



Balancing local ownership with foreign investment in a small island fishery

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Abstract

The Falkland Islands Government has established a transferable rights management regime for its fisheries resources. The allocation of transferable rights has to be sensitive to economic and social considerations specific to the Falkland Islands. One critical requirement is the need to balance local ownership and control with the need for direct foreign investment and the continued involvement of foreign fishing fleets in the territory's fisheries. Several mechanisms to achieve this balance are contained in recent fisheries legislation. These mechanisms will be of interest to other small island territories facing similar challenges in their commercial fisheries.

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1. Introduction

In late 2005, the Falkland Islands Government passed legislation establishing a transferable rights-based management regime for its fisheries resources. The reasons for the introduction of a rights-based system are predominately economic. The growth of the Falkland Islands economy is significantly affected by the capacity of local fishing companies to take advantage of the globalization of the international seafood market. Participating more fully in the global seafood market means expanding the economic base of the seafood sector by diversifying fishing-related activities undertaken by Falklands-based companies. A system of individually transferable rights is intended to energize a transition from an industry involved in the catching of fish for companies based mainly in

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Europe, to a Falkland's based seafood industry focused on seafood production marketed to a wide range of international markets. A diversified seafood sector also reduces the Falkland Island Government's fiscal risk from reliance on fishing license revenues by ensuring that a greater proportion of private and public sector revenue comes from a range of seafood and related economic activity, for example maritime service industries.

The new regime is also designed to encourage the long-term ownership and control of rights to Falkland Islands fisheries resources by Falkland Islander owned and controlled fishing companies. A key issue is how to ensure the long-term local ownership and control of fishing rights without unduly disrupting current successful joint ventures between local companies and foreign fishing companies. Related to this is the need to maintain on going foreign investment in the development of the territories' extensive fisheries resources. The Falkland Islands do not have the population base to provide the financial investment necessary to develop fisheries from domestic sources.

2. Overview of the fisheries sector

The Falklands Islands are an Overseas Territory of the United Kingdom and are located in the South Atlantic some 400 miles off the coast of South America (Fig. 1). The resident population is 2500 and annual gross domestic product (GDP) is approximately £70 million. It is an open economy with few tariffs or duties and no restrictions on the transfer of capital in or out of the islands. There is no financial or technical development assistance from the United Kingdom and there is full employment.

Fisheries are the largest contributors to the Falkland Islands economy generating approximately 42% of GDP. Two species of squid make up the majority of catch. *Illex* (*Illex argentinus*) squid is caught by a jigger fleet from East Asian countries and *Loligo* squid (*Loligo gahi*) by Falkland Islands registered vessels owned by joint ventures between Falkland Islands and Spanish companies. Catches of all species of squid and finfish have

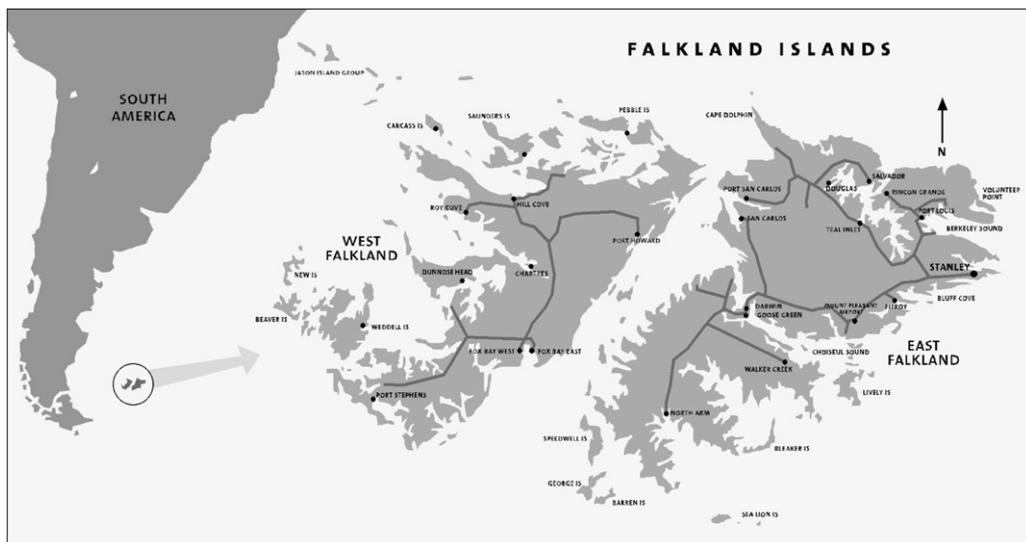


Fig. 1. Map of the Falkland Islands.

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