

Consequences of Recovering Enforcement Costs: The Fisheries Case

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Abstract

The recovery of management cost is an important but often overlooked topic. However, in fishery management, fishery management costs from the fishing industry are becoming increasingly common among the fishing nations of the world. Countries such as Australia, Canada, and New Zealand have led the way in applying user charges and other cost recovery mechanisms in their commercial fisheries. The United States and other countries have increased their use of cost recovery for fisheries management in recent years. Although some aspects of cost recovery mechanisms are well studied and documented, there remain some important consequences for fisheries policy that have not been adequately studied. To partially address this gap in knowledge, this paper investigates how cost recovery in the form of a user charge influences producers' behavior and optimal policy for managing a fishery. This is done by extending our earlier economic analysis of fisheries law enforcement to examine the economic and policy consequences of using a royalty on production to recover the costs of enforcement services for fisheries management. We find that who pays and how they pay for governance services influences economic performance of a fishery, as well as the nature and extent of governance expenditures.

Keywords: Fisheries economics, fisheries management, cost recovery, fisheries law enforcement