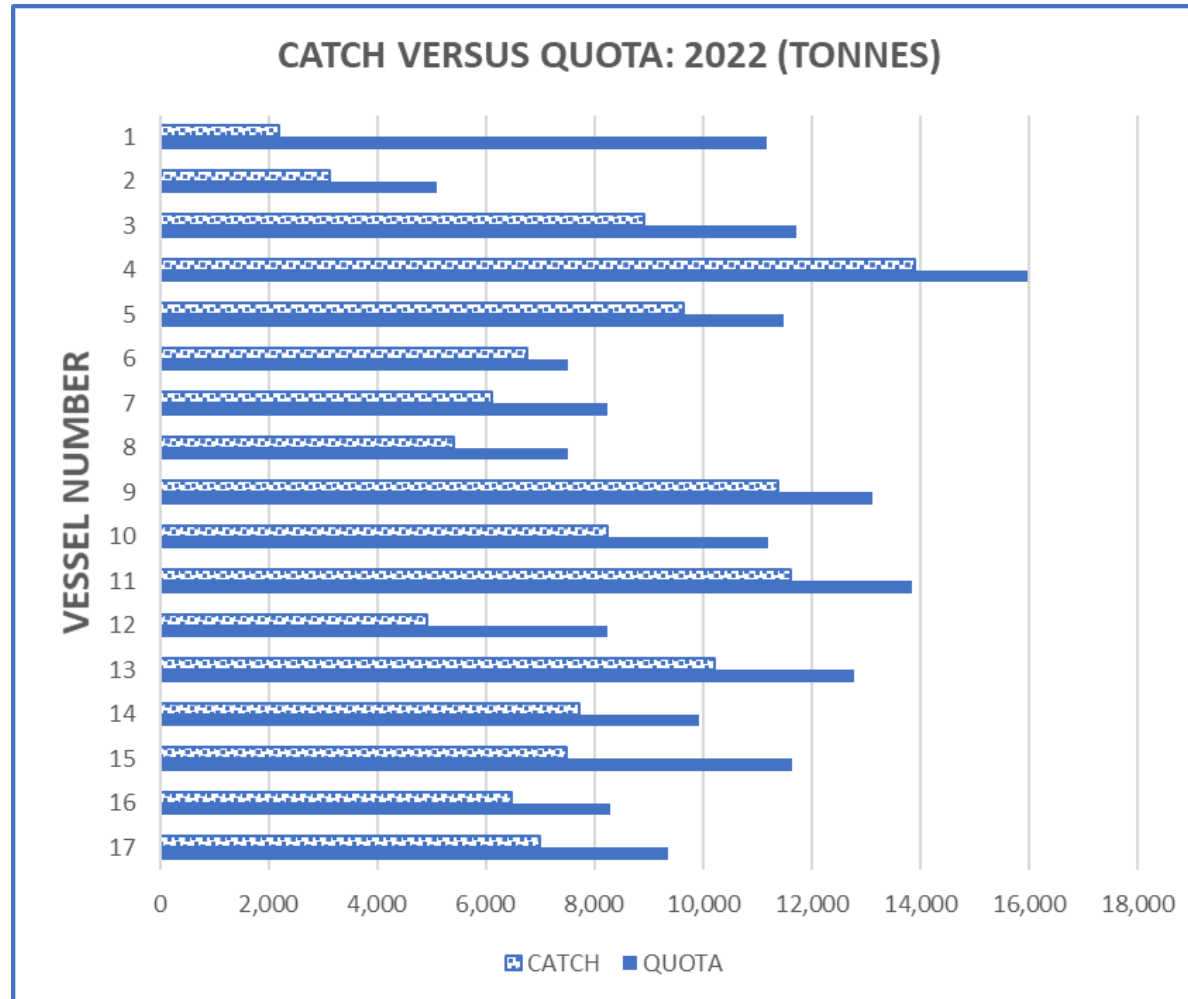
Faroe Islands pelagic fisheries

The Faroes are very dependent on international agreements



Catches compared to mackerel quotas in 2022

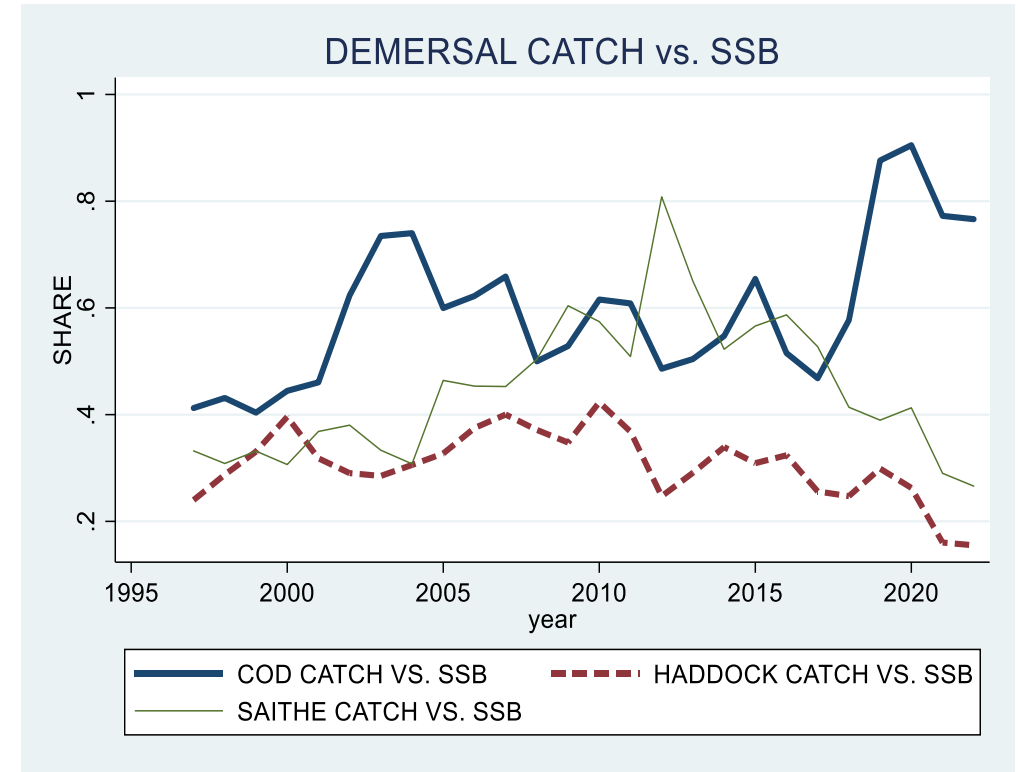
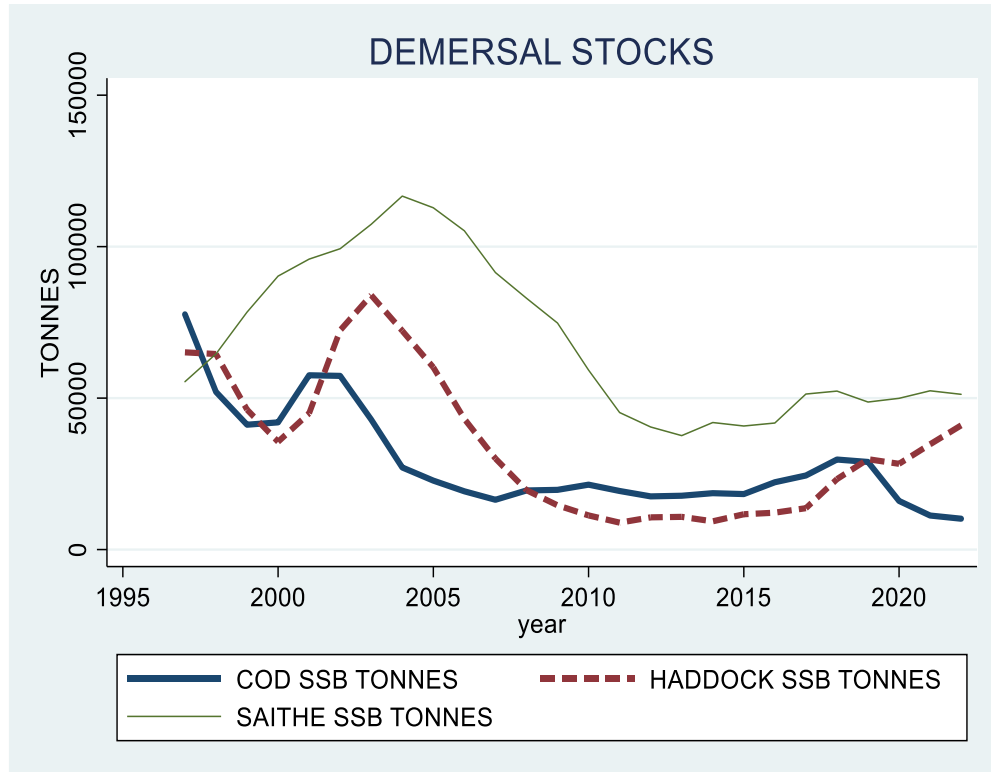
Pelagic sector is unable to catch all the quota they have been gifted



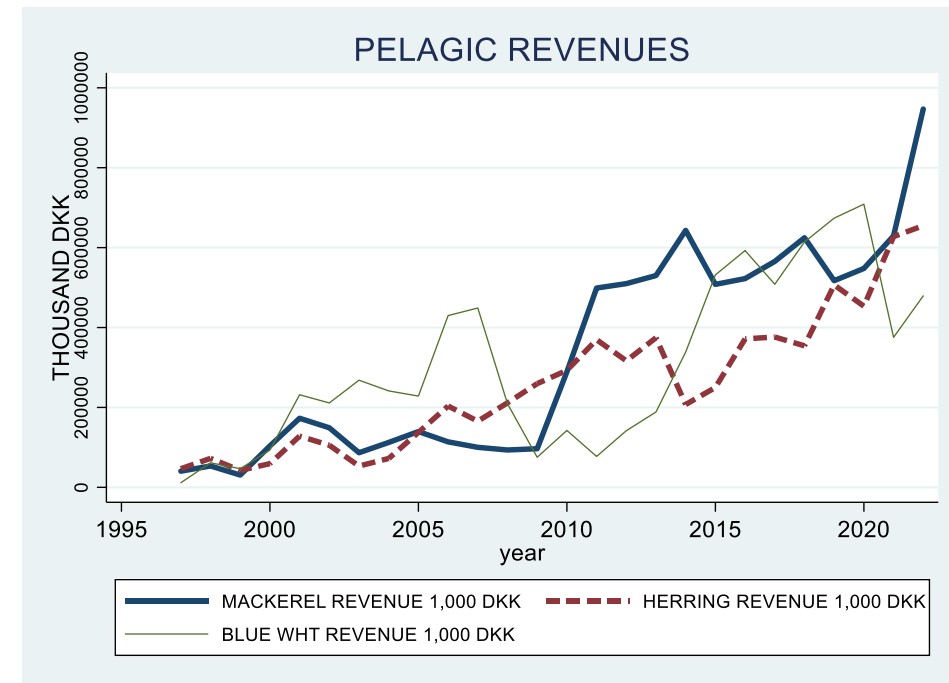
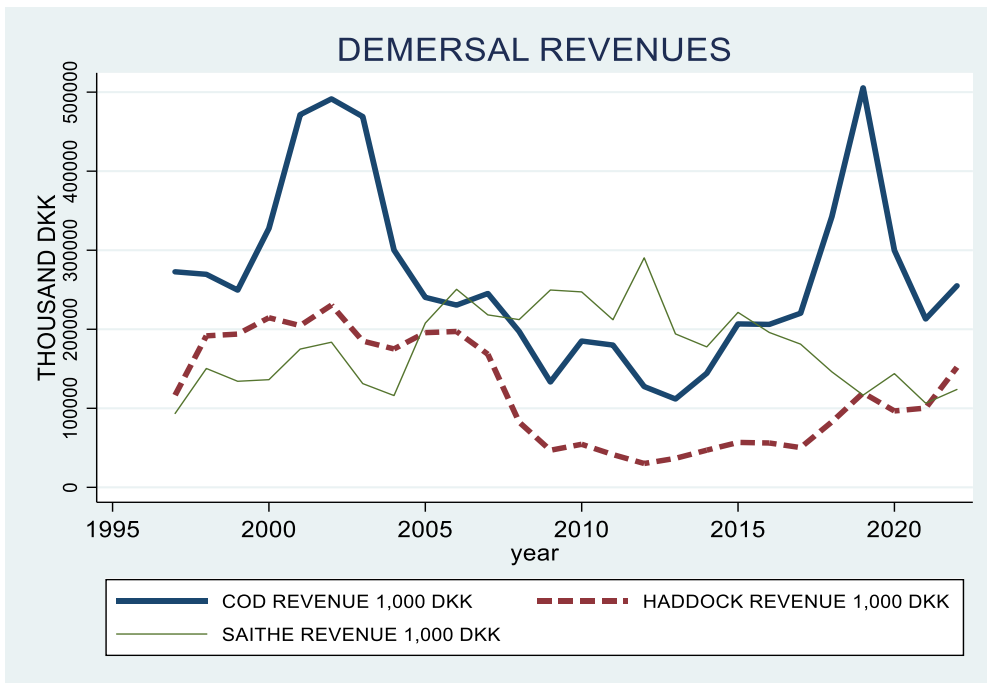
Pelagic quotas (2022)

TONNES	BASE QUOTA	OTHER QUOTA	TRANSFERS FROM TRAWLERS 2	TRANSFERS FROM LONG LINERS	TRANSFERS FROM SMALL TRAWLERS	TRANSFERS FROM GILL NETTERS	TRANSFERS FROM SHRIMPERS	AUCTION	DEVELOPMENT QUOTAS	TOTAL QUOTA	TOTAL CATCH
MACKEREL	96,167		17,959	6,075	1,552	2,052	2,293	6,743	44,304	177,145	131,123
HERRING	82,332	11,725						3,968	35,993	134,018	124,734
BLUE WHITING	124,975							10,344	77,445	212,764	221,688

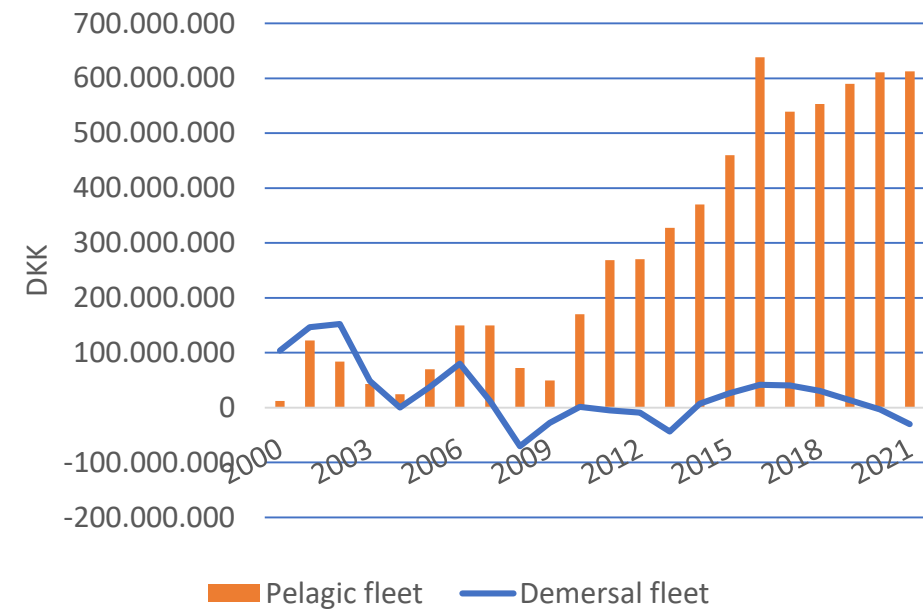
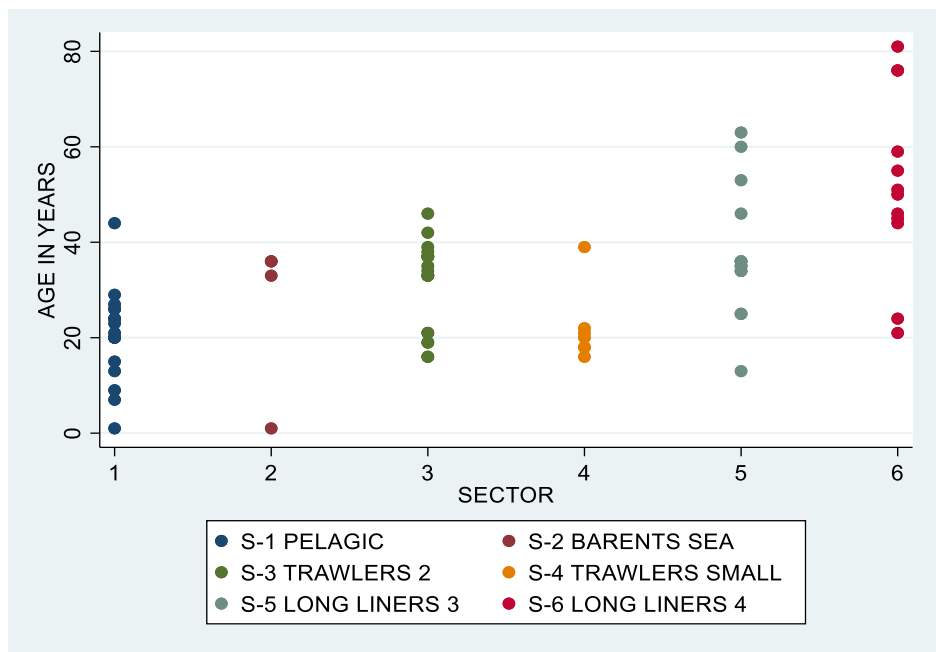
What happened to the demersal fishery?



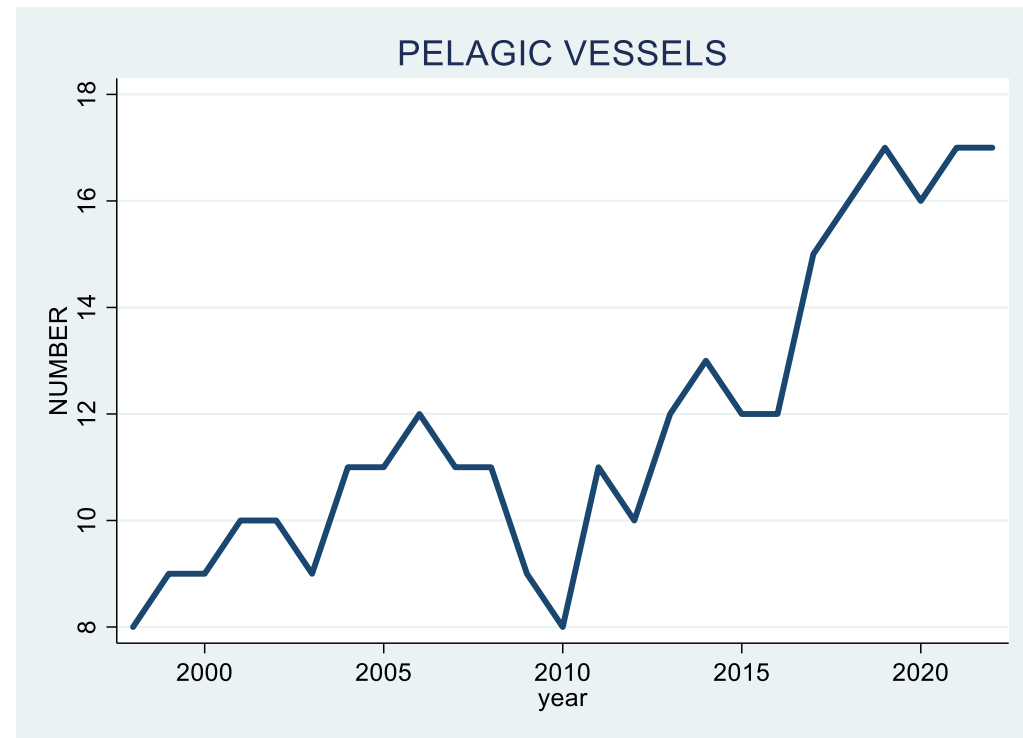
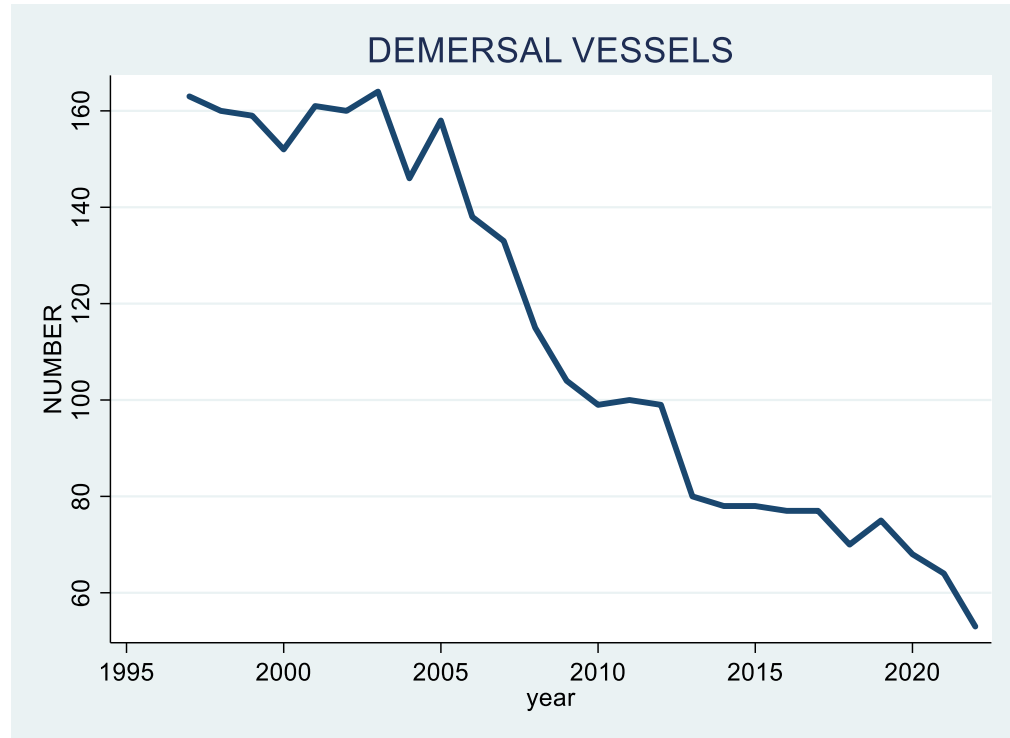
Contrasting revenue histories in demersal and pelagic fisheries



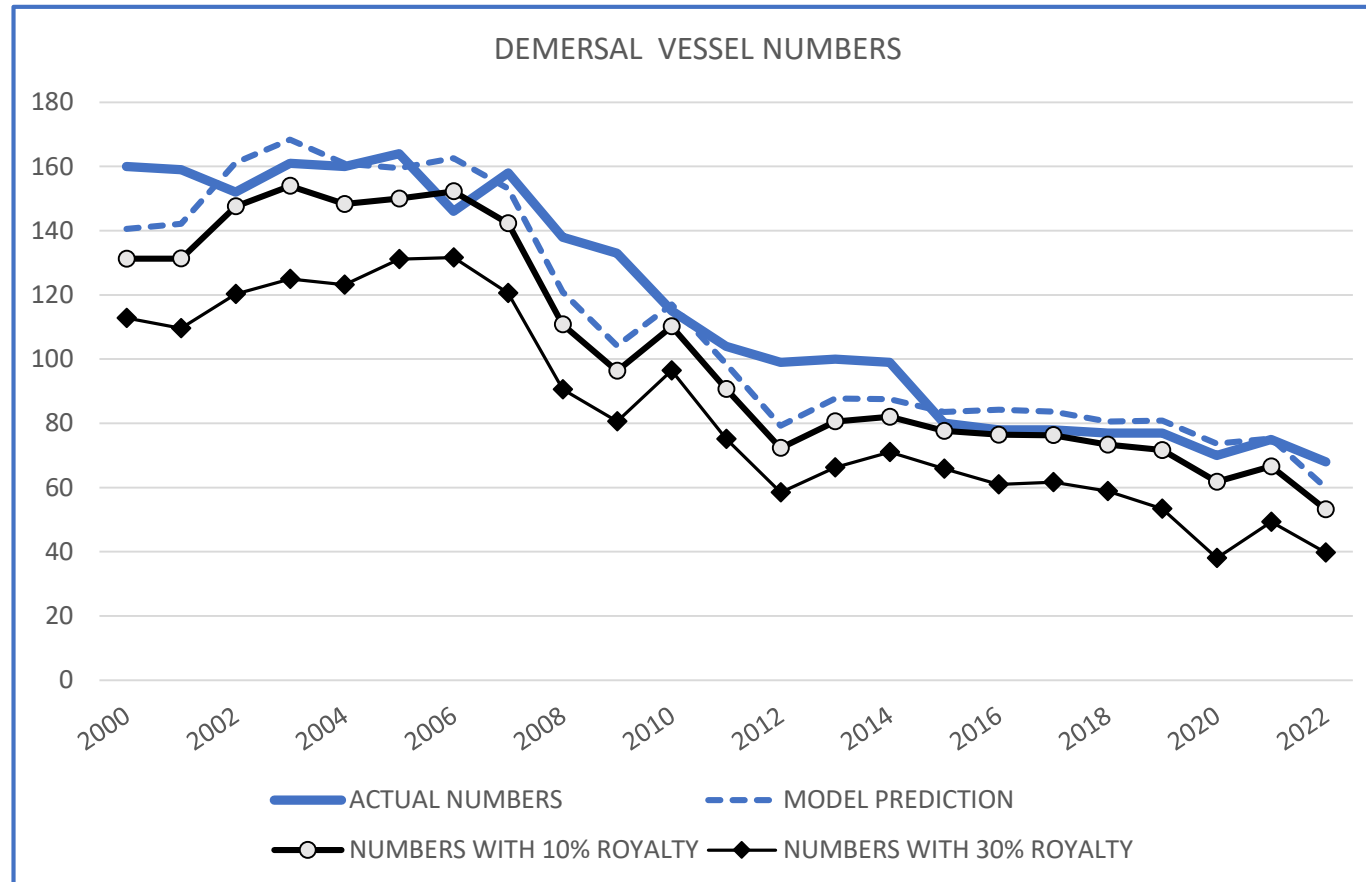
Age of vessels and earnings (EBIT) for the two sectors



Number of vessels in the two sectors



Econometric recreation of vessel numbers with two royalty rates per kg



Pelagic vessels: days at sea (2022)

VESSEL #	DAYS PER TRIP	DAYS PER VESSEL	NUMBER OF TRIPS	LANDINGS M DKK	MILLION DKK PER DAY	MILLION DKK PER TRIP
1	11.7	103.2	12	30	0.29	2.50
2	3.7	133.1	19	60	0.45	3.16
3	18.1	213.8	18	258	1.21	14.33
4	5.2	204.3	29	190	0.93	6.55
5	5.5	175.3	32	135	0.77	4.22
6	3.2	147.8	31	100	0.68	3.23
7	8.8	169.7	27	117	0.69	4.33
8	5.2	153.2	28	86	0.56	3.07
9	3.4	197.3	31	155	0.79	5.00
10	2.6	200.2	40	189	0.94	4.73
11	6.6	181.9	24	196	1.08	8.17
12	10.9	158.5	23	108	0.68	4.70
13	5.6	209.0	38	187	0.89	4.92
14	8.9	157.2	25	95	0.60	3.80
15	5.3	208.1	36	170	0.82	4.72
16	5.0	130.3	24	83	0.64	3.46
17	8.3	143.0	21	81	0.57	3.86
	6.9	169.8	26.9	131.8	0.74	4.98

Conclusions and implication

- Mackerel quotas increased starting in 2010, and are now hand-out to all vessels
- Later auction trials, but this failed to attract new vessels, so “development quotas” were handed out to the existing pelagic fleet
- There are fewer vessels in the demersal sector now, but this is due to the bad management (no TAC) and stock depletion
- As other countries adopted ITQs to rationalize their fisheries, the Faroes used ITQs to create excess capacity
- We developed an econometric model of the fishery, to answer questions about this fishery