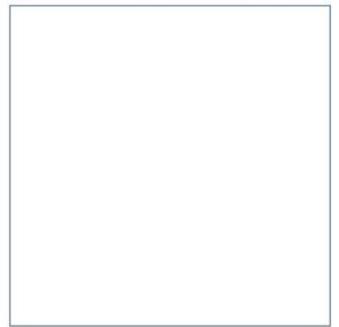
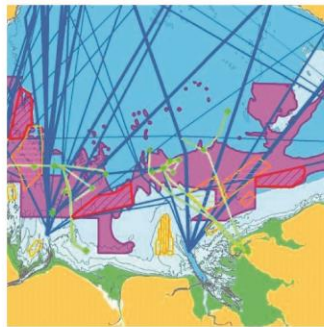
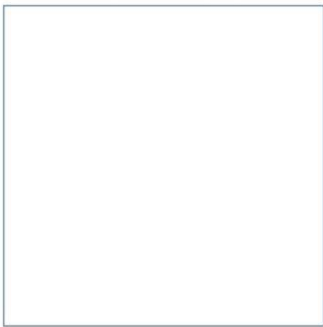
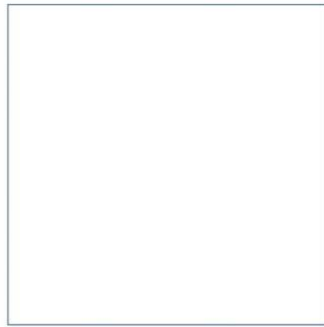


White Paper

EU-UK Trade and Cooperation Agreement

Thoughts on fisheries from a UK perspective

January 2021



Innovative Thinking - Sustainable Solutions



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EU-UK Trade and Cooperation Agreement

Thoughts on Fisheries from a UK Perspective

At the eleventh hour, the EU and UK agreed a deal to govern relations between the two parties after the end of the Brexit transition period on 31 December 2020. Throughout the Brexit Referendum campaign, and all the ups and downs of negotiating the withdrawal agreement and subsequent deal, fisheries had a high profile. So, what does the draft EU-UK Trade and Cooperation Agreement (TCA)¹ say on fisheries?

Overall objectives

The heading on fisheries provides for managing fisheries in accordance with the UN Convention on the Law of the Sea 1982, establishes the objective that populations of harvested species should be above biomass levels that can produce the maximum sustainable yield (MSY), and identifies the International Council for the Exploration of the Sea (ICES) as the main body responsible for providing scientific advice on management decisions.

Regulatory autonomy

The agreement provides regulatory autonomy of management decisions in each party's waters. That is, the UK will be able to establish its own regulations for fisheries, as provided for by the UK Fisheries Bill 2020, and will not be bound to the EU's Common Fisheries Policy (CFP) rules. Being able to deviate from the CFP and establish regulations that can be more responsive and specific to the situation in UK waters has always been an important issue for UK policy-makers and for the industry.

Framework for setting TACs

The agreement sets out a framework for the two parties to agree on the total allowable catches (TACs) for each stock, by 10 December each year, in a process that will be similar to the existing and familiar annual negotiations in Brussels. Setting the TAC – and subsequently dividing the TAC between the parties based on agreed quota shares – is crucial for the sustainability of fisheries. However, in addition to the best available scientific advice, it allows for 'other relevant factors, including socio-economic aspects' to be taken into account. This usually translates into TACs being set above the MSY levels, risking over-exploitation of stocks.

The agreement also sets out a detailed process to follow should there be no agreement on TACs (Article FISH.7). In this case, each party will set a provisional TAC in line with ICES advice (although there is no clarity on which reference points should be used), and its share of the TAC is based on the agreed quota shares. This is an important step to sustainability, and will help avoid the situation often seen for international stocks where a TAC may be agreed, but the quota shares set by individual coastal states exceed the overall TAC. As a derogation from following the ICES advice, Guidelines will be adopted for setting TACs for 'special stocks', including stocks where the ICES advice is for a zero TAC.

¹ https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en. Accessed 29 December 2020.

Access

The agreement provides for the continuation of current access arrangements until 30 June 2026, i.e. full reciprocal access to each other's waters from 12 nautical miles (nm), as well as continuation of the existing historical rights to fish in the 6-12nm zone in the southern North Sea, English Channel, Bristol Channel and south-east of Ireland (ICES divisions 4c and 7d-g). Access to the 6-12nm zone will be only for vessels (or their direct replacements) that fished in the zone in four out of five years from 2012–2016. For UK vessels, the historical rights enshrined in the CFP are in German waters for the zone around Helgoland, in Dutch waters from Texel south point to the Dutch/German frontier, in French waters from the Belgian/French frontier to Cap d'Alprech (Bologne-sur-Mer) and in Irish waters from Mine Head south to Carlingford Lough.²

Beyond 2026, conditions for reciprocal access to waters will be determined through annual negotiations. However, the agreement sets out the access that is *to be expected*, which includes existing access to waters between 6 and 12 nautical miles in the southern North Sea and English Channel. So while there will no longer be an automatic right for EU vessels to fish within the 6-12nm zone along the north-east coast of England, in waters around Scotland and the Irish Sea, there is still likely to be a presence of Belgian, French and Dutch vessels in the inshore zone from the Humber, along the south coast and around to Fishguard/Pembrokeshire. This will no doubt be a disappointment to inshore fishers in this area, when back in July 2017 so much was made of the UK withdrawing from the London Fisheries Convention of 1964 (which first enshrined these historic rights). However, the TCA does provide the possibility that access to this zone can be subject to payments and quota transfers.

Reduction of access and compensatory measures

The agreement does allow for the level of access to be reduced in the future, in which case reciprocal access can be suspended, and tariffs can be applied to fisheries products. However, it also allows for tariffs to be applied to other goods beyond fisheries, if it considers that the tariffs applied to fisheries are not commensurate to the economic and societal impact suffered. Furthermore, it allows for obligations relating to trade and road transport (except for the level playing field) to be suspended. The suspensions do not apply to aviation, as has been reported in some articles.

Quota shares

So much has been said in the UK about taking control of our waters, and of the bounty of resources that we would have the rights to exploit as an independent coastal state outside of the CFP. However, the realities of the quota shares that have been set out in the agreement appear to fall far short of this. Of the 87 shared stocks (EU-UK stocks, trilateral stocks shared with Norway, and coastal states stocks of mackerel and blue whiting), the UK quota share increases for 62 of them, over a five-year phase-in period.

It has been widely reported in the press that under the agreement, 25% of the value of EU catches from UK waters would be 'repatriated' to the UK. But what is the increase in quotas actually worth? After the five-year phase-in period, the increase in quotas (at the 2026 level) would be worth

² Annex I of Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:354:0022:0061:EN:PDF>. Accessed 5 January 2021.

£149 million to the UK.³ This is 26% of the value of catches reportedly taken by European vessels in UK waters in 2018, which was £580 million.⁴ So, yes, this is in line with the 25% 'repatriation' that was reported in the press.

The increase in quotas is not uniform across stocks. Some have large increases for the UK, and others have no change at all (Table 1). A few merit specific attention. The UK's share of Celtic Sea haddock will double from the current 10% to 20% at the end of the transition period, and its share of hake in the North Sea, a species which has increased in abundance in recent years, increases from 18% to 53.5%. The UK's share of North Sea sole quadruples, from 4.28% in 2020 to 17% in 2026. Based on the 2020 TAC, this would equate to an additional 2,230 tonnes of quota, worth £20 million at first sale prices. There is also a 28% increase in Nephrops quota in Area 7, from 32.8% (2020 share) to 42% in 2026. Based on the 2020 TAC, this would equate to an additional 1,546 tonnes of quota, worth £11 million.

Table 1. Analysis of quota share changes by 2026 for the UK – absolute percentage, relative percentage, volume and value

Stock	2020 UK share of EU quota	2026 UK share of EU/UK quota or TAC	UK quota absolute increase (percentage points)	UK quota increase compared to 2020 (percent)	UK quota increase 2026 compared to 2020 (tonnes)	Value of UK increased quota (first sale landing prices) (GBP)
Mackerel (Western)	58.32%	69.20%	11%	19%	40,030	40,579,621
Herring (North Sea)	24.09%	32.32%	8%	34%	18,997	7,469,633
Norway Pout (North Sea)	0.00%	25.00%	25%	(no quota in 2020)	16,250	3,349,719
Blue Whiting (Northern)	19.81%	21.00%	1%	6%	3,884	1,215,603
Saithe (North Sea)	16.73%	26.00%	9%	55%	3,535	4,860,254
Horse Mackerel (Southern North Sea and Eastern Channel)	11.27%	40.00%	29%	255%	3,221	1,625,425
Sandeel (North Sea, All Banks)	2.06%	3.20%	1%	55%	2,604	606,357
Sole (North Sea)	4.28%	17.00%	13%	297%	2,230	19,544,023
Herring (Irish Sea)	73.97%	99.01%	25%	34%	2,019	793,937
Anglerfish (7)	17.98%	23.38%	5%	30%	1,905	9,864,641
Hake (Western)	17.97%	20.80%	3%	16%	1,792	4,933,801
Nephrops (7)	32.80%	42.00%	9%	28%	1,546	11,230,164
Hake (North Sea)	18.02%	53.55%	36%	197%	1,400	3,855,035
Megrim (7)	14.33%	21.50%	7%	50%	1,342	4,217,285
Herring (Southern North Sea and Eastern Channel)	9.33%	12.35%	3%	32%	1,280	503,433
Cod (North Sea)	46.92%	57.00%	10%	21%	1,231	2,715,405
Anglerfish (North Sea)	81.37%	89.52%	8%	10%	1,148	5,944,409
Anglerfish (West of Scotland)	30.77%	44.50%	14%	45%	1,094	5,665,819
Haddock (Celtic Seas)	10.00%	20.00%	10%	100%	1,086	1,850,459
Whiting (North Sea)	66.92%	73.53%	7%	10%	1,017	1,330,892
Pollack (7)	17.44%	25.00%	8%	43%	920	2,910,570
Megrim (West of Scotland)	31.37%	44.35%	13%	41%	766	2,406,796
Saithe (West of Scotland)	42.37%	51.00%	9%	20%	633	870,957
Blue ling (Western)	19.22%	25.00%	6%	30%	622	1,154,797
Skates and Rays (Western)	25.84%	31.01%	5%	20%	526	619,981
Ling (Western)	33.83%	38.00%	4%	12%	508	1,020,894
Sprat (English Channel)	52.52%	84.00%	31%	60%	474	109,660
Haddock (Rockall)	80.61%	85.00%	4%	5%	459	782,585
Mackerel (North Sea)	5.33%	6.60%	1%	24%	407	413,042
Lemon Sole and Witch (North Sea)	61.09%	66.00%	5%	8%	333	1,399,604
Turbot and Brill (North Sea)	15.45%	20.00%	5%	29%	296	1,849,005
Plaice (Irish Sea)	41.15%	51.11%	10%	24%	278	364,409
Cod (West of Scotland)	60.28%	81.21%	21%	35%	268	590,396
Haddock (Irish Sea)	47.91%	56.02%	8%	17%	256	436,269
Whiting (Celtic Sea)	9.29%	11.27%	2%	21%	215	281,593
Herring (West of Scotland)	60.40%	66.47%	6%	10%	211	83,027
Whiting (Irish Sea)	38.70%	61.00%	22%	58%	161	210,364
Ling (North Sea)	76.96%	80.00%	3%	4%	129	258,195
Haddock (West of Scotland)	77.88%	80.61%	3%	4%	109	185,140
Plaice (7fg)	21.97%	26.26%	4%	20%	86	112,727

³ Based on those quota shares applied to the 2020 TACs, and using EU28 average prices per species from 2013-2017, nominal terms.

⁴ Napier, I. (2020) Fish Landings from the UK EEZ 2015 – 2018. NAFC Marine Centre, University of the Highlands and Islands. Available online at <https://www.nafc.uhi.ac.uk/t4-media/one-web/nafc/research/statistics/eez-reports/EEZ-Report-2015-18.pdf>. Accessed 28 December 2020.

(Table 1 cont.)

Stock	2020 UK share of EU quota	2026 UK share of EU/UK quota or TAC	UK quota absolute increase (percentage points)	UK quota increase compared to 2020 (percent)	UK quota increase 2026 compared to 2020 (tonnes)	Value of UK increased quota (first sale landing prices) (GBP)
Plaice (English Channel)	29.09%	30.00%	1%	3%	83	109,073
Skates and Rays (North Sea)	64.77%	69.00%	4%	7%	74	86,658
Sole (7fg)	28.15%	32.33%	4%	15%	69	605,542
Horse Mackerel (Western)	9.30%	9.39%	0%	1%	62	31,132
Small-eyed Ray (7fg)	26.04%	55.51%	29%	113%	57	139,997
Sprat (North Sea)	3.79%	3.82%	0%	1%	55	12,797
Sole (Western Channel)	58.86%	62.50%	4%	6%	54	471,083
Cod (Celtic Sea)	3.98%	10.24%	6%	158%	50	111,235
Saithe (Celtic Sea)	13.66%	15.00%	1%	10%	42	58,302
Cod (Irish Sea)	28.79%	44.80%	16%	56%	41	90,731
Spurdog (Western)	37.04%	46.16%	9%	25%	25	43,050
Undulate Ray (English Channel)	24.79%	35.00%	10%	41%	24	45,768
Tusk (Western)	28.17%	30.00%	2%	6%	22	25,845
Sole (Eastern Channel)	19.23%	20.00%	1%	4%	21	187,557
Whiting (West of Scotland)	64.46%	65.91%	1%	2%	14	17,760
Plaice (West of Scotland)	58.97%	60.77%	2%	3%	12	15,557
Skates and Rays (Eastern Channel)	15.06%	15.79%	1%	5%	11	12,663
Cod (Rockall)	60.81%	75.01%	14%	23%	11	23,176
Sole (Irish Sea)	21.01%	23.30%	2%	11%	10	91,859
Plaice (7hjk)	11.94%	17.91%	6%	50%	4	5,243
Megrim (North Sea)	96.20%	96.26%	0%	0%	2	5,395
Boarfish (Western)	6.35%	6.36%	0%	0%	1	237
Black Scabbardfish (Western)	5.67%	5.69%	0%	0%	1	1,492
Greater Silver Smelt (Western)	5.58%	5.59%	0%	0%	0	176
Sole (West of Scotland)	19.30%	20.00%	1%	4%	0	3,506
Cod (Eastern Channel)	9.21%	9.25%	0%	0%	0	805
Nephrops (North Sea)	86.62%	86.62%	0%	0%	0	2,414
Blue ling (international 12)	0.73%	0.86%	0%	18%	0	331
Ling (3a)	7.26%	7.35%	0%	1%	0	314
Northern Prawn (North Sea)	22.00%	22.01%	0%	0%	0	633
Nephrops (Porcupine Bank)	14.68%	14.68%	0%	0%	0	811
Herring (Celtic Sea)	0.12%	0.12%	0%	4%	0	17
Deep-Sea Sharks (Western)	0.00%	0.00%	0%	0%	0	1
Herring (Western Channel and Bristol Channel)	50.00%	50.00%	0%	0%	0	0
Herring (North Sea bycatch)	1.82%	1.82%	0%	0%	0	15
Sole (7hjk)	16.72%	16.67%	0%	0%	0	1,365
Roundnose Grenadier (Western)	4.85%	4.84%	0%	0%	0	233
Greater Silver Smelt (1,2)	43.33%	43.10%	0%	-1%	0	82
Tusk (North Sea)	40.64%	40.54%	0%	0%	0	286
Greater Silver Smelt (North Sea)	1.62%	1.60%	0%	-1%	0	100
Alfonsinos (3,4,5,6,7,8,9,10,12,14)	3.17%	3.05%	0%	-4%	0	1,894
Roundnose Grenadier (8,9,10,12,14)	0.31%	0.29%	0%	-6%	0	466
Blue ling (North Sea)	28.13%	26.81%	-1%	-5%	0	782
Red Sea bream (Western)	10.48%	10.00%	0%	-5%	1	3,703
Haddock (North Sea)	84.17%	84.17%	0%	0%	1	2,215
Plaice (North Sea)	28.46%	28.46%	0%	0%	1	1,850
Pollack (West of Scotland)	42.37%	36.62%	-6%	-14%	422	1,335,720

The largest increases in volume terms are for the high-volume pelagic species Atlantic mackerel (40,000 tonnes), North Sea herring (19,000 tonnes) and Norway pout (16,250 tonnes) (tonnages based on the 2026 quota shares applied to 2020 TACs). Together, these equate to landings potentially worth £51 million.

However, many other increases are marginal – the UK's share of sole in the Eastern Channel was 19.2% in 2020, and this increases to 20.0% in 2026 onwards. Plaice and whiting in the West of Scotland will increase by just 12 and 14 tonnes respectively (in 2026, based on the new quota shares applied to 2020 TACs). Furthermore, the iconic Eastern Channel cod, which was frequently highlighted by the industry as one of the injustices of the CFP quota shares (the UK receives just 9% and the French 84%), will have no change to quota shares. Although not a significant fishery (the overall TAC was just 858 tonnes in 2020), failure to demonstrate any change to the shares for this stock appears to be a political failure if nothing else.

Full details of the changes to quota shares are provided in Table 1. This shows the changes relative to the actual quota received by the UK in 2020. There may therefore be small differences with the Relative Stability shares relating to rounding (quotas are provided to member states in whole tonnes),

and also because this table takes into account the application of the Hague Preferences, in which the UK is guaranteed a minimum level of certain stocks due to the dependency of coastal communities. This provides an uplift compared to the Relative Stability percentages. For example, the UK quota share increase for West of Scotland saithe, compared to Relative Stability, is a 33 percentage points absolute increase, or 188% relative increase.⁵ When compared to the actual quota share that the UK received in 2020, it is an increase of just 9 percentage points, or a 20% relative increase.

Trade

Under the arrangements for trade in goods, fish and fisheries products will not have any tariffs applied to them between the UK and the EU. This will be particularly welcome to those parts of the industry that currently export to the EU, as 65% of UK fish exports are destined for the EU.⁶ This is a significant deviation from the arrangement that the EU has with Norway, in which fisheries products are excluded from tariff-free access under the European Economic Area (EEA) agreement. However, the fish quota sharing arrangements that Norway has with the EU are based on quantities of each stock that occur in each party's zone (zonal attachment), something the EU-UK agreement falls short of. Despite zero tariffs, there will still be non-tariff barriers that will increase 'friction' for trade, such as the need for catch certificates.

Other issues

Some other areas of the Agreement merit brief mention. A mechanism to allow for voluntary in-year quota transfers is anticipated, which will allow the current member state-to-member state quota transfers to continue between the UK and EU, helping facilitate fishing businesses to match quota with catches. However, the mechanism by which these transfers will be affected has not yet been established, and there may be delays and difficulties in matching quota needs between industry and the responsible authorities. The role of the Specialised Committee on Fisheries will be important in determining the details of how the relationship between the two parties plays out, in areas such as data collection and sharing, enforcement, designation of landing ports and guidelines for access conditions. The agreement will be subject to a review every four years from 2030, to evaluate the arrangements such as access to waters, shares of TACs and quota transfers.

Summary

In summary, not a huge amount changes, at least in the short term. The UK will have regulatory autonomy for fisheries. However, the pattern of fishing by EU and UK vessels will not change significantly, and access for EU vessels to the UK's 6-12nm zone continues in southern England and Wales for another five years, and most likely beyond that. The UK will receive higher quota shares for some stocks. There will be no tariffs on fish products, which will be important for businesses that export fresh and chilled fish and shellfish to the EU, as well as for EU consumers. However, there are additional trade (non-tariff) barriers, such as catch certificates will have to be completed. The UK industry may find itself asking whether it was all worth it.

⁵ <https://twitter.com/gwcarpenter/status/1342854677684170752>. Accessed 28 December 2020.

⁶ House of Lords, 2016. Brexit: fisheries. European Union Committee. 8th Report of Session 2016-2017. HL Paper 78. Available at <https://publications.parliament.uk/pa/ld201617/ldselect/ldecom/78/78.pdf> Accessed 8 December 2020.

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