



THE UPDATE

Captain's Blog



The mysterious link between the Seychelles, the Nobel Prize and fisheries sustainability

A few days ago, two economists at Stanford University in California won the Nobel Prize for Economics for their work on improving auction formats - innovations that provide huge practical applications when it comes to allocating scarce resources.

Paul R Milgrom and Robert B Wilson pioneered work on auctions hailed as benefiting everything from aircraft landing innovations to fishing quota.

According to Seattle-based economic consultant Dr Alister Hunt, who has just published research on the Seychelle's 'Blue Finance' deal that locked up huge amounts of its EEZ, the Nobel Prize win is validation of a property rights approach to fisheries management.

The study, funded by Opes Oceani, and informed by Tom McClurg of Toroa Strategy, examines the series of financial transactions that saw the Republic of Seychelles commit to locking up 350,915 km² of ocean space in a deal with eNGO The Nature Conservancy (TNC) and the World Bank.

That was a deal that shut down 26 percent of the Seychelles EEZ to fishing.

While complex, one of the transactions, the Debt for Nature deal, saw TNC buy the debt the Seychelles owed other countries and loaned the \$21.6 million back at better interest rates and terms in return for the Seychelles promising to lock up a substantial part of their EEZ in Marine Protected Areas (MPAs).

Another transaction, this time from the World Bank, was for Blue Bonds which was a loan to the Seychelles government of \$15 million that went entirely to fund South West Indian

Ocean Fish3 (SWIOFish3), the aim of which was ostensibly fisheries management but also to protect marine areas through MPAs.

The only problem with this is, of the Seychelles 1.34 million² of ocean, the only area of identified as a concern was the Mahe Plateau, which is less than three percent of the EEZ, close to populated areas, and identified as a fisheries management problem.

For this, the Seychelles have promised to tie up almost 30 percent of their EEZ, have increased the country's debt, and have shut off valuable revenue earnings for the country by agreeing to close off ocean space.

Even more interesting, is that the Seychelles had already committed to preserving 30 percent of their ocean space even before the World Bank and TNC became involved. The only difference now is they have given up sovereignty, owe more money and have foregone potential revenue from fisheries.

Dr Alister Hunt concluded, as the FAO has also concluded, that a fisheries management system based on property rights is an optimal solution for small island countries looking to protect the oceans that surround them.

This week is NZ Sustainable Seafood Week and the Marine Stewardship Council is celebrating, as we are, that 70 percent of New Zealand's deepwater fisheries are MSC certified as sustainable, and of all our landings, 94 percent come from sustainable fish stocks.

The Quota Management System and other property-rights-based fisheries management systems have proven their worth worldwide. They provide food as well as protect the marine environment.

Hugely wealthy environmental groups will not stop at the Seychelles.

Dr Hunt's research paper was aimed squarely at Pacific Island countries, who joined a conference call on Tuesday to hear him explain his work.

His best advice to the Pacific is, as tempting as the deal seems, do your homework.

Sometimes if it seems too good to be true, it is.



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