

# **THE FUTURE OF THE MARKET BASED APPROACH TOWARDS QUOTA MANAGEMENT IN THE UK - THE CASE OF THE SHETLAND ISLES**

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## **Executive Summary**

Community quota schemes (CQS) have been introduced in some UK fishery-dependent areas in an attempt to address the detrimental effects of the current market based approach to quota management. The most established and largest scheme operated in the Shetland Isles, where concerns grew that as the trade in quota developed, local quota holdings would be traded out-with the community to the detriment of the island economy and its inhabitants.

Shetland Islands Council (SIC) setup the CQS to preserve and improve fishing opportunities within Shetland, and to allow young fishermen to affordably gain access to the local industry. Significant quota holdings were purchased from other areas of the UK and Shetland fishermen were given preferential access to this quota at a nominal price. The Shetland CQS attracted considerable attention, and, after an investigation by the European Commission (EC), the scheme was found to contravene European Union (EU) State Aid law.

Subsequent enforced changes to the CQS ensured the competitive advantage of Shetland's catching sector was almost entirely removed. Both before and after the EC ruling the CQS failed to encourage new vessel builds or increase employment. The scheme did however ensure a degree of protection at a time when external shocks such as stock recovery measures, low quotas, high fuel prices and poor quay-side prices all had a negative impact on vessel earnings and investment.

Whilst Shetland fishermen accepted the reasons behind the EC ruling, they raised legitimate concerns that the current Fixed Quota Allocation (FQA) method was not sufficient to protect vulnerable fishing communities such as

Shetland, insisting a fairer and more sensible method of allocation be put in place. Fishermen generally dislike the lack of transparency surrounding ownership rights and the financial costs attached to the FQA system, a view shared by many within the UK fishing industry.

The current FQA approach fails in the following respects:

- Lack of clarity of ownership
- Confusion over property rights and responsibilities of quota holders
- Does not provide of a liquid and transparent market in fishing opportunities
- Inhibits investment and long-term planning

The Shetland experience suggests UK Quota management is at a crossroads. While an ITQ system would address many of the apparent failings of the FQA approach to quota management, the socio-economic impact for vulnerable fishing communities such as Shetland could prove considerable. Fisheries managers have a choice between a formal 'ITQ' system and a more community-based approach.

## **Introduction**

The purpose of this paper is to;

- a) Provide a brief overview of the current UK quota management system
- b) Highlight some of the implications of the current FQA approach for UK quota holders
- c) Describe the evolution of the Shetland Community Quota Scheme (CQS) and assess its effectiveness
- d) Discuss whether CQS's can play a lasting role within the UK quota management system.

## **Methodology**

Many of the findings contained within this paper originated from a research project<sup>1</sup> commissioned by the Scottish Executive Environment and Rural Affairs Department (SEERAD). The aim of the research project was to evaluate the effectiveness of the Shetland CQS, and formed part of a wider research programme to analyse the effectiveness of community quota schemes in the UK. Research methods involved desk-based background research and face-to-face interviews with stakeholders from the Shetland catching sector, including fishermen, vessel agents, members of the onshore sector and Shetland's Fish Producers' Association (SFPO).

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<sup>1</sup> The Shetland Community Quota Scheme (CQS) review (Anderson, J) Research report commissioned by SEERAD (October 2005)

## 1.1 The UK Quota Management System – An Overview

UK fisheries management decisions are bound by international obligations under the EU Common Fisheries Policy (CFP). The main aim of the CFP is the sustainable exploitation of fish stocks controlled through management policies designed to protect the commercial species targeted by the EU fishing fleet. Importantly, some powers are maintained by the Member States concerned.

The main 'output control' of fisheries management in Europe is the annual allocation of Total Allowable Catches (TACs) and quotas. TACs for each fish stock are determined by species and area, and are then divided into national quotas according to a set allocation mechanism known as 'relative stability'. This mechanism ensures TACs are allocated to each Member State based on their historic fishing rights, and are currently set annually at the December EU Fisheries Council meeting.

The devolved management of fish quota within the UK is predominantly conducted through Producer Organisations (POs). The role of the POs is to manage catch quotas for their members in addition to implementing CFP market regulations (e.g. marketing, withdrawal prices) within the constraints of the overall system. POs regularly trade quotas with each other to facilitate trade between members and to help ensure the whole quota allocation is taken. There are currently 20 POs located around the UK, some of which have already moved to an ITQ-style system.

Prior to 1999, UK quota allocations were based on the individual track record (fishing performance) of fishing vessels over the previous three years. Confusion with this allocation method led to a system of Fixed Quota Allocations (FQAs) being introduced. The FQA system was based on the track records of vessels during a fixed reference period (1994 to 1996). FQAs (measured in quota units) are set annually for specific stocks and areas (e.g. North Sea IVb cod) based on the current years TAC. The FQA is a percentage allocation of the total quota available for a particular species within a defined area. If, for example, North Sea cod quota doubles from

2005 to 2006, then the quota associated with each North Sea cod FQA unit should also double.

## **1.2 Implications of the FQA approach for UK quota holders**

Although the current FQA system has some of the features of property rights, the legal status of FQA units is uncertain. Despite these uncertainties, an active trade in FQAs between private individuals and POs has developed throughout the UK. Trade in quotas began in 1995, and increased dramatically in 1999. The current FQA system also facilitates the leasing of quota, which can either be for a single year or a number of years.

There is little doubt the advent in quota trading has resulted in a more efficient use of fishing opportunities which has helped facilitate the concentration of vessel and quota ownership in the UK fleet over the last decade. However the current system still presents industry and fisheries managers with several problems. Ownership of fishing rights is a cause of uncertainty because although FQA units can be bought and sold, the quota holder does not have a legal entitlement to the quota, which remains in the hands of the UK government. It is claimed this causes uncertainty surrounding investment and long term planning within the catching sector, although other factors such as restrictive management policies and the high cost of fuel are also partly to blame.

The current FQA system has led to FQA units being held out-with the active catching sector. So called 'slipper skippers' (retired or ex fishermen), quota traders, and even those without a particular fishing concern (e.g. financial institutions) are engaged in leasing quota to active fishermen. Those within industry have their own views on whether FQA ownership out-with the active fleet should be allowed. The majority of UK fishermen view quota leasing as an unnecessary man-made cost that contributes to poor financial performance associated with the whitefish fleet. Those who are required to spend significant amounts on quota leasing are dismayed that the system has been allowed to develop in this way. Vessel owners who have already

invested significant amounts in quota purchase hope the value of their investment (FQA units) does not reduce in line with TACs each year.

In March 2004 the Prime Minister's Strategy Unit published a report<sup>2</sup> aimed at securing a sustainable and profitable future for the UK fishing industry. The report had the following to say about the problems associated with the current UK quota management system;

- *“The current [FQA] system is confused and confusing. FQAs have some of the features of property rights but their legal status is uncertain. This uncertainty inhibits investment and long-term planning.”*
- *“The current FQA system provides neither clarity of ownership, and accompanying rights and responsibilities, nor a liquid and transparent market in fishing opportunities which would promote the efficiency necessary for the UK fleet to compete in world markets.”*

In addition, a recent industry survey<sup>3</sup> identified that many fishermen share this view;

- *“75% of fishermen are dissatisfied with the current quota management arrangements (including the QM system, level of quotas, and other management measures)”*
- *“71% believe the current quota management arrangements restrict their investment decisions and long term planning”*

It has become clear the current FQA system, while featuring many of the same aspects as an ITQ system, fails in the following respects:

- Clarity of ownership
- Confusion over property rights and responsibilities of quota holders
- Provision of a liquid and transparent market in fishing opportunities
- Inhibits investment and long-term planning.

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<sup>2</sup> [Net Benefits: A sustainable and profitable future for UK fishing](#) (March 2004)

<sup>3</sup> Can Individual Transferable Quotas (ITQs) Benefit the UK Fishing Industry? Jim Watson; University of Edinburgh Management School (March 2005)

At the beginning of 2005 the four UK fisheries administrations provided their response<sup>4</sup> to the 'Net Benefits' report. 'Securing the Benefits' stated that UK fisheries managers would undertake the following actions;

- *“Address the role of quota management in relation to vulnerable fishing communities”*
- *“Promote transparency, and individual accountability, in the arrangements for the allocation and holding of quota”*
- *“Provide greater clarity and certainty with regard to the ownership of quota”*
- *“Address the holding and use of quota by the active UK fleet”*

The four UK fisheries administrations are jointly developing a programme that will initiate change within the current UK quota management arrangements over the coming years. As well as looking at ways of providing increased certainty surrounding individual fishing rights and improved transparency in quota trading, the potential for reform also covers the scope for, and management of Community Quota Schemes (CQS). Measures to support fishing dependent communities that are compatible with EU law are currently under consideration.

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<sup>4</sup> [Securing the benefits: the joint UK response to the Prime Minister's Strategy Unit \*Net Benefits\* report on the future of the fishing industry in the UK](#)

## **2.1 Community Quota Schemes**

As the trade in quota developed within the UK, fisheries dependent communities were (and still are) concerned that owners of decommissioned vessels would have to sell their quota entitlement out-with the local area to where it could be more readily afforded. The fear was that fishing entitlement would effectively 'leak' from the community resulting in fewer fishing opportunities, fewer vessels and a lower level of income. In response, Community Quota Schemes (CQS) have been introduced in certain 'fishery dependent' areas to try and sustain local fishing fleets and safeguard fishing opportunities for future generations. A CQS is essentially a scheme implemented by local communities to purchase and distribute fish quota in a way that benefits local fishermen. There are currently 4 CQS operating in the UK. This paper examines in detail by far the largest scheme, which operates in Shetland. Similar schemes also run in Orkney, Cornwall and the Isle of Man, however none are of the same scale as the Shetland regime, operated by the Shetland Fish PO (SFPO). The SFPO have actively acquired collective quota for use by its members for a number of years.

## **2.2 History of the Shetland CQS**

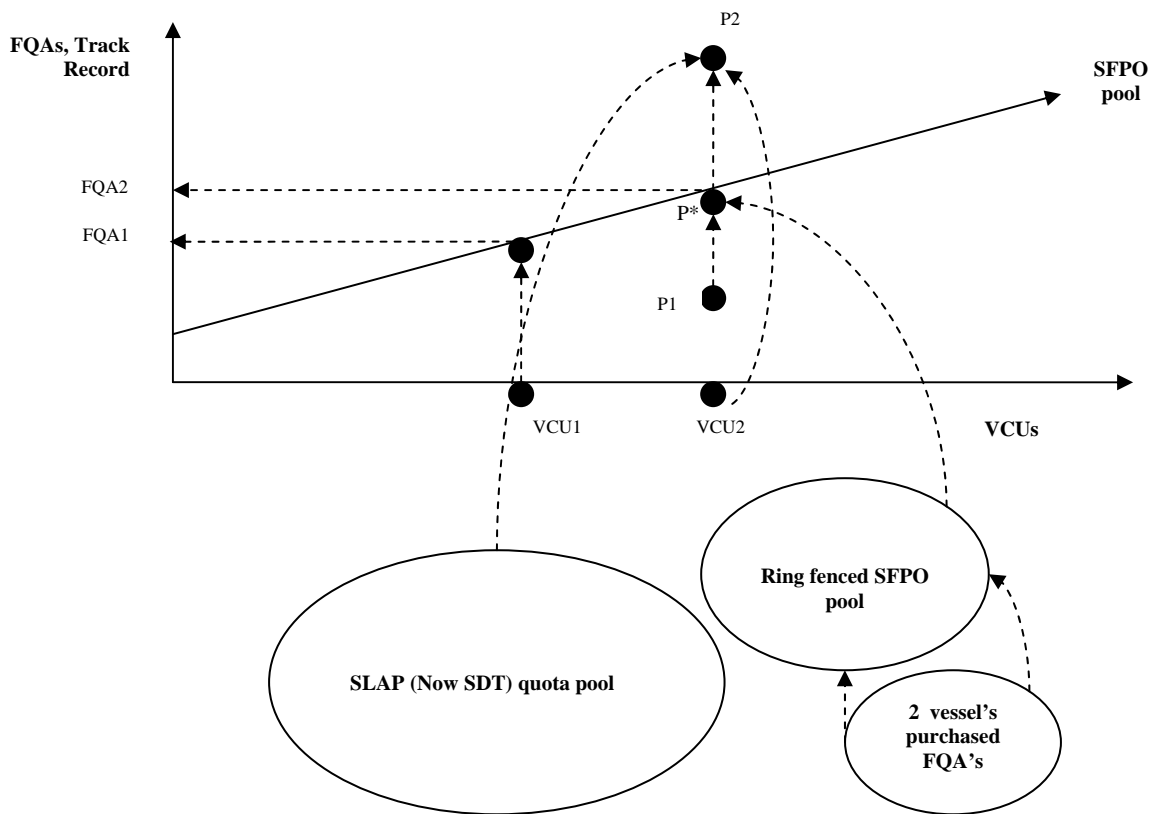
In 1993 Shetland's Whitefish fleet faced severe financial difficulties, mainly due to a lack of quota amongst the local fleet. In response, the SFPO borrowed to purchase two fishing vessels with large quota holdings, financed through an extra levy paid by member vessels. The vessels were sold out-with Shetland, including licence but without quota entitlement. This additional quota was not allocated to individual vessels but instead attached to a 'dummy vessel', effectively meaning the quota would remain 'ring-fenced' or 'pooled' within the PO. The intention was to allow the quota to be accessed by current and future members only, through a swap system, as required. The investment was deemed controversial because the SFPO became the first PO in the UK to hold quota in its own right. Purchasing the quota proved both necessary and successful, at least from a Shetlanders' perspective. Since 1993 the FQA holdings of five whitefish vessels were acquired using this method, forming what was known as the SFPO 'ring-fenced' pool.

The Shetland 'ring-fenced' system operated successfully until the end of the 1990's. At that point SIC decided to purchase quota holdings worth an estimated £17m through its commercial arm 'Shetland Leasing and Property' (SLAP)<sup>5</sup>, funded by the islands oil reserves. As before, the decision to investment in further quota holdings was seen by many as a controversial move, particularly by other UK POs. SIC maintained the quota was purchased to ensure there were sufficient fishing opportunities to maintain fleet viability and encourage more vessels to enter the local industry. In order to allocate the quota fairly amongst members, the SFPO devised a system that established an allocation method for vessels using both the SFPO 'ring fenced' and 'SLAP/SDT' quota pools.

To describe how the SFPO administered its quota during this time, consider the scenario of a Shetland fishing crew with a new vessel and licence but without any FQA units. The vessel has a certain number of Vessel Capacity Units (VCUs) but no FQAs (point VCU2 in figure 1). With no FQA units, the vessel owner must either purchase or lease enough quota to enter the SFPO 'ring fenced' pool (at point P\*, where VCU2 meets FQA2). Assuming, as in most cases, the vessel had insufficient funds to purchase quota directly, they could lease quota from the 'ring-fenced' pool to gain access. This was unique to the Shetland system as fishermen could effectively enter the SFPO without any FQAs, providing they pay the required levy. Most other POs require some form of track record (FQAs) before entry is considered. It was decided vessels entering the SFPO 'ring fenced' pool without *any* FQA units would be charged a certain percentage to lease the quota (still a significant barrier to entry) in addition to a small administration charge. The more FQA units (e.g. P1 in Figure 1), the lower the levy required. In order to reach point P\* the vessel would be charged on a sliding scale basis.

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<sup>5</sup> now Shetland Development Trust (SDT)



**Figure 1: The 'pooled' Shetland quota system in operation**

The SLAP/SDT quota was essentially an additional source of quota that vessels used to augment individual quota allocations when the need arose i.e. a safety net. Before the introduction of the SLAP/SDT quota scheme, if the SFPO 'ring fenced' quota pool was fully allocated, the SFPO would be required to undertake quota swaps with other PO's in order to allow the SFPO's members to continue fishing legally. If the SFPO was unable to obtain additional quota on behalf of its members, fishermen had two options; a) dump their catches at sea b) attempt to land fish illegally. Under the SLAP/SDT system, if a vessel used up its quota e.g. the vessel has used up their own as well as their share of the SFPO's 'ring fenced' quota, they then had access to the SLAP/SDT quota pool to fall back on. The ample availability of the SLAP/SDT quota ensured the need for dumping at sea or illegal landings was almost entirely removed. Perhaps most importantly, the SLAP/SDT quota was made available to Shetland fishermen only at a preferential (well below the current market) price.

### 2.3 Enforced changes to the Shetland CQS

In 2001, the European Commission (EC) received complaints about the Shetland CQS from sources within the UK fishing industry. The sources argued that the purchase of the SLAP quota by SIC had caused the price of certain UK fish quotas to increase substantially. Subsequent investigations<sup>6</sup> into the Shetland CQS by the EC confirmed that the scheme did indeed constitute unlawful state aid. After a lengthy investigation the EC ruled that because the aid concerned was provided preferentially, allocated selectively, and because it was deemed 'operational' aid, the system was not allowed under Community rules. Cases of unlawful aid usually require the full recovery of any funds paid, irrespective of the consequences. In this instance however, the EC did not require the recovery of the aid received by Shetland fishermen. The funds used to finance the Shetland CQS were not in fact SIC's own reserves but funds generated through an agreement with the oil companies based at the Sullom Voe oil terminal in Shetland. For many years SIC, the UK government and the EC itself believed the funds were private funds, and it was only upon closer inspection it was revealed the funds did in fact, constitute state resources. Because there was a legitimate expectation by all parties concerned to believe the funds to be private, the decision was taken not to require the aid to be recovered.

Without getting embroiled in a detailed and technical description of the EC decision, the European Commission concluded the following;

- *“The aid reinforced the competitive position of those involved in the Shetland CQS to the detriment of those out-with the scheme”*
- *“As the quotas originated within the CFP, the quotas granted rights to fisheries products sold on EU markets and therefore distorted competition within the Community market”*
- *“Because the scheme was not compatible with the rules of the Common Market it had to be stopped by ending the preferential leasing arrangements afforded to members of the SFPO”*

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<sup>6</sup> [http://www.europa.eu.int/comm/fisheries/news\\_corner/press/inf03\\_19\\_en.htm](http://www.europa.eu.int/comm/fisheries/news_corner/press/inf03_19_en.htm)

In order to allow access to the SLAP/SDT quota pool to continue, the SFPO had to make some significant modifications to the CQS. Firstly, it was decided that all quota would be pooled together (i.e. SLAP/SDT, SFPO 'ring-fenced' quota and all members' individual quota holdings). Any unused quota is now either leased or swapped with other PO's. Secondly, the price preference afforded to local fishermen was removed. The SFPO and SLAP/SDT set in place a price agreement in January 2004 whereby the SFPO would ensure, using a variety of methods, that quota leasing prices were set at the current market rates. This was done by taking into account current market indicators and trends such as time of year and quota availability, and also by monitoring prices through other POs and quota traders. The SFPO also ensured the payment system was transparent and was made available for inspection by SLAP/SDT as required. Finally, the allocation preference for SFPO members was removed. Following these reforms, any applicants who can demonstrate their vessel to be UK registered, have the required quota units and have an economic link to the UK or UK businesses has equal access to the quota pool. Although no formal approval of the new setup has been sought from the EC by Shetland, SIC and the SFPO are confident they have satisfactorily addressed the issues affecting compliance with state aid laws.

#### **2.4 Shetlands response to the EC decision**

The catching sector offered different feelings towards the Commissions ruling. While the majority of skippers accept the ruling and the reasons behind it, others still believe the money used to purchase the SLAP quota belongs to the Shetland community and therefore they should be able to decide who gets access to the quota and at what price. Shetlanders believe other fishing communities throughout the UK looked upon the Shetland CQS with a degree of envy, and as a result contrived to have it altered.

Perhaps most importantly, the absence of the SLAP scheme from the outset is likely to have resulted in many vessels becoming unviable, leading to an estimated 20% of owners either selling up or decommissioning their vessels. Lower fleet revenues and expenditures would undoubtedly have caused a

considerable negative knock-on impact for the onshore sector in terms of income and employment. The introduction of the SLAP/SDT quota scheme has ensured a higher level of income and expenditure by the Shetland fleet by maintaining its size, to some extent abating the considerable decline in vessel numbers that was already taking place within the UK catching sector, largely due to two rounds of decommissioning.

Even in its current form, the SLAP/SDT quota system seems to have had an overall positive impact on Shetlands' catching sector. Fishermen are relieved they can go to sea without the worry of having sufficient quota for each trip, as this is no longer a major issue. Quota rental can be achieved easily, giving fishermen peace of mind, something they have been without for some time. Importantly, due to the introduction of the SLAP/SDT quota scheme, the trade in illegal landings has virtually disappeared in Shetland. All whitefish landed in the Islands now goes through an auction market, which has had a generally positive impact on the prices received by the catching sector.

The SLAP/SDT scheme helped insure employment levels remained fairly constant in a period when more job and vessel losses were expected. There have, however, been no new boats introduced into the fleet (although one has recently been built) and there has been just one replacement vessel since the EC ruling. Vessel owners in Shetland have however attributed the preferential scheme as the catalyst to ensure funds were available to improve the safety of their operations. Safety on board has improved on some existing vessels and crew sizes have also increased making each fishing trip safer.

The availability of the SLAP/SDT quota means fishermen are now able to earn higher revenues as they have the ability to catch more fish. However these additional revenue streams are largely offset against the additional cost of leasing the required quota. A vessel's current annual leasing costs can be anything up to £100,000 per annum. When compared to average gross earnings of £550,000<sup>7</sup> for a typical whitefish vessel, leasing costs represent a

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<sup>7</sup> Shetland Seafood Industry Review (Curtis H, Anderson J and Morris C) commission by Shetland Islands Council (September 2005)

significant proportion of fishing income. Since the EC ruling, paying the current market price for quota has seriously affected vessel profitability, especially when coupled with the additional costs of days at sea leasing, the hike in fuel prices as well as ‘income-capping’ stock recovery measures such as the cod recovery plan. It appears parity with the rest of the UK fishing fleet in a competitive sense has been restored.

Shetland fishermen are aware the possibility of returning to the SLAP/SDT system of old is remote, and they also struggled to suggest any further changes to the current system. Indeed, it remains unclear how the system can be adjusted within the boundaries of EU state aid regulations in a way that would provide a greater benefit to the Shetland community.

**Figure 2: Shetlands’ CQS before and after the EU ruling**

<b>Before the EU ruling</b>	<b>After the EU ruling</b>
<ul style="list-style-type: none"> <li>Fishermen could lease CQ at a preferential rate (below current market rate) giving a competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Quota from the CQ pool can now only be leased at current market rates</li> </ul>
<ul style="list-style-type: none"> <li>Quota was made available to Shetland fishermen only, giving another competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Quota <i>now equally accessible</i> to fishermen out-with Shetland</li> </ul>
<ul style="list-style-type: none"> <li>Provided opportunity for young/new fishermen to join the SFPO without FQA units by leasing from CQ pool</li> </ul>	<ul style="list-style-type: none"> <li>Still provides this opportunity albeit at the current market rate. However there very little in the way of new entrants into the Shetland fleet<sup>8</sup></li> </ul>
<ul style="list-style-type: none"> <li>Removed the need for illegal landings or dumping at sea through realistic quotas</li> </ul>	<ul style="list-style-type: none"> <li>Appears to still be the case, providing the CQ pool is not fully used</li> </ul>
<ul style="list-style-type: none"> <li>SLAP/SDT earned a nominal rate of return</li> </ul>	<ul style="list-style-type: none"> <li>SLAP/SDT now earn higher rate of return (market rate)</li> </ul>

It is clear the SLAP scheme (both before and after the EU ruling) failed to encourage new entrants into the industry, but *has* offered a degree of protection to existing members of the Shetland catching sector and related onshore industries.

<sup>8</sup> 1 boat replaced, no new boats, safety reportedly improved

### **3.1 Conclusions from the Shetland Experience**

The Shetland CQS was setup to safeguard fishing opportunities for future generations of fishermen in Shetland. It was originally hoped the system would provide a way for new and young fishermen to enter and progress in the industry without a prior track record in commercial fishing. Given the financial climate, the developing trade in quotas and the significant barriers to entry associated with starting up a new fishing business, the CQS was deemed the best way forward for the Shetland catching sector. Because the EC ruled the funds used to purchase the SLAP/SDT quota constituted illegal state aid, it has become much harder to fulfil the objectives of the CQS in the manner it was originally intended. Shetlands' CQS now struggles to do the very thing it was setup to do, although young vessel owners can still become members of the PO without any track record, thanks to the availability of the SLAP/SDT quota pool.

If the SLAP/SDT scheme continued as before the EC ruling the likelihood of the scheme fulfilling its objectives of enabling new vessel owners to enter the fleet would be greater because the required level of investment to gain access would have been considerably lower. The fishermen could simply rent the SLAP/SDT quota at a favourable rate, freeing up funds to make alternative investments.

The scheme, in its current form, provides little incentive for fishermen to enter the industry; it's simply easier to enter than other POs. The Shetland CQS makes it possible for the fishermen to enter the industry without a track record, but the leasing costs are now the same as everywhere else in the UK.

Shetland fishermen generally dislike the current FQA approach to quota management. They prefer a more community orientated approach, such as the SLAP/SDT scheme before the EU ruling. They would also like to see quota being taken out of the hands of none active ex-vessel owners and other non fishing interests to be returned to local communities. They feel if this happened, quota costs would reduce as demand would be much lower, removing, in their opinion, an unnecessary man made cost. If every producer

organisation had the access to a large pool of quota, there would be no false demand and no inflated prices. This would free up a significant share of a vessels annual expenditure.

The majority of the Shetland fleet accept the EU decision and acknowledge they are not disadvantaged, just no longer significantly advantaged. They simply want to have more control over their own area and ensure fleet numbers are boosted sufficiently to climb above the minimum threshold of whitefish vessels that currently populate Shetland's ports.

### **3.2 Can CQS's play a lasting role within the UK quota management system?**

The Shetland experience suggests that because the SLAP/SDT quota pool was funded with public money it is incompatible with EC law and therefore similar schemes will suffer the same fate in the future. Since the EU ruling new measures have been put in place to remove the competitive advantage gained by the Shetland fleet, and as such the term CQS no longer really applies. The only difference between the Shetland PO and other POs is that Shetland as a region now holds a disproportionately high level of quota given the catching capability of the fleet.

Although local authority ownership of quota is permitted by the EC, as SIC used the quota to provide state aid in the form of an operating expense and not a capital asset, the aid was deemed illegal. It remains unclear how a system could be devised whereby Local Authorities (LAs) could legally purchase quota and provide it preferentially to local fishermen. In each case it would come down to legal interpretation of such a scheme.

UK fisheries departments are currently looking at ways to improve the current Quota Management system in a way that balances both the economic and social objectives of the UK fishing fleet. Given that community schemes, at least in the form of the SLAP/SDT scheme, have had limited success against the backdrop of a poor financial climate and restrictive management regime, fisheries managers appear to be limited in their future choices. The question

is: Do we create a system that allows the individual ownership and tradable rights of quota or maintain and reform the current system to ensure quota remains a state resource with the emphasis placed on protecting fishery-dependent areas?

A move closer towards a formal ITQ style system could introduce individual ownership rights for quota holders and address many of the problems associated with the current FQA approach to Quota Management. Ownership of quota could be restricted to specific 'active' fishing interests, and rules put in place to regulate quota trading. The problem is there would still be insufficient safeguards to stop quota being traded out-with vulnerable fishing communities. In addition, under an ITQ approach the increased transparency surrounding ownership rights is likely to increase the cost of quota even further, creating an even bigger barrier to entry than under the current FQA system. In most cases, tradable quotas would simply go to the highest bidder.

Fisheries managers are currently assessing the possibility of introducing smaller scale community schemes compatible with EU law. Pooling quotas is allowed as long as such a scheme is financed privately. As long as sufficient 'pooled' quota is made available to satisfy the demands of the local fleet, fishermen would be safe in the knowledge they have access to enough quota to ensure their businesses remain viable. As such an operation would be financial privately; the decision on who gets access and at what price could be made locally and for the benefit the local fishing industry. The role of onshore support businesses such as vessel agents and fish processors could play a pivotal part in securing future fishing opportunities for the most vulnerable fishing communities.