Allocating Property Rights as Incentives for Developing Underutilized Fisheries: A Case Study of Oregon’s Developmental Fisheries Program

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Presentation Outline

• Overview of Oregon’s Developmental Fisheries Program (DFP)

• Key Failings of the DFP

• Case Study of the Oregon Commercial Bay Clam Fishery

• Developmental Policy Approaches of Other Regions and Countries

• Conclusions and Recommendations

Web-source photographs
Oregon’s Developmental Fisheries Program (DFP): Established in 1993 to:

Provide a management system for the commercial exploitation of Oregon’s undeveloped fishery resources

Encourage pioneer entrepreneurship

Provide for a cooperative research approach with industry

Ensure some investment protection by limiting the number of developmental permits
Allocation of Developmental Fishery Rights

- The DFP Board establishes a limited number of non-transferable permits based on:
  - Historical landings
  - Past participation
  - Fishermen’s request
    (McCrae pers com 2005)
Meager DFP “Success”

• Only two program fisheries have “developed”, the Oregon bay clam and pelagic sardine industries
• Premature transitions and inconsistent with legislative criteria

A “developed fishery” is a “fishery where the level of participation, catch, and effort indicate the fishery has approached optimum sustained yield and/or there is sufficient biological information, information on harvest methods, gear types, and markets to develop a long-term management plan for the species.” (OAR 635-006-0810)
Five Key Failings of the DFP

1) Undefined operational guidelines and methods

2) An indeterminate program time frame

3) Inadequate funding and support

4) Lack of economic incentives for fishermen to pursue developed status

5) Moving fisheries to developed, limited entry status prematurely
Case Study: Oregon Bay Clam Fishery

5 commercial species

Tillamook Bay
Coos Bay
2004 study analysis found that industry harvests and revenues can be far greater than current levels.

Millions in revenue may be possible with the right set of circumstances.
Mired in the DFP Quagmire

• Research momentum stifled by absent operational guidelines and indeterminate time frame

• Research costs could not be met without the use of creative cooperative research strategies

• Participants lacked incentives to invest in the industry

• Problems encountered in the DFP continue to restrict advancement and economic potential of the fishery
  - Inefficient design of property rights and allocation methods
  - Precautionary quotas and undeveloped markets
Bay Clam Status: Ill-equipped to move forward

Stock assessments are out-dated, spatially and temporally patchy, highly uncertain, and not monitored for change over time.

**Insufficient data exists to determine optimal yield.**

There is no comprehensive harvest strategy or long-term management plan for the fishery.

**Management bodies have actively discouraged industry involvement in research and management.**

Markets for bait are established. There is no established human consumption market.

**Permits not transferable; transferability later in 2006.**
This fishery management conundrum may lead to developmental gridlock and highlights the need for developmental management improvisation.

Small-scale Oregon fisheries lack sufficient research to determine commercial development potential.

Costly research fails to be realized; lost opportunity for industry expansion and possible cost recovery.

Low revenue fisheries enter the DFP; yet, inadequate DFP funding and management system.
Developmental Policy Approaches

• Clear program guidance
  – Marine Fishery Resources Development and Management Department (MFRDMD)

• Adequate resources; forming partnerships, implementing cost recovery
  – Alaska Fisheries Development Foundation (AFDF), MFRDMD

• Appropriate incentives; cost recovery as a motivator
  – Australia, New Zealand, AFDF

• Adaptability and improvisation; partnerships, creative marketing
  – AFDF, MFRDMD

• Neutral intermediary position; autonomy from government and industry
  – AFDF
Conclusions

- Oregon Legislature mandated an essentially unfunded program

- Small-scale fisheries management complex; not necessarily less work and funding required than of larger fisheries

"Dave, if you can earn the company an extra 500 million dollars by noon today, I’ll let you keep half.”
Recommendations

• Concurrent design of science and management plans

• Necessary set of fishery goals and measurable objectives

• Creation of a developmental fishery fishermen association

• Developmental responsibilities assigned to permits

• Stipulation for developmental fishery closures when gross costs of management exceed gross revenues of the fishery
Thank You

• Gil Sylvia, Superintendent of the Coastal Oregon Marine Experiment Station (COMES)
• Michael Harte, Director of the Marine Resource Management Program at Oregon State University

• Heather Munro Mann, former DFP Chair
• Oregon Department of Fish and Wildlife (ODFW)