Oceans of trouble: Domestic influence on international fisheries cooperation in the North Atlantic and the Barents Sea

Áslaug Ásgeirsdóttir
Bates College, aasgeirs@bates.edu

Follow this and additional works at: https://scarab.bates.edu/faculty_publications

Recommended Citation
Ásgeirsdóttir, Á. (2007) 'Oceans of Trouble: Domestic influence on international fisheries cooperation in the North Atlantic and the Barents Sea.' Global Environmental Politics, 7(1), pp. 120-144+vii. DOI: 10.1162/glep.2007.7.1.120
Abstract

How do states allocate joint fish stocks that straddle international boundaries? What factors determine who gets what during international negotiations between fishing states? These questions strike at the heart of the literature on international cooperation, and thus answering them will shed light not simply on international and transboundary fisheries management but also on the general challenges of international cooperation. This paper examines how domestic groups influence negotiators and thus the ultimate terms of international agreements. The research focuses on seven agreements spanning 20 years signed by Norway and Iceland managing four shared fish stocks that straddle national and international waters. The main conclusion suggests that a state with a powerful domestic interest group usually gets a more favorable agreement when negotiating with a state with a weaker domestic interest groups.

1. Introduction

Between 1980 and 1999, Iceland and Norway, along with other states, signed seven agreements aimed at dividing shared fish stocks. These seven agreements represent all the distributive agreements the two states have signed to allocate and manage four shared fish stocks: Icelandic capelin, Norwegian spring-spawning herring, Arctic cod, and deep-sea ocean perch. While the conflicts between Iceland and Norway have been solved and the solutions successfully implemented, these agreements vary greatly in how much each state gets allocated of the Total Allowable Catch (TAC), as shown in Table 1.

[Table 1 about here]

This difference in the distributive outcomes of negotiations involving the same states, negotiating within the same issue area begs the question: What explains variation in allocation, which is found both across stocks, and in the case of capelin, over time? Answering this question empirically requires a close look at the actual bargaining process and the constraints negotiators face in reaching an agreement.

When analyzing how states divide a common resource, the role of domestic politics is prominent. When negotiating fishing rights, the governments entering into agreements must consider the will of their own fishermen, who by and large are private actors. Any agreement on dividing shared fish stocks directly impacts the economic viability of these
private interests. If government negotiators fail to accommodate the fishing industry, fishermen can render an agreement ineffective in two ways. First, fishermen can cheat. Because of the low marginal cost of fishing, the high cost of monitoring and enforcing agreements, and the lack of information about the resource, cheating is always going to be a threat to any agreement. Second, fishermen can impose political costs on the government by protesting an agreement.

Explaining the different distributive outcomes across stocks and over time will proceed on two levels. At the international level, it is usually clear from the beginning of the negotiations which state should get the largest share of the resource. As “Section 3—The Role of International Law” shows, this decision is based on whether or not the participating state is a coastal state and where most of the stock resides. However, these principles cannot explain the choice of a solution concept that serves as a baseline for allocation, a decision crucial to explaining the final distributive outcome. At the international level, the Law of the Sea regime provides states with solution concepts, such as historical rights or scientific considerations, that they can apply to allocate straddling stocks. Each negotiating round entails choosing a solution concept to determine a baseline for the distribution of a stock as explained in “Section 4—How Domestic Politics Matter.” The selection of a baseline affects the final distributive outcome of the negotiations and thus has significant economic consequences for domestic fishermen.

Departing from other accounts of domestic sources of international cooperation, which emphasize institutional variation such as legislative ratification constraining negotiators, I argue that societal factors—specifically organized interest groups—provide the important bargaining constraints for negotiators. I show that interest group presence on the negotiating committee directly affects the selection of a baseline and thus impact the distributive outcome of the negotiations. Interest groups in Iceland and Norway representing the fisheries are crucial players in the bargaining process at two time-points. First, prior to entering negotiations, government officials meet with interest group leaders to decide what negotiators will ask for in the negotiations and what they can accept as a counteroffer. Second, interest groups have representatives on the actual negotiating committees, and can thus discuss offers and counteroffers as they are presented.

However, interest group presence on the delegation is not enough to ensure influence on the choice of a baseline. Ultimately the power of the interest group vis-à-vis the government impacts the interest groups ability to get what it wants. That is, a powerful interest group will have a better chance of constraining the government delegation than a weak interest group. More constraints translate into a narrower bargaining space, which gives the government less freedom to make and receive offers without consideration of the interest group. But in the case of a weak interest group, government delegates will have a freer reign to accept and receive offers to achieve the goal of solving a conflict, without having to worry about possible domestic political costs. Hence a change in the relative bargaining power between interest groups and government officials domestically affects the ability of interest groups to constrain government negotiators in the international arena. An interest group that is losing power is less constraining for negotiators as it is less able to threaten political problems when interest group does not like the deals the government is proposing at the international level.

4. A constraint on a negotiator translates into bargaining strength for the constrained nation as it narrows the bargaining space and thus allows a negotiator to reject offers by citing domestic concerns over the offer. See for example Putnam and Bayne 1984; Putnam 1988; Evans, Jacobson and Putnam 1993; Mo 1994, 1995; Milner 1997; Martin 2000; and Tarar 2001.
Specifically, Icelandic interest groups have remained powerful domestically throughout the 1980s and 1990s, while a decline in power of the key Norwegian interest group has made it less able to secure favorable policy outcomes in its dealings with the Norwegian government. At the international level these changes in power domestically have led to Iceland increasingly getting a better deal than Norway in negotiations over allocation of shared fish stocks.

This paper proceeds in the following manner. First, I discuss the theoretical literature on the domestic sources of international cooperation. Second, I discuss how the Law of the Sea influences the outcome of negotiations. I then move on to the empirical study of the negotiations between Iceland and Norway, where highly organized and involved interest groups set constraints on negotiators before and during international negotiations. In this section, I discuss the source of interest group power, as well as how the power and ability to influence policy has changed over time. Finally, I show how interest group participation in the negotiations has influenced the selection of the baseline for the negotiations, which in turn influences the distribution of catch allocations.

2. Bargaining Constraints and Political Costs

Theories of how domestic politics influence international cooperation have proliferated in recent years. But a generalizable theory has not emerged as to who and what helps or hinders states in the bargaining process. Scholars have pointed to an electoral connection, ratification procedures and the role of domestic constraints, specifically veto players as influencing the outcome.

In the case of Iceland and Norway, electoral considerations have not influenced the distributive outcome of the negotiations. Upcoming elections in Iceland seem to have made the 1999 cod agreement possible, but the elections did not influence the actual distributive outcome. Furthermore, formal ratification by the legislature cannot explain the variance in the distributive outcomes of the negotiations between Iceland and Norway either. Formal ratification procedures are thought to constrain the bargaining space, i.e. the room negotiators have to reach an agreement. Required ratification has been shown to lead to a better result for the state that has a formal ratification procedure. In the case of Iceland and Norway there is no evidence that legislative ratification matters for the negotiating outcome.

The third strand of research on domestic influence on international cooperation focuses on the role of domestic constraints in defining the bargaining space. Broadly speaking these constraints can be thought of as veto players, defined as individuals or institutions whose agreement is required for a change of the status quo. The status quo in this case being unregulated fishing. Jongryn Mo argues that domestic pressure can constrain a negotiator, and the level of constraint depends on the distribution of power between the negotiator and the domestic interests. In a later paper, Mo argues that negotiators can impose domestic constraints on themselves by granting veto power to an agent (e.g. an interest group). His model also finds that if the preferences of the agent and the bureaucrat differ too greatly, the agent will not get veto power. There is evidence of this happening once

in the negotiations between Iceland and Norway. By having interest groups as an integral part of the negotiating committee, both Iceland and Norway narrow their bargaining space and thus restrict their alternatives to make and accept offers. But in the case of the 1999 cod agreement, the two governments decided to leave the interest groups out of the negotiation committees because their preferences were too far away from the preferences of the government, especially in Norway.

All of the above work has one fundamental shortcoming in that it looks only at what happens when one state is constrained by domestic factors in the negotiations. The other state in the bargaining process is assumed not to have any constraints at all. Tarar extends the work on the impact of domestic constraints on distributive outcomes and develops a model where both states have domestic constraints on their ability to make and accept offers. He shows that if one negotiator has high domestic constraints while the other negotiator only has moderate or low constraints, the highly constrained negotiator will have a bargaining advantage when bargaining with a less constrained party. Tarar’s result is applicable to the negotiations between Iceland and Norway. It is clear from the evidence that Iceland is more constrained by its powerful interest groups than Norway, whose key interest group loses power in the 1980s and 1990s. These factors have a direct influence on the outcome, giving Iceland a bargaining edge against Norway.

Bargaining constraints can be defined as a negotiator’s ability to receive and make offers. That is, at the beginning of negotiations, most states have a mechanism to decide how much they are willing to offer and how much they are willing to settle for in order to reach an agreement. How the bargaining space, i.e. the maximum a state is willing to offer and the minimum it is willing to accept, is determined domestically varies among states. For example, it can include meetings with stakeholders, such as the relevant interest groups or key members of the legislatures. The goal of having a defined bargaining space at the outset of international negotiations is to minimize domestic political costs once an agreement is reached.

Domestic political cost to politicians can come in three forms. First, if the dissatisfaction with an agreement is widespread, it can potentially lessen the ability of politicians to be reelected. Second, politicians have limited time and having to spend a significant amount of time and energy defending an international agreement takes away from the time they could spend on more fruitful political pursuits. Finally, disagreement and opposition to an agreement, especially among key stakeholders, makes enforcement and hence compliance more difficult, especially if private interests are asked to curb profitable behavior.

3. The Role of International Law

As discussed above, the first level of the explanation over the variation in distributive outcomes lies at the international level. Scholars studying international cooperation have argued that the existence of international regimes fosters cooperation. The “United Nations Convention on the Law of the Sea” and “The Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks,” form the Law of the Sea regime that governs oceans and fisheries. Regimes are defined as “sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of

15. In the interest of space, the latter will henceforth be referred to as the Straddling Stocks Agreement.
international relations.” However, while regimes promote cooperation, they do not dictate the nature of the cooperation, i.e. who should get what and on which grounds. For example, the United Nations Conference on the Law of the Sea (UNCLOS), which concluded in 1982, and the subsequent 1995 Straddling and Highly Migratory Stocks Agreement lay out broad solution concepts that states can use to negotiate a baseline to allocate common resources. Iceland and Norway have signed both agreements, making them binding.

However, while the agreements mandate cooperation, they do not dictate which solution concept should be adopted and therefore they cannot explain the variance in the distributive outcome. Participating states have absolute power to decide how they use the guidelines found in the Law of the Sea, as described below. They therefore use the law in an instrumental fashion, focusing on the solution concepts that will give each state the largest share of the resource being divided amongst them. Different baselines will yield different proportions of a shared stock as discussed later. But neither agreement discusses how these guidelines should be translated into an actual percentage distribution of a particular stock.

Interviews with bureaucrats and interest group leaders in Norway and Iceland indicate that the role of international law emerges as providing solution concepts for cooperation and thus narrows the number of possible outcomes. That is, states act instrumentally to maximize their share of the Total Allowable Catch. The interviews with participants in the negotiations reveal three primary solution concepts that have reference in the 1982 United Nations Law of the Sea and the recent Straddling Stocks Agreement signed in 1995.

First, Article 63 of the 1982 Law of the Sea calls for cooperation among coastal states and high-seas fishing states in managing straddling fish stocks. This duty to cooperate is reinforced in Article 5(a) of the 1995 Straddling Stocks Agreement. Taken together, the Law of the Sea regime provides for the rights and responsibilities of coastal states and high-seas fishing states in managing straddling stocks. If a fish stock is found partially within the waters of a country, that country is a coastal state. If a country has no traces of a stock in its waters, but its ships partake in the fishery in international waters, it is labeled a high-seas fishing state. The overarching principle of the Law of the Sea is that coastal states are responsible for the maintenance of stocks, while high-seas fishing states have an obligation not to deplete a particular stock. Interviews reveal that in practice this principle means that in most agreements, coastal states have the right to a larger share of the stock than a high-seas fishing state.

Second, states can use the concept of zonal attachment to allocate shared resources. Article 5 of the Straddling Stock Agreement argues that management measures should be based on the best scientific evidence available and the calculation of zonal attachment is a scientific construct which estimates how much of the stock is found within a particular

17. Twenty-seven individuals were interviewed for this study, 11 in Iceland in the fall of 1998 and 16 in Norway during the summer of 1999. Interviewees included bureaucrats and interest groups leaders who collectively have been part of all the negotiations between Iceland and Norway for the past 20 years. Given the small number of interviewees and the sensitivity of some of the negotiations, most interviewees requested their identity be kept secret. The questions asked were similar across all interviewees, focusing on the negotiating process, how nations decide their bargaining positions, who gets to participate, what the relationship between the different actors was and so forth. In summarizing the interviews, care has been taken to focus on answers to questions that were echoed by two or more interviewees.
20. Zonal attachment is a scientific construct which estimates how much on average of a straddling stock is found within each Exclusive Economic Zone. If used as a basis for allocation it is a straightforward concept for allocation that is the least political of the possible allocation mechanisms. One thing to remember is that not all stocks have enough information available in order for zonal attachment to be calculated. That is the case with oceanic redfish, a relatively recent fishery far from shore and thus understudied scientifically.
economic zone at any given time. Ideally, using zonal attachment to divide a stock reduces the politics involved in the allocation if everyone party to the negotiations agrees with the calculations. That is, if governments accepted scientific calculations where stocks reside as basis for distribution, there would really be no need for negotiations. However, zonal attachment often complements the coastal state provision, i.e. who should get the largest share, but is rarely strictly applied, because governments like to have the flexibility to negotiate a different allocation.

Finally, provision 62(3) of the 1982 Law of the Sea suggests that states have to respect historical rights to fisheries. This provision is the most politically malleable provision in the negotiations being studied here, and as such enjoys vast popularity. The ability to rely on the provision that allows for more negotiations, allows negotiators to bargain harder and try to get more of the resource than strict zonal attachment would dictate. Historical rights is an elastic concept as there are often heated discussions about when history should “begin” and to what extend such rights should matter in the final allocation. Hence, historical rights have emerged as the baseline for allocation most of the negotiations in this study.

4. How Domestic Politics Matter

The influence of domestic constraints on the negotiations is crucial when it comes to explaining the choice of a particular solution concept as a baseline for the final distributive outcome. It is clear that the size of the domestic constraint, can and does change over time in such a way that it influences the choice of a baseline and thus the final allocation. In the actual negotiations, the choice of a baseline is primarily between the use of zonal attachment and historical rights. The decision between them is a political decision based on domestic considerations, framed by the relevant interests groups party to nearly all the negotiations. Entering negotiations, each state tries to push for a solution that yields the most amount of stock, based on considerations of coastal states, zonal attachment and historical rights. During the negotiations, however, the negotiators adjust these preferences to achieve an agreement and one solution concept emerges as the baseline for distribution of the straddling stock. For example, during the herring negotiations, considerations of the historical rights of Iceland granted it a bigger share than zonal attachment would have, while zonal attachment has dominated capelin agreements. Table 2 shows the initial preferences for Iceland and Norway at the beginning of each negotiating round.

[Table 2 about here]

In all cases, Iceland and Norway initially prefer different baselines for allocating the stocks. The individual baselines were decided upon domestically through discussions with the relevant interest groups, prior to the international negotiations. The decision is based on which solution will yield the biggest share of the catch for fishermen. As the last column of the table shows, the outcome is that Iceland usually gets its way. This finding begs the question of why Iceland’s position is so strong? The answer lies in the domestic constraints the two states face during the negotiating process. The key constraint in both Iceland and Norway is the interest groups representing the fisheries. These groups are key actors in both countries, the important difference being that their ability to influence the process is not equal in the two countries and, more importantly, it has changed over time.

5. Interest Groups as Pivotal Players

Analysis of the interviews reveals that interest groups are crucial players in the negotiating process and, as such, influence who gets what. Interest groups play a prominent role in the actual negotiating process at two stages – in preparation for the negotiations and during the negotiations. Having a delegate on the actual negotiating committees grants interest groups the power to suggest solutions and prevent unfavorable solutions from being adopted. That is, they essentially act as veto players. In all but two cases—the 1996 herring agreement and the 1999 cod agreement—interest groups had members on the actual negotiating committees. In 1996, the key Norwegian interest group—Norges Fiskarlag— withdrew from the herring negotiations. In the case of cod, following a breakdown of these negotiations in 1996, interest groups were excluded from both sides because of strong interest group opposition in Norway to any agreement with Iceland.

The fact that Norges Fiskarlag left the herring negotiations meant that the Norwegian government was freer to reach an agreement with the states party to the agreement as the declining importance of Norges Fiskarlag meant that the government did not have to worry about political fallout from the agreement. During the cod negotiations, when interest groups from both sides were excluded from the delegations, interviews indicate that the Icelandic interest groups were better informed of developments than Norges Fiskarlag, which had no access to information about the negotiations.

Interest groups exercise their influence on the negotiating process before and during negotiations, but are powerless to alter the outcome afterward. Before negotiations begin, the governments in both countries consult with the interest group about goals of the negotiations. My interviewees on the government side in both countries described the pre-negotiation meetings as crucial to formulating their respective negotiating positions. In addition, interest groups have representatives on the actual delegation representing the countries.

There are two similarities in interest group influence and one significant difference in how the interviewees perceive the direct interest group influence on the negotiating process in Iceland and Norway. First, bureaucrats in both states agree that having the interest groups along was very important for the negotiations, both to provide information on the specifics of the fisheries as well as a contact point to vet ideas about possible solutions to the conflict. By being present, the interest groups can effectively veto suggestions as they arise. This is especially true with the Icelandic delegation. The main difference between Iceland and Norway in this respect is that the interest groups in Iceland are a more integral part of the process than they are in Norway. “Interest groups have a great deal of influence on the Icelandic strategy,” one Icelandic official said. A Norwegian official, however, pointed out that it did not matter if the interest groups did not like an agreement. They had to accept what the government did.23

Second, interest group leaders interviewed indicated that they thought they could influence the outcome of international negotiations, but the Icelandic interest group leaders were more confident about their ability to directly influence the outcome of the negotiations. “Our role in negotiations is to be advisers to the bureaucrats,” an Icelandic interest group leader said. “It is normal that the government considers our position, otherwise we would not participate in the process.”24

---

Third, interest group leaders and bureaucrats in both countries agreed that once an agreement is reached, interest groups have no official avenues to protest an agreement. As one Norwegian official put it: “They can't go on strike, they can't stop fishing.”

6. The Power to Influence the Policy Process

Interest groups representing fisheries are major actors within the domestic policy arena and their influence spills over into the international arena. In both Iceland and Norway, the fishing industry is highly organized with participation being practically universal. In Norway, the key group is Norges Fiskarlag, while in Iceland the key group is the Association of Icelandic Vessel Owners, which participates in negotiations along with three labor unions. By having interest group representatives on the actual delegation, government officials seek to minimize the political cost once an agreement is reached. Norwegian and Icelandic interest groups, however, differ in their ability to influence their respective government and their ability to influence the outcome has changed over time. This different ability has direct consequences for the outcome of the international negotiations, most notably by giving Iceland the upper hand in setting the baseline for the division of stocks, which has led to favorable outcome for Iceland, as evident in Table 2. As Tarar shows, a country with a highly constrained bargaining space usually gets a better deal in negotiations, in this case a higher percentage of the TAC, than a country with a less constrained bargaining space. However, in the case of Iceland and Norway, the constraints on negotiators have not remained constant over time and the change in power of the interest groups has influenced the choice of baseline and thus the final allocation. The power of Norges Fiskarlag has been weakening during the past 25 years, resulting in lessening ability to influence the Norwegian government. As a result it has become easier for the Norwegian government to ignore Norges Fiskarlag’s preferences. The Icelandic interest groups have, at minimum, retained their influence. This is especially true for the Vessel Owners, who to an extent dictate policy both domestically and at the international level.

Norway

Norwegian fishing interests are highly organized, the most important group being Norges Fiskarlag (The Norwegian Association of Fishermen). It is unique in that it represents often competing interests of fishing vessels and the fishermen working on the vessels. The glue that has kept Norges Fiskarlag together since 1964 has been annual governmental subsidies to the fishermen. Norges Fiskarlag was given a monopoly on negotiating these subsidies with the government, which meant that if a group wanted to influence the negotiations, it had to join the organization. The subsidies ensured fishermen’s incomes and supported settlement in the northern regions. They reached their peak in the early 1980s, but have since all but disappeared. Norges Fiskarlag has also exercised its influence by negotiating fisheries policy with the government and by being able to influence appointments to important posts in the fisheries sector. The organization’s position has also been helped by its perceived political alliance with Norway’s most powerful political party, the Labor Party.

The power of the Norwegian fishing industry derives from the regional importance of the industry. Fishing is primarily an export industry with about 90% of the products exported, making it the second largest export industry in the country. This figure may sound impressive, but the fact is that fisheries products only comprise about 7% of Norwegian

exports. However, two regions stand out as centers for the industry, the three northernmost counties (Nordland, Troms and Finnmark) and the west coast (More-Romsdal). During the Cold War, Norwegian policy makers spent a great deal of effort and money to keep Northern Norway populated, arguing that any significant depopulation would have made Norway more vulnerable to Soviet influence, maybe even an invasion.

*Norges Fiskarlag’s* ability to influence the policy process has declined during the past 25 years. This decline has its roots in three main developments. The number of fishermen has declined, oil production has become increasingly important to the Norwegian economy, and the end of the Cold War lessened the importance of the northern regions of Norway, diminishing their political influence. These changes are reflected in drastically reduced subsidies as well as diminished interests by Norwegian parliamentarians in fisheries issues.

i. *The Number of Fishermen:* There has been a steady reduction in the number of fishermen in Norway since the end of World War II. The number of fishermen was at its peak just after World War II, when there were about 98,000 fishermen in Norway. In 1962, about 56,900 fishermen caught 1.3 million tons of fish. Due to technological innovation, the total number of fishermen was about 23,600 and the catch had doubled to 2.5 million tons of fish by 1995. From 1984 to 1998, the number of full-time fishermen decreased by about 30%, from about 22,000 in 1984 to about 15,000 in 1998. This decline has geographic dimensions. The north, the traditional Labor stronghold and the center of the Norwegian fishing industry, has lost ground against the industrialized west-coast fleet. This has reduced the direct political impact of fishermen.

ii. *End of the Cold War:* During the Cold War, Norway pursued a policy of limited cooperation with the Soviet Union in the Barents Sea, while at the same time keeping Western allies from entering the area in any great numbers. The fall of the Soviet Union had important consequences for Northern Norway. Once the dust settled after the collapse, the northern regions of Norway had lost some of their political importance, as the risk of Russian invasion seemed slim. This further marginalized the North politically, as the center of the Norwegian fishing industry.

iii. *Oil Makes a Splash:* The composition of Norwegian exports has undergone a fundamental change in the past 35 years and Norway has become a major oil producer and exporter, with oil overtaking traditional industries as the leading source of export earnings. The exports of crude oil and natural gas increased from 2.2% of total exports in 1970 to about 48% of the total in 1995. Meanwhile, fishing exports have remained relatively constant at about 5-9% of total exports. The development of the oil industry has shifted the attention of politicians away from fisheries, and lessened the relative economic importance of the fisheries.

iv. *Role of Subsidies:* The decrease in the number of fishermen, the increased importance of the oil sector combined with the end of the Cold War, has lessened the ability of *Norges Fiskarlag* to secure concessions from the government, evident in the elimination of subsidies to secure fishermen’s incomes. While the original reason for the elimination of subsidies was a domestic decision, their eventual abolition was cemented in 1993 when Norway signed the European Economic Area (EEA) agreement with the European Union. The change in subsidies can be seen in Figure 1.

---

Subsidies to the fishing industry increased steadily until the early 1980s. This began to change in 1983 with a new right-wing government that wanted to make the fishing industry self-sufficient. For the first time since 1964, the annual negotiations over the amount of subsidies broke down. They broke down again in 1984, 1986, 1989 and 1995. In all but one case, Norges Fiskarlag left the negotiations because of dissatisfaction with the government’s offer, while the Labor government broke them off in 1986. In the context of Norwegian electoral politics, one would have expected breakdowns to happen only during times of right-wing governments. The fishing regions in the north have traditionally been Labor Party strongholds and the party has been supportive of subsidies. But looking at government composition during these breakdowns reveals that in 1982, 1983 and 1989, there was a right-wing coalition governing Norway, while the Labor Party was in government in 1986 and 1995. This indicates that fisheries interests were losing the ability to influence even the Labor Party, its traditional ally.

v. Diminishing Interest in the Storting: The decline in the importance of the fisheries sector detailed above has translated into less interest in fisheries issues in the Storting. Since 1977, there has been a steady decline in the number of items relating to the fisheries that come before the Storting. Figure 2 shows the change in the total number of items brought before the parliament pertaining to the fisheries. The Lowess smoother shows the trend over time.

The figure shows a clear downward trend in parliamentary interest. The slight increase in the late 1970s in the number of items can be attributed to the expansion of the 200-mile EEZ. The new zone required changes in numerous domestic regulations to ensure Norwegian control over the economic zone. In the 1980s, the number of issues leveled off and reduced slightly, but in the late 1980s the reduction accelerated, indicating that the parliament had shifted its focus elsewhere.

Iceland

The organizational structure of the fishing industry is very different in Iceland from Norway and interaction between the government and the interest groups much tighter and more informal. Four main organizations are consulted and participate on behalf of the fisheries in international negotiations. The most powerful organization is The Federation of Icelandic Fishing Vessel Owners, which represents owners of ships larger than 40 feet. The other three groups are labor unions: The Association of Icelandic Marine Engineer, which represents machinists on ships; Merchant Navy and Fishing Vessels Officers Guild, representing captains and first mates; and the Icelandic Seamen’s Federation, representing fishermen. While the three labor unions are also consulted on all matters pertaining to the fishing industry, their influence does not match the influence of the Vessel Owners.

The power of the Icelandic fishing industry, especially the Vessel Owners, stems from its economic dominance. Fish and fish-related products comprise the majority of Iceland’s export earnings. Fish products have declined from being about 95% of the total value of

---

32 A Lowess smoother is a smoothing function for scatter plots to show the general trend in the data. The acronym stands for “locally weighted least squares” and the line represents a locally weighted regression based on neighboring values to each point in the graph.
Icelandic exports in 1960 to averaging about 75% during the past 30 years. This dominance has given the industry access to policy-making and, according to some scholars, the ability to dictate policy.  

Given the importance of the fisheries for the Icelandic economy, the government has shown great willingness to cater to the fishing industry evident in its handling of two major issues over the past 20 years. First, by manipulating currency prices through frequent devaluations, the Icelandic government aided this crucial export industry. Second, the industry—and especially the Vessel Owners—significantly influenced all major changes in fisheries policy. This was especially evident in the major policy change in the Icelandic fisheries during the past 20 years, the adoption of the Individual Transferable Quota (ITQ) system, which essentially privatized a common resource.

i. The Politics of Currency Valuation: Until 1993, the price of the Icelandic currency was decided by the cabinet and changes were carried out by the Central Bank of Iceland. The government used this power to help the fishing industry by devaluing the Krona during economic slowdowns as the devaluations increased the export earnings of the industry. The policy of devaluation to aid the fishing industry was one of the main tools the government used to manipulate the economy, and between 1977 and 1993 the Icelandic currency was devalued 21 times. While the export industry benefited, this policy contributed to rising price levels domestically.

ii. The System of Individual Transferable Quotas: The second policy issue that reveals the power of the Vessel Owners on the Icelandic policy-making process is the adoption of the system of Individual Transferable Quotas (ITQ) in the early 1980s to manage the declining Icelandic fisheries. During the process of deciding which management regime to adopt the Vessel Owners played an important role. They were deeply involved in designing, implementing and adjusting a new system of ITQs. Interest groups representing the various aspects of the Icelandic fishing industry also participated in the process, but the Vessel Owners were the crucial interests to the adoption of the ITQ system and their role was indicative of their power in the development of fisheries policy in Iceland. Steingrimur Hermannsson, prime minister during the period when the ITQ system was established, confirms the enormous power of the Vessel Owners in his autobiography. He says that the ITQ system was almost entirely designed by the Vessel Owners with the full support of the Minister of Fisheries. There is little indication that the power of the Vessel Owners has diminished since the 1980s.

iii. Number of Fishermen: As discussed above, the influence of the Vessel Owners on Icelandic political life derives from its economic importance. As in Norway the number of fishermen has declined, but the decline has been at a much slower pace than in Norway. In 1977 there were 5,319 fishermen employed in Iceland. In 1997 the number was down to 4,582 or a reduction of 14%. But there is no strong connection between the industry and specific political parties, as there is in Norway. Therefore, fewer votes are likely to be distributed across the political spectrum.

iv. Increased interest in the Althing: The continued importance of the fishing industry can also be seen in the Althing, the Icelandic parliament. Figure 3 shows the trend in the number of laws passed originating from the cabinet dealing with the fisheries.

The overall trend in the number of cabinet proposals is upward, indicating that the cabinet is increasingly preoccupied with fisheries issues. There is a dip in activity in the late 1980s following the flurry of changes accompanying the introduction of the ITQ system in the early 1980s. The increase in the 1990s is related to further adjustment of Icelandic fisheries management and expansion of the ITQ system. The Icelandic parliamentary data show that politicians pay a lot of attention to the fisheries, with about 10% of all cabinet proposals passed dealing with fisheries related issues. This indicates that the Icelandic fisheries have at minimum retained their influence on policy making. In comparison with Norway, it is clear that the Icelandic fisheries play a much larger role in parliamentary affairs.

This shows that Icelandic interest groups have at minimum retained their power and hence their ability to influence the policy making in Iceland is significant. However, the relationship between Norges Fiskarlag and the Norwegian government has changed fundamentally and as a result, the interest group finds it increasingly difficult to influence the government position in the negotiations and by extension influence the distributive outcome.

7. The Impact of Interest Groups During the Negotiations

This section discusses the negotiations and the differing role of interest groups in the seven negotiations over time and across stocks. The main conclusion is that interest groups constrain negotiators, but that these constraints change over time. Interest groups have remained powerful to influence Icelandic negotiators, while the weakening position of Norges Fiskarlag has led to lessening constraints on the Norwegian negotiators. This change in relative power of the interest groups has influenced the choice of a baseline for the final distribution of TACs between the two states, increasingly giving Iceland the most favorable outcome.

Capelin

Norwegian and Icelandic negotiators reached the first agreement over fishing of capelin in the Jan Mayen area on May 10th 1980. In 1984 it was time to go back to the negotiation table, this time to add Greenland to the agreement and achieve complete management of the stock. It took more than six years to hammer out an agreement. The third agreement was negotiated in 1998 after Iceland cancelled the 1989 agreement on behest of the Vessel Owners. The subsequent negotiations resulted in a smaller share for Norway. Since the first agreement in 1980, the Norwegian share of the capelin stock has declined from 15% to 8% of the TAC, or nearly 47%.

The role of interest groups was significant in all three negotiating rounds, but over time Norges Fiskarlag has lost its ability to influence the Norwegian negotiators, resulting in a smaller share for Norwegian fishermen. The first division of the stock in 1980 was heavily influenced by interest groups, and they were powerful on both sides. Initially, Icelandic interest groups did not want Norway to get more than 10% of the TAC, while Norges Fiskarlag pushed to get 20%. The bargaining space for the Icelandic negotiators was further restricted by the fact that the Icelandic interest groups opposed any agreement with the Norwegians and the fact that the Icelandic coalition government was not united behind the
negotiations. The Socialist Party vehemently opposed any agreement that did not give Iceland rights to unilaterally determine the TAC for capelin each year. 38 This gave Iceland a stronger hand, but despite this, the Norwegians got 15% of the stock. This can be considered a fair share for Norway, which until then had been catching about 12-15% of the stock each year. At this time, Norges Fiskarlag was at the peak of its power as the oil sector was still developing, the Cold War was alive and well, and the organization enjoyed plenty of political attention and high subsidies.

The ink was barely dry on the 1980 agreement when it became clear that complete management of the capelin stock was impossible without incorporating Greenland. In order to facilitate an agreement, Iceland and Norway had to agree to give up a share of their capelin fishery. The key issue was how much of their respective quotas the Norwegian and Icelandic fishermen had to relinquish. Delegations representing the three countries agreed that the division of the stock should be based upon scientific data on zonal attachment. This agreement is the first agreement in which zonal attachment provides the baseline for the distribution of the TAC. A 1985-6 scientific report supported by all participants showed that between 75% and 80% of the capelin stock was in the Icelandic zone. 39 On the basis of this report, Iceland demanded 80% of the quota. The starting point for Norway in the negotiations was that Norway and Iceland should give proportional amounts of their respective quotas to Greenland. This plan called for Norway and Greenland to get 13% each, leaving Iceland with a 74% share. 40 In the end Norway and Greenland got 11% each, leaving Iceland with 78% of the stock. 41 Iceland did not give up much from the previous allocation. Its share of the TAC was cut only about 9% while the Norwegian share went down 27%. In the mid to late 1980s, Norges Fiskarlag had an increasingly hostile relationship with the Norwegian government, which had successfully cut subsidies to the industry. Increasingly, the Norwegian government was able to ignore the demands of the industry in international negotiations.

During the 1980s and 1990s, the Icelandic interest groups retained or even increased their power. This was evident in 1998, when the Icelandic government cancelled the 1989 agreement. Interviewees in Iceland reveal that the agreement was cancelled because Icelandic fisheries interests, specifically the Vessel Owners, were fed up with difficult relations with Norway over the cod fishery in the Barents Sea. The Vessel Owners argued that Norway’s share of the capelin stock and their access to Icelandic waters were great. The Vessel Owners supported their claim by arguing that since, there was very limited capelin fishery within the Norwegian zone around Jan Mayen, thus Norway did not have rights to an 11% share. There was initial opposition to these demands, and an Icelandic bureaucrat said he thought canceling the agreement was risky. “I did not think we could get a better agreement,” he said. “I thought we had a good agreement before and I thought the risk of not having an agreement was bad.” 42 But this prediction turned out to be wrong as the Norwegian share was further cut by three percentage points, from 11% to 8%.

Interest group influence on the capelin negotiations has varied over time, reflecting the changes in the relationship between the government and interest groups in the domestic arena. Most notably, the Norwegian interest groups have lost power over the past 20 years and are, as a result, less able to achieve policy decisions favorable to their own interests. The Icelandic interest groups have on the other hand remained powerful and their influence is clearly felt among the negotiators, resulting in a favorable outcome for Iceland in two of the three negotiations.

42. Personal interview with an Icelandic bureaucrat. Interview conducted in Iceland, October 13, 1998.
Herring

Until the late 1960s, the Norwegian-Icelandic herring stock was the second most important fishery in Iceland and Norway. The fishery collapsed in the late 1960s and after 25 years of rebuilding the stock in Norwegian and Russian waters, herring made a sudden reappearance in international waters in 1994. This led to Iceland, Faeroe Islands, Denmark, Netherlands, Germany and the UK reporting catches in 1995. Negotiations were marked by heavy interest group representation on both sides. The Icelandic interest groups pushed for using historical rights as a baseline, as the stock had been fished primarily in Icelandic waters before its collapse. Norwegians pushed for zonal attachment, as 90% of the stock was found within its waters. In the end, historical rights won out which benefited Iceland and gave it a far larger share of the stock than zonal attachment would have done.

During the first negotiations Norges Fiskarlag became increasingly disillusioned by what they perceived as the Norwegian government’s willingness to bargain away too much of herring stocks. As a result, they refused to send a delegate to the negotiations. Chairman Oddmund Bye said on that occasion, “Norges Fiskarlag cannot participate in negotiating an agreement that results in a substantial loss for Norwegian fishermen.” As one interest group interviewee said, “We thought that Norway should have gotten about 80 or 90% [of the TAC]. In international negotiations there is always give and take, but we got 56%.” Norges Fiskarlag’s resignation from the Norwegian delegation, gave the government freer reign in negotiating the agreement, which was clearly a priority. The Icelandic interest groups were equally disappointed in how little the Norwegians wanted to offer. According to Kristján Ragnarsson, chairman of the Vessel Owners, Norway offered Iceland and the Faeroese 100-130 thousand tons less than what they fished the previous year. But the recognition of historical rights was a big victory for Iceland and its interest groups.

Norges Fiskarlag did participate in the Norwegian delegation during the 1997 negotiations. This round added the European Union (EU) to the existing agreement. The 7% share of the TAC given to the EU was achieved by Norway reducing its share by 5 percentage points and Iceland by 2 percentage points. Hence, Norway reduced its share by about 7.5% and Iceland by 11.7%. The Icelandic interest groups were vehemently opposed to giving anything to the European Union and in the end, the cost of including the EU in the agreement was borne by the Norwegians, whose interest groups already were dissatisfied with a small Norwegian share from the year before. But the protests by Norges Fiskarlag were for naught as the political cost for the Norwegian government ignoring the interest group’s demands at that point were limited.

Cod

Cod is the most important fishery in Norway and Iceland; generating more than 30% of the value of fish exports in both Iceland and Norway. The economic importance of the fishery gives interest groups a strong incentive to influence government policy, both domestically and internationally. In 1993, facing declining catches at home, Icelandic trawlers began to fish for Arctic cod in international waters between the economic zones of Norway and Russia, the so-called Loop Hole. Icelandic vessel owners initiated this push into the high seas, claiming historical rights dating back to the early 1950s. This claim was tenuous at best.

44. Anonymous 1996b.
45. Personal interview with a Norwegian interest group leader. Interview conducted in Norway, June 16, 1999.
as the Icelandic fishery in the area was never of much significance. The conflict was highly political from the start and the distance between the parties was great. The first round of negotiations in 1993 failed completely, the negotiations broke down again in 1996. Finally, with a new government in power in Norway in 1997, the negotiations resumed and were concluded in 1999.

Following the resumption of the negotiations in 1997, interest groups were kept out of the negotiations altogether, mainly because the Norwegian interest groups opposed any agreement with Iceland. In interviews, the Icelandic interest group leaders seemed much less bothered by this than their Norwegian counterparts. This was because the Icelandic interest groups work more closely with the government in general. Icelandic interest group leaders were relatively content with the agreement, while Norges Fiskarlag was furious. In conclusion it can be said that Iceland and Norway were able to reach an agreement by excluding Norges Fiskarlag from the delegation. Had the government included Norges Fiskarlag, it would have been much more difficult for the government to solve the conflict as Norges Fiskarlag was completely opposed to any agreement with Icelanders. But leaving the interest groups behind gave the Norwegian government more leeway to solve the conflict without having to fight a simultaneous battle with the interest group. And the Norwegian government was able to do so, as by this point, the ability of the fishing industry to levy political costs is practically none.

Oceanic Redfish

The negotiations over oceanic redfish were markedly less political than the other negotiations discussed here, primarily because this is a relatively new fishery, with Iceland reporting its first catches in 1989 and Norway in 1990. In addition, the conflict was primarily between Iceland and Greenland on the one hand and Russia on the other. The Soviet Union was the first nation to begin fishing from the stock in 1982 and Russia was loath to give up its historical rights to the fishery. Given the newness of the fishery, and its location far from shore, little scientific information existed on the stock, which made the negotiations problematic initially. The most remarkable thing about the negotiations is that Iceland and Greenland, the two coastal states in question, agreed to refer the management of the stock, including any share of the stock found in domestic waters, to the North East Atlantic Fisheries Commission (NEAFC), a regional fisheries organization. The organization established a working group that was led by a Norwegian official from the Directorate of Fisheries and the goal of the working group was to develop suggestions about how to divide the stock among participants in the fishery. Norway was a small participant in the fishery and a high-seas fishing state, and thus not a major player in the negotiations. Interest groups were included in the negotiations over oceanic redfish, but their preferences and actions remain unclear. In Iceland, the Vessel Owners were happy with the agreement.47 There is no information on Norges Fiskarlag’s reaction to the agreement.

8. Conclusions

The literature on the domestic influence on international cooperation has paid scant attention to the impact of interest groups on the distributive outcomes of negotiations. In the context of cooperation between Iceland and Norway over shared fish stocks, it is clear that interest groups can and do directly influence the outcome of the negotiations by restricting the alternatives available for the negotiators. The evidence presented here suggests that the

47. Anonymous 1996c.
presence of powerful interest groups results in greater TAC. This interest group influence is independent of political institutions such as the legislature. As Tarar shows, highly constrained negotiators facing negotiators who are less constrained have a bargaining advantage. This is clearly the case between Iceland and Norway.

The fact that the Icelandic interest groups have remained strong during 20 years of negotiations while Norges Fiskarlag’s influence has steadily declined has resulted in an increasingly skewed bargaining position for Norway. As a result, Iceland has been able to get its way in deciding which solution concept to use, which in turn has given Iceland a greater share of the resources than strict application of zonal attachment should indicate. By being able to influence the choice of either historical rights or zonal attachment, Icelandic negotiators have secured a more favorable outcome for Icelandic fishermen in the negotiations.

Only during the first Capelin negotiations that ended in 1980 are the interest groups on both sides equally powerful. In the early 1980s, the power of the Norwegian interest groups began to wane, leading to lesser ability to influence the Norwegian bargaining position. As detailed earlier, the Icelandic Vessel Owners retained or increased its power with regards to the government, which meant they were able to put more constraints on the Icelandic negotiating position, i.e. allowing negotiators limited room to offer and accept bargains. After that the Icelandic interest groups have an advantage, leading to better outcomes for Iceland in each of the subsequent negotiations.

The research shows that when explaining the distributional outcome of international negotiations, it is important to look at the role of domestic groups in the bargaining process. In addition this research shows the importance of broadening the question of international cooperation to explore systematically the actual outcomes of negotiations, not only whether or not states cooperate. By doing so, we expand the range of the dependent variable and can thus better identify the different influences that come into play in international cooperation.

References


