

1-1-2011

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Recommended Citation

Degenhart, Mark, "Will Joining the EU Doom Iceland's Fisheries?" (2011). *Post-crash Iceland: opportunity, risk and reform*. Paper 7.
<http://preserve.lehigh.edu/perspectives-v29/7>

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WILL JOINING THE EU DOOM ICELAND'S FISHERIES?

Mark Degenhart



Introduction

Around the year 874 the first Scandinavian settlers landed on the shores of Iceland. Icelanders have depended heavily on the ocean for livelihood, culture, diet, and national identity ever since. An integral part of Iceland's history is the ancient belief in fish as a gift sent from the gods, free for all to make use of. It is even written into the Icelandic constitution that the resources of the sea are the property of the nation's people. Throughout most of the twentieth century, the fishing industry was consistently the backbone of the economy. And by 2007, Iceland was the world's fourteenth largest fishing nation. ("Icelandic Fisheries in Figures 2008," p. 6) With a population of just 320,000 citizens, Iceland's 1.8 percent share of the world catch represents a percentage nearly 380 times greater than its share of the world population.

One of the most pressing issues with respect to the future of fishing in Iceland surrounds Iceland's recent bid for accession into the Euro-

pean Union. This article addresses the debate of EU accession through the lens of the fishing industry. After examining the dynamic evolution of the Icelandic fishing experience during the twentieth century, this article discusses the challenges posed by Iceland's potential EU entrance. It argues that due to the bleak outlook for European fisheries, Icelandic interests would be better served by remaining outside the EU in order to continue its successful management of its own fishing resources.

Global Exploitation

As the modern era began, little was known about the oceans, especially their capacity to support the consumption needs of a burgeoning global population. With time, concerns increasingly arose regarding the sustainability of this vast resource. Perhaps the concern that gained the most worldwide acclaim was Garrett Hardin's "tragedy of the commons" concept that freedom to use a common resource eventually ruins it unless human behavior is altered. With respect to the oceans, he held that "pro-

fessing to believe in the 'inexhaustible resources of the oceans,' [humans] bring species after species of fish and whales closer to extinction." (Hardin, p. 1245) Indeed, in the years since he introduced the idea in 1968, biodiversity of the seas has, as he predicted, suffered in many regions as fishermen exploited fishing stocks to dangerously low levels. With rapid advances in technology and a worldwide proliferation of government subsidies for fishing, increased fishing effort has only exacerbated this global exploitation and led to overfishing.¹ Because of the increased costs associated with decreasing stocks and increased effort, fisheries, especially in Europe, are now witnessing many vessels operating at or near a loss, threatening whole industries. Exacerbating this vicious cycle of too many boats chasing too few fish, fishermen are tempted to cheat the rules simply to get by. The tragedy of the commons is not unique to any one country or region; Iceland has historically come face to face with this ecologic threat.

1952: Iceland on the Offensive

The period 1945-1967 is generally referred to as the Golden Years in Iceland because of the substantial expansion of the herring fishery. During this time, herring became the most important catch of the pelagic fishery (i.e. those fish that live in the water columns as opposed to demersal fish, which live on or near the bottom). Due to increased demand, the opening of new markets, and increased capacity thanks to innovative technology, herring fishermen enjoyed decades of good fortune as the catch increased dramatically, especially in the later years. As this happened, the spawning stock biomass, the total weight of all mature fish in the population, declined precipitously from a level of approximately 14 million metric tons (mmt) in 1950 to barely 2.5 mmt in 1965. That level cascaded further to a few hundred thousand metric tons in 1967. Meanwhile, the fishing mortality rate rose from a level of 0.1 in 1960 to well above 1.0 in 1967, meaning more fish were

¹ In this article, overfishing means the adult spawning population is depleted to a level where it can no longer replenish the population fast enough, annual harvests become increasingly smaller, and profitability of a fishery is suboptimal. Overfishing: A Global Disaster

being caught or dying than were present at the beginning of the fishing season. (Ministry of Fisheries and Agriculture)

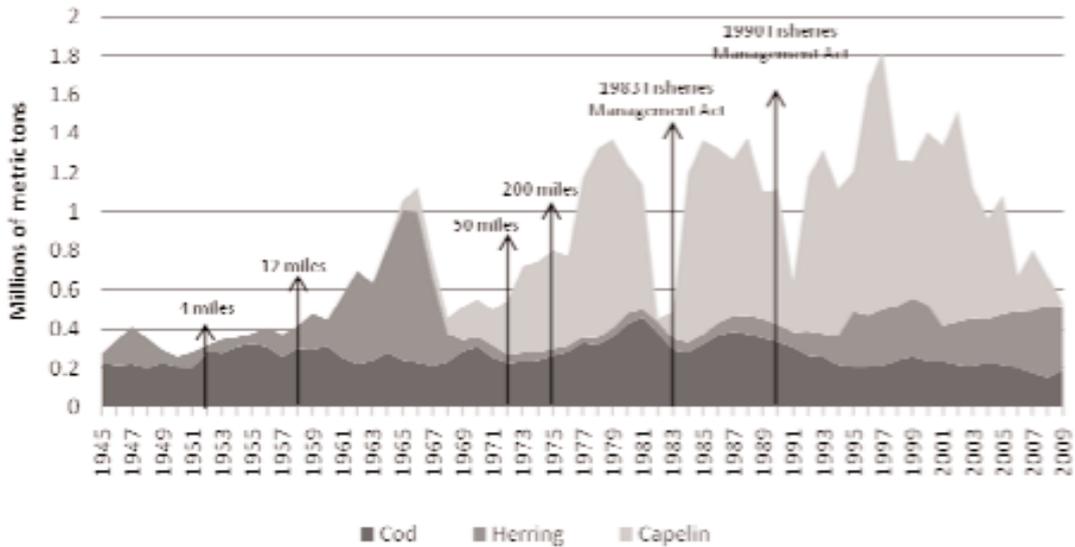
As the stock and subsequent herring catches collapsed (Figure 1), the nation fell into an economic depression. As a result, the previously untouched capelin rapidly took over as the dominant fish of the pelagic fleet. In addition, the less-efficient demersal fishery, most notably cod, became more important as the fleet attempted to make up for the reduced catch in the herring fishery. (Nielsen et al., p. 10) It quickly became apparent that Iceland needed to act fast to protect its most valuable natural resource.

Increased global demand and new high-volume fishing techniques threatened the delicate natural system of supply. It became evident that the fish in the sea were indeed exhaustible after all. In response to this predicament, Iceland came to the forefront of an international effort to reverse this depletion. Due to its size, the country had no other choice than to intervene against competing nations to protect the foundation of the economy. As was common practice among coastal countries, Iceland's plentiful offshore resources were being collectively utilized by foreign fishing fleets. Defying international norms, Iceland embarked on a series of unilateral decisions to protect its most valued industry. Although conservationist sentiments played a role in the initial actions, Iceland's efforts were largely motivated by political and economic matters.

In May of 1952, Iceland made its first move to gain more control over its fishing domain by instituting a four-mile limit on fishing off its shores, barring foreign competitors. Other countries with interests in Icelandic waters countered that there was no reasonable proof of overfishing. An especially infuriated Great Britain retorted that claiming exclusive rights over a common area of fishing was a brash and unjustifiable move.

The ensuing decades were filled with a succession of Icelandic unilateral decisions and British retaliatory responses as the two countries engaged in what came to be known as the cod wars. With each successive extension of Iceland's fishing limits, tensions erupted into conflict of varying degrees. When the first

Figure 1
Catch of Cod, Herring, and Capelin in Icelandic Fishing Grounds
1945-2009



United Nations Conference on the Law of the Seas (UNCLOS I) failed in 1958 to reach international consensus on fishing limits, Iceland simply continued pushing the boundaries—to 12 miles in 1958 and again to 50 in 1972. The final extension to 200 miles became effective on October 15, 1975. (Mitchell, p. 128) UNCLOS III, which concluded in 1982, officially established the 200-mile exclusive economic zone (EEZ) for all nations, granting the adjacent nation exclusive rights over the natural resources within that zone.

Throughout the cod wars, the British Royal Navy was forced to escort British fishing vessels into Icelandic waters to protect them from Icelandic Coast Guard ships, which had resorted to cutting British nets. On one occasion, tensions escalated to such a point that the Icelandic Coast Guard ended up ramming British trawlers. Such aggressive actions were unprecedented within the global fishing industry. While relations with the rest of Europe deteriorated, Iceland became internally unified. With the viability of their most important industry at stake, the consensus of the Icelandic people was that their actions were necessary. The actions would soon prove justified, as Iceland developed into

arguably one of the worldwide leaders in marine conservation efforts.

The 1970s and 1980s: Decades of Experimentation

In 1975, Iceland’s Marine Research Institute report on the state of its fish stocks had an enormous effect on the industry. The “black report” revealed a cod stock in jeopardy of collapse, facing a fate similar to that of herring only a few years earlier. (Eythórssón, p. 484) Having rid its waters of foreign competition not many years earlier, Iceland believed its fleet would be free to enjoy increased catch and improved profitability. Biologic limitations told a different story. It was now the cod fishery witnessing a decline in spawning stock biomass from nearly one mmt in 1955 to less than 0.25 mmt by 1967, while fishing mortality grew from 0.3 to 0.8. (Ministry of Fisheries and Agriculture) The Icelandic government responded in 1976 by placing a total allowable catch (TAC) restriction on cod to limit fishing effort, the entrance of new vessels, and ultimately the number of cod landed.

From 1976 until 1983, little improvement was seen; the cod catch continued to increase. In fact, the fleet capacity actually grew, from about 97,000 gross register tons (GRT) in 1975 to about 111,000 GRT in 1984. The fleet capacity increased because of switching from herring industries, which required larger vessels. Between 1977 and 1981, the number of days per year that deep-sea trawlers were allowed to fish for cod decreased from 323 to 215. (Runolfsson, p. 3) Nevertheless, the spawning stock biomass never rose above 0.5 mmt for the rest of the decade.

Around the world, fisheries were constantly plagued with overfishing due to common property issues. The average fishery was not even profitable. Iceland was no exception. When foreign vessels were allowed in Icelandic waters, a management system was largely unenforceable. After instituting the 200-mile EEZ, however, Icelandic officials concluded that the prolonged decline in Iceland's fisheries needed to be put to an end. The Fisheries Association organized an annual Fisheries Assembly that involved all of the major unions, organizations, and related sectors of Iceland's fishing industry. The Assembly had been put in place to address the issues and debates surrounding the drastic changes to the structure of the industry. In 1983, the Assembly was a crucial force in the passing of the Fisheries Management Act, giving the Ministry of Fisheries the task of implementing a vessel quota system. Despite some opposition within the Association, the desperate condition of the cod stocks demanded action. Conflicts among internal vested stakeholders were put aside as the nation unified against a common threat. The Icelandic government was trusted to establish a system and allocate quotas in an unbiased manner. The Ministry followed through, allocating vessel quotas based on catch totals over the previous three years. (Eythórsson, p. 485)

While it appeared reasonable at first, this distribution was effectively biased, rewarding those who started the problem in the first place by allocating them the largest shares of the TAC. The system's ineffectiveness can be attributed to a few shortcomings and the presence of loopholes. An effort quota, designed to protect those owners who may have been inac-

tive in the previous three years, became an easily exploitable avenue for fishermen who chose not to involve themselves in the quota system or who were unsatisfied with their share of the TAC. It allowed formerly ineligible fishermen to have a part in the quota distribution. Furthermore, the failure to place small boat owners under any restrictions essentially exempted them from any oversight. As a result, the number of registered small boats (up to 10 GRT) jumped from 964 in 1984 to 1956 by 1990 and their share of the total cod catch increased from 4% to 14%. (Eythórsson, p. 486) The Ministry of Fisheries' vision of reducing fishing effort was being easily outmaneuvered because of the complex loopholes put in place.

The 1990s: A Nation Divided

The process of establishing an effective system followed no linear path in Iceland. Control over its fishing resources had been achieved, but the 1980s came to an end with a bleak outlook for the management system. The numerous loopholes caused the policies to fall short. Fishermen continued to pursue their own personal interests. Fishing effort continued to expand and annual catches continued to exceed quotas. For many stakeholders, the system represented only a temporary fix until a more robust solution could be found. Because of the uncertainty surrounding the permanence of this system, the quotas were not accepted as collateral and quota transfers were challenging.

As more effort and resources were put forth and as more stakeholders played a role in making decisions, it became evident that this initial system was evolving into a permanent structure. Reflecting this new reality, the study of fisheries economics in Iceland shifted to increased focus on industry-wide economic efficiency rather than solely natural resource protection. The 1980s were a decade characterized by subdued internal divisions because of the common outside pressures brought forth by collapsing fish stocks. In contrast, the 1990s witnessed a more energetic environment as interested parties were pulled into the debate and internal politics played a more significant role.

The aforementioned developments set the stage for the 1990 Fisheries Management Act, establishing an effective and permanent system of individual transferable quotas (ITQs) in the fishing industry. (Eythórsson, p. 486) Political dissension within the Fisheries Assembly had grown since the 1983 Act and the debate had spilled over into the Parliament and the general public. This time around, research in fisheries economics played a major role, advocating a system that would provide more flexibility and certainty for long-term planning and incentives for efficient use of capital and resources by the industry as a whole. The new management system sought to turn a vast overexploited fishery into a tightly monitored resource with emphasis on long-term sustainability and economic optimization. The Ministry of Fisheries' vision finally began to materialize: the newly established ITQ system created a profitable fishing industry.

Theoretic Justification for the ITQ System

The ITQs created property rights to shares of a strictly limited total catch. Anthony Scott, a pioneer of fisheries economics, describes four main characteristics that have become the basis for discussion about the efficiency of such property-rights-based systems: security, permanence, exclusivity, and transferability. The degree of fulfillment of these characteristics dictates the extent to which incentives for individual behavior will be aligned properly with the overall long-term optimization of the resource. (Scott, pp. 19-20) How does Iceland's system rate regarding these four characteristics?

Security, the quality of the title, refers to the probability that an owner will be able to hold onto the property right without it being challenged or diluted. Iceland has done extremely well in establishing the quotas as secure resources. For example, in a few Norwegian fisheries, new vessels that join the fleet are allocated quotas, reducing the quota shares of existing vessels. (Arnason, "Property...", p. 254) This does not occur in Iceland, conferring a high degree of security.

Permanence, the duration of possession, becomes important in investment decisions that may take a long time to pay off. This has been

an area of struggle for Iceland. The initial 1983 allocation and subsequent structural changes in 1990 raise questions about the permanence of such a system. While ITQs in Iceland's system represent a property right to a share of the catch each year, the laws state that these rights are of indefinite duration. (Arnason, "Property...", p. 252) Because the laws do not establish rights that are explicitly in perpetuity, vessel owners are granted less certainty for investment decisions.

Exclusivity, the ability to capture the full value of one's property without intervention, provides incentives for owners to reduce costs and maximize returns. Whereas permanence relates to the ability to make long-term investment decisions regarding property, exclusivity involves being able to realize and capture the total gains from holding the property. With regards to exclusivity, Iceland has also performed well. The Icelandic government has worked hard to reduce the amount and the adverse effects of stringent government regulations. However, two factors in Iceland's system have reduced the degree of exclusivity. The first is the existence of a fee that subtracts slightly from the element of exclusivity. The fee contributes toward fleet surveillance, system enforcement, and fisheries research. While it may be necessary to maintain these collective benefits of the system, it still represents an outside intervention that keeps an individual vessel from realizing the full economic benefit from its quota. A second factor is that an ITQ represents an indirect property right on an underlying resource. In contrast, a farmer would have a direct property right on the land on which he toils. With regards to a fishery, there is simply less control over the actual fish stocks and those who may interfere with them. For this reason, there is a vested interest in supporting a healthy marine ecosystem when the quality of property rights is higher for all participants. When exclusivity is present, an individual vessel can concentrate on maximizing the profits available to it within its restricted allocation by improving the quality of the catch and minimizing the associated costs.

Transferability, the ease with which a market can freely move a property right from seller to buyer, allows participants to enjoy the returns from their property by allocating the

right to the most efficient competitor. In this sense, Iceland fares well. Because quotas can be bought and sold, they can move readily to those who will use them most profitably, removing inefficient vessels from the national fleet. Because of this, the fishing industry in Iceland has undergone substantial changes with regards to its composition and the concentration of production. In 1993, 1174 vessel operators were allocated catch quotas, with the largest ten operators comprising a 25 percent share of the TAC. By 2007, the number of vessel operators fell to 762, with the largest ten operators making up approximately 52 percent of the total catch. ("Icelandic Fisheries in Figures 2008," p. 12) Transferability also supports conservation efforts. In addition to TACs capping the amount harvested in a given year, thereby reducing fluctuations, transferability allows conservationists to play a direct role in quota markets. If the benefit of saving a specific species outweighs the profits to a fisherman to harvest that species, then the ITQ system essentially "moves the fishing versus conservation conflict out of the political arena into the realm of the market system." (Aranson, "Advances...", p. 40)

Icelandic Fishing Today

What effect, then, have rights-based fisheries had on the industry in Iceland and has the nation delivered any significant results? Fishing still has a serious economic impact, although that has decreased over the past few decades as the economy diversified. In 2008, fish products accounted for 26 percent of total exports and 37 percent of merchandise exports, down from the 1950s peak of 90 percent of merchandise exports. Only recently has fishing's contribution to GDP been surpassed by aluminum production, a rapidly expanding industry driven by the abundance of Iceland's clean-energy resources. Fishing's contribution to GDP declined from a peak of 17 percent in 1978 to 8 percent today. Despite seeming a relatively small component of GDP, Icelanders believe fishing is the backbone of the economy. (Ministry of Fisheries and Agriculture) A 2003 article by Sveinn Agnarsson and Ragnar Arnason explores this paradox. Pointing to forward and backward linkages to the supporting industries built up around fishing and the indus-

try's dominance as a foreign exchange earner, Agnarsson and Arnason estimated that in the long run a 1% increase in the value of fishing production would increase GDP by 0.42%, suggesting that GDP shares substantially understate the importance of fisheries within the Icelandic economy. (Agnarsson and Arnason, p. 13)

Similarly, between 1930 and 2008, the fishing industry's contribution to employment declined steadily, from a peak of 23 percent to 4.1 percent. (Ministry of Fisheries and Agriculture) However, regional impacts vary widely. Arguably, much of the criticism of the ITQ system has materialized out of concern for rural development and employment in small fishing towns. Vertical and horizontal integration and the concentration of quotas have combined in accelerating the demise of coastal communities, once the foundation for social organization. In essence, rights-based fisheries represent a trade-off between economic efficiency, in which ecologic sustainability plays a big role, and social equity, where the benefits often concentrate to a select few.

Economic Efficiency versus Social Equity

Even though efficiency and profits have improved for the firms left standing, many argue that the associated social costs are not only difficult to monetize but also not worth it. Poor communities have been marginalized to such an extent that employment alternatives remain severely limited. Moreover, in an environment characterized by strong, united communities, the quota allocation has led to an unfair compensation system on a local level. Fishing communities, because of the forward and backward linkages built around fishing, are often just as invested in the sustainability of a given company as the vessel owners. As the industry consolidates, those owners can sell their quotas to larger scale operators, receiving a wonderful retirement bundle. The rest of the community, meanwhile, gets nothing. This lack of a safety net for the rest lies at the heart of the Icelandic people's animosity toward the ITQ system.

The real challenges for rural communities notwithstanding, the increased concentration of the Icelandic fishing industry should

Figure 2

Value and Destination of Icelandic Fishing Exports, 2007



be considered on net positive. Even as the ITQ system has led to consolidation, Arnason asserts that the property rights are necessary to foster specialization and accumulation of capital, two classical sources of economic growth. (Arnason, "Property...", p. 245) In related work, Arnason describes how the ITQ has created new wealth. With quotas both exclusive and transferable, their market price reflects expected future profits. Because Iceland's fishing industry has developed into one characterized by profitable firms, the market value of ITQs in the approximately 35 different fisheries has increased from \$25 million in 1984 to approximately \$4.5 billion by 2005. (Arnason, "Iceland's...", p. 37) This newly created wealth can in turn be used to finance new capital investments in other industries, providing Iceland the capability and flexibility to diversify its economy and expand into other ventures.

The European Market

As Icelanders contemplate joining the EU, many have come to believe the costs far exceed the benefits. Concern is particularly high for fisheries. The importance of the European market for Icelandic exports, especially marine prod-

ucts, cannot be overstated. Figure 2 illustrates the value of marine product exports from Iceland in 2007, by trading areas. Clearly, Icelandic fishing depends on Europe. Unfortunately, the EU has not enjoyed the success of a proper fisheries management system as Iceland has. Because of this, the Icelandic fishing industry may be in for a rude awakening if forced to join the fractured and poorly performing Common Fisheries Policy.

The EU's Common Fisheries Policy

The EU's Common Fisheries Policy (CFP) was created in 1983 to ease tensions between coastal nations with competing interests in the sea. The EU needed rules for managing one of the most diverse fisheries in the world, to ensure that all member states had equal access. With more than 300 pieces of legislation covering 88,000 vessels, the CFP is undoubtedly a complex system. Unfortunately, with a focus on protecting national industries, the EU's approach turned out to be shortsighted. Critical reforms following required decadal reviews in 1992 and again in 2002 shed light on the legislation's shortcomings. Original CFP rules had minimal impact on conservation. In effect,

enforcement and regulation were brushed aside as secondary concerns. By sacrificing long-term ecologic sustainability in favor of short-term national and social interests, the CFP is essentially undermining the very economic interests it intended to protect. Thus, the 2002 reform emphasized a more balanced approach to the sustainable use of natural resources that incorporated not only social interests but also economic rationality and environmental viability. In the 2008 user guide for the CFP, the European Commissioner for Maritime Affairs and Fisheries characterized the reforms of 2002 as ushering in a state of "optimistic turmoil." ("The Common Fisheries Policy," p. 4) Many initiatives were taken up, yet many problems still exist.

As the next decadal reform draws closer in 2012, it has become clear that previous reforms have had little impact. As of 2007, 29 of the 33 most important commercial fishing stocks in Europe, or about 88 percent, were overfished. ("The Common Fisheries Policy," p. 4) The global average of overfished stocks stands at 25 percent. What contributed to this dismal record? An EU Green Paper in 2009, aimed at promoting public debate about the future of the CFP, pointed to five structural failures: deep-rooted fleet overcapacity, imprecise policy objectives resulting in insufficient guidance for decisions and implementation, a decision-making system that encourages short-term focus, a framework that does not give sufficient responsibility to the industry, and poor compliance by the industry coupled with a lack of political will to ensure compliance. ("Reform...", p. 8) In preparation for the 2012 reform, the Green Paper invited suggestions from stakeholders. In 2010, the results of this consultation were released, to be followed by a legislative proposal in 2011 and reforms implemented by 2013. The following discussion synthesizes the consensus on the major shortcomings of the CFP.

There is general agreement that no long-term conflicts exist between ecologic, economic, and social objectives within the fishing sector. These objectives clash only in the short term. ("Synthesis...", p. 4) A main hindrance is that the CFP was designed to allocate a resource perceived as inexhaustible. As a result, overcapacity remains a major problem. The capacity of the EU fleet is estimated to be twice the available

fish. Even though the number of vessels has declined about 2% annually for 17 years, the technologic creep runs at a similar rate, offsetting efforts to shrink the fleet. ("The Common Fisheries Policy," p. 19)

At the same time, the industry has been propped up for decades by generous public subsidies. By one account, the European fishing industry was paid €3.4 billion in subsidies between 1994 and 2006. Of this amount, 40% was for scrapping existing vessels, yet 48% was directed towards modernization or production of new vessels, clearly undermining any effort to reduce capacity. (Fishsubsidy.org) In some EU countries, the cost of public subsidies has actually exceeded the total value of the annual catch. In effect, these national fishing industries have enjoyed free access to a natural resource while their costs have been picked up by taxpayers through high subsidies. The general public is effectively paying for fish twice, once at the counter and again through taxes. Overcapacity also creates temptations to cheat the system, weakening the economic performance of the entire sector. While a system of transferable quotas such as Iceland's may be an obvious response, European member states have so far rejected the idea due to concerns about the effect on small coastal fishing communities.

Another challenge surrounds policy objectives and decision-making procedures. When established in 1983, the CFP instituted a principle known as relative stability—a member state's share of the TAC should remain constant over time. As a result, when catch limits are set for each species every year, member states have the incentive to bargain for higher limits. Even though countless resources are put into recommending an optimal TAC based on science, the resulting negotiated allocation has exceeded the recommended TAC by an annual average of 40% between 2002 and 2007. ("The Common Fisheries Policy," p. 15) This system of incentives favors short-term bargaining over long-term management.

In short, as long as European fishing vessels struggle to break even, temptations will not subside without the right incentives in place. Quotas will continually be exceeded. Vessel owners will continue to intentionally declare inaccurately low catch quantities to derive the high-

est price for their catch. Lastly, fishermen will continue to discard less desirable fish while at sea in order to maximize the value of the catch, seriously damaging the health of future stocks. With so many European countries experiencing fiscal pressures, reform becomes an even more uncertain endeavor.

Iceland's Accession to the EU: A Nation Still Divided

The coming months have the potential to greatly alter the future of Iceland, in particular its fishing industry. Proponents of the accession reference the economic benefits that would come with Iceland's participation. In May of 2010, Minister for Foreign Affairs and External Trade Mr. Össur Skarphéðinsson delivered a speech to Althingi, the national parliament, in which he declared:

Never before has there been a more compelling reason to find out what advantages EU membership holds. We need stability, we need investment, we need to create jobs, we need to establish as reliable and strong a framework as possible for the labour market and the economy of our country. The European Union is controversial, but it is my firm belief that it is the optimal choice for Iceland in order to reach these goals as soon as possible. All things considered, the European Union has achieved significant success in ensuring stability through low inflation, low interest rates, a healthy business environment and continuous economic growth... We have brought this boom and burst economy on ourselves, and we will also be rid of that if we become a member of the European Union. (Skarphéðinsson, p. 5)

Much has happened since that speech. Europe no longer appears capable of providing Iceland with either a solution to its economic woes or the key to reaching its goals. Furthermore, the recovery in Iceland has alleviated some of the angst felt at the height of the crisis, turning public favor away from the accession.

In joining the EU, Iceland would effectively be giving up a functioning and prof-

itable fisheries system to join a broken one. Iceland would lose control over its EEZ and be forced to share its waters with other EU fishing nations. Despite its small size and perhaps insignificant economic might when it comes to European matters, the success of the Icelandic fishing industry is an example that should speak louder than even the most entrenched European national interests.

There is wide support among European member states for the accession of Iceland into the EU. National polls within Iceland, however, tell a different story. In December 2010, a Gallup survey revealed that 54 percent of Icelanders disagreed with the statement, "Iceland's future should be as part of the EU," compared with 30 percent who agreed. In addition, 62 percent of those surveyed agreed with the statement, "Iceland's interests will be harmed by the EU's fishery policy," compared with 22 percent who disagreed. Lastly, 52 percent of Icelanders disagreed with the statement, "Iceland will be able to keep control of its natural resources" compared with 39 percent who agreed. ("Iceland and the European Union," pp. 7-9) It is still too early to say whether or not Iceland will be able to retain its current system within the context of the EU CFP, but it does not seem likely. Iceland is simply too small an economy to overcome the deeply entrenched interests in Brussels.

Even recently, Iceland has asserted itself in such an aggressive way that it has received a negative reaction across Europe. In 2010 and again in 2011, Iceland has unilaterally expanded its quota of mackerel, sparking a tension called the mackerel wars. (McFarlane) For many in Iceland and Europe, the situation is reminiscent of the cod wars half a century earlier. While Iceland has cited climate change and new migration patterns into Icelandic waters as justification for its drastic increase in mackerel quota, others point to the negative public opinion of the EU accession process as an explanation for such an aggressive move. The last stage of the accession process involves a national referendum in order for Iceland to officially join the EU. There has been some belief that Iceland's instigating of the mackerel wars has been a deliberate move by the Icelandic government to anger the European community and force them to cut off the negotiations. This

would save the current government from an embarrassing defeat in a national referendum and place the accountability for breaking off negotiations on Europe instead, perhaps a welcome outcome. For skeptics, the idea of giving up the full control of the country's most important natural resource is still unthinkable, prompting informed observers to conclude that "negotiations are proceeding but seem increasingly pointless, as accession will almost certainly be defeated in a referendum." (Schulz, p. 9)

Conclusion

In the twenty-first century, Iceland has endured a number of trials that have forced the nation to reconsider its priorities. The accession to the EU would only add the fishing industry to the list of victims. As ambitious and resilient as the Icelandic people are, their hard work and sacrifice in establishing their ITQ system would largely be wasted. A complex, conflict-ridden, and heavily subsidized European

fishing industry will most likely devastate the profitability of the Icelandic industry. The social concerns of those adversely affected by the current system would likely be further exacerbated if Iceland were to join the EU. Iceland needs to make sure that it does not lose sight of the progress it has made when it comes to the ITQ system. As a rare example of a successful fisheries management system, Iceland has succeeded where almost all others continue to fail. In addition, Icelanders will admit they still have some ways to go, another testament to a determined national identity.

With so much speculation surrounding the upcoming process, the people of Iceland can only hope for the expected defeat of the referendum so that Iceland remains outside the sphere of the EU. With fishing still an economic foundation of the country, Iceland would be better off remaining outside of the EU to continue maintaining control of its fishing resources in a sustainable manner.

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