



# Recommendation of the Council on the Design and Implementation of Decommissioning Schemes in the Fishing Sector

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## Background Information

The Recommendation on the Design and Implementation of Decommissioning Schemes in the Fishing Sector was adopted by the OECD Council on 26 June 2008 on proposal of the Fisheries Committee. The Recommendation aimed to ensure the effective management of fishing fleet capacity in order to ensure that the goal of sustainable fish stocks is met. The principles and guidelines set out in the Recommendation were designed to help ensure that decommissioning schemes are efficient and cost-effective in meeting their stated capacity reduction objectives. While the Recommendation still contained relevant guidance to policy makers, it was abrogated on 12 July 2017, as the subject of decommissioning was waning in importance and the Recommendation has not been fully reflected in Adherent's policies.

**THE COUNCIL,**

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to Rule 18 b) of the OECD Rules of Procedure;

**RECOGNISING** the urgent need for action at all levels to ensure the long-term sustainable use and management of fisheries resources;

**NOTING** the commitment under the World Summit on Sustainable Development Plan of Implementation to restore fish stocks to maximum sustainable yield by 2015;

**RECOGNISING** that effective management of marine capture fisheries has been made difficult in some cases by overcapacity and that there is a need to reduce the capacity of fishing fleets to levels commensurate with sustainable fisheries;

**RECOGNISING** that it is preferable to take preventative measures to avoid overcapacity from occurring by ensuring that fisheries management systems are appropriately designed to prevent overcapacity and overfishing, and that there are appropriate incentives for fishers to automatically adjust fishing capacity and effort;

**RECOGNISING** that fleet reduction programmes will continue to grow in importance in the future as countries strive to ensure sustainable fish stocks and viable fishing communities;

**RECOGNISING** that it is important for governments to seek efficient and cost-effective mechanisms for reducing overcapacity in fishing fleets;

**RECOGNISING** that decommissioning schemes can assist in the transition to more sustainable and responsible fisheries in which resource sustainability, economic profitability and social well-being are jointly maximised;

**CONSIDERING** that governments in OECD and non-OECD countries may benefit from international guidance on the design and implementation of decommissioning schemes;

**On the proposal of the Committee for Fisheries:**

**RECOMMENDS** that Member countries:

1. When establishing, amending or reviewing their policies with regard to decommissioning programmes in the fishing sector take due account of the principles and guidelines for the design and implementation of decommissioning schemes in the fishing sector, which are set out in the Appendix to this Recommendation and form an integral part thereof.

2. Promote the wide dissemination and use of the principles and guidelines among all relevant parties in their countries and in non-member economies.

**INVITES** Member countries, through their work in the Committee for Fisheries, to identify emerging best practices in the area of decommissioning schemes as well as to assess areas in which further work could be appropriate.

**INSTRUCTS** the Committee for Fisheries to report to Council on progress made in implementing this Recommendation within three years of its adoption.

## APPENDIX

### PRINCIPLES AND GUIDELINES FOR THE DESIGN AND IMPLEMENTATION OF DECOMMISSIONING SCHEMES IN THE FISHING SECTOR

#### I. Purpose and definitions

1. The following broad principles and guidelines more particularly focussed on the design and implementation of decommissioning schemes are intended to assist Member countries improve the effectiveness of programmes aimed at reducing fishing capacity through the retirement of fishing vessels, licences, permits, and other entitlements. This will improve the efficiency of public resource use and help countries in the transition towards more sustainable and responsible fisheries.

2. For the purposes of these principles and guidelines, the terms:

- “decommissioning schemes” refers to government programmes to purchase vessels, permits, licences and other entitlements from participants in the fishing sector;
- “capacity” refers to the amount of fish (or fishing effort) that can be produced for a period of time by a vessel or a fleet if fully utilised and for a given resource condition; and
- “effort” refers to the amount of time and fishing power (including vessel, gear, horsepower) used to harvest fish.

#### II. Principles

3. Decommissioning schemes provide a useful mechanism for reducing capacity in situations where there is overcapacity. They can be used when urgent action is required to bring fishing capacity in line with available fisheries resources.

4. Taking preventative measures to avoid overcapacity from occurring is preferable to using decommissioning schemes to adjust capacity. Fisheries management systems should be appropriately designed to prevent overcapacity and overfishing from occurring, and to ensure that there are appropriate incentives for fishers to automatically adjust fishing capacity and effort.

5. The search for a perfect measure or a perfect assessment of capacity should not delay action to address overcapacity, although it is necessary to have an agreed measure of capacity to implement and enforce a cap on or reduction in capacity.

6. Decommissioning schemes should be designed to achieve the “best value for money”, representing a cost-effective investment of public funds to achieve given capacity reduction objectives. They should be well-targeted and time-limited.

7. Decommissioning schemes will not, on their own, address the fundamental problems of overcapacity and overfishing. Decommissioning schemes should be designed as part of a package of adjustment measures towards sustainable and responsible fisheries. Social measures to assist retraining of fishers and community adjustment should be considered as part of fisheries adjustment packages.

#### III. Guidelines

##### A. Design

8. Decommissioning schemes should have well-defined objectives that are clearly articulated and measurable in order to ensure that the reduction targets are achievable and will have a positive impact on resource sustainability and economic profitability.

9. It is essential that the full range of management policies in place for the fishery, including the decommissioning scheme, are coherent and mutually supportive.

10. Governments should ensure that the management regime in place following the completion of the decommissioning scheme effectively prevents capacity from re-entering the target fishery or other fisheries, otherwise the beneficial effects of decommissioning will be negated over the medium to longer term.

11. Governments should ensure that the incentives of fishers are appropriately aligned in order to facilitate autonomous adjustment in the fishery in the future. This can be done by improving the specification and enforcement of access rights (based on either output or input dimensions) which will help to address the market failures that lead to the overcapacity problem.

12. Decommissioning schemes should be designed as part of one-off structural adjustment programs in order to avoid becoming incorporated into the expectations of the sector and distorting current and future investment incentives and plans.

13. The expected benefits and costs of decommissioning schemes should be evaluated during the design phase in order to ensure that the scheme will result in a net increase in economic welfare.

14. Governments should facilitate stakeholder involvement in the design and implementation of decommissioning schemes. This will improve acceptance of and compliance with the schemes' objectives and operations. The use of pilot programs may help. Stakeholder involvement will also improve the likelihood of cooperation in the post-adjustment management of fisheries.

### ***B. Implementation***

15. In implementing decommissioning schemes, governments should ensure that the criteria for determining the recipients of decommissioning pay-outs are transparent.

16. The mechanisms to determine the prices paid to decommission vessels, permits, licences and other entitlements should provide the best use of public funds in terms of impact on capacity and profitability. Where practical, governments should employ auctions to determine the prices and recipients of decommissioning payouts as this will generally provide the most cost effective means of determining prices and result in the most economically efficient allocation of resources.

17. Where more specific targeting of fleets or licence holders is required, other mechanisms such as fixed rate payments may be less complicated and costly to implement and should be considered by governments. Governments should ensure that such mechanisms are transparent and targeted, and that they minimise the transactions costs involved in their use.

18. Governments should target both latent and active capacity to ensure that capacity is effectively reduced and that capacity does not become reactivated in the fishery following the decommissioning scheme. Governments should take into account the potential impact of sequential decommissioning of latent and active capacity on resource sustainability and economic profitability.

19. Under the beneficiary pays principle, governments should require those who benefit from a decommissioning scheme to contribute to the costs of the scheme. A combination of industry and public funding improves the incentives for cooperative management of the fishery as the remaining fishers have a stronger stake in the future of the fishery, particularly if there is sound fisheries management in place.

20. Ex-post evaluations of decommissioning schemes, linked to measurable performance indicators developed in conjunction with the scheme's objectives, should be undertaken to improve transparency and accountability. This will also help to ensure that the design and implementation of future schemes is informed by the experience of prior schemes.

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