

Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee



Date of meeting: 12 February 2021
Title of Report: **UK-EU Trade and Cooperation Agreement – Fisheries**
Lead Member: Councillor Tudor Evans OBE (Leader)
Lead Strategic Director: Anthony Payne (Strategic Director for Place)
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Your Reference: UK-EU Trade Fisheries
Key Decision: No
Confidentiality: Part I - Official

Purpose of Report

To summarise the implications of the UK-EU Trade and Cooperation Agreement on Plymouth's fishing sector.

Recommendations and Reasons

For Panel to note the contents of the report.

Alternative options considered and rejected

Not applicable.

Relevance to the Corporate Plan and/or the Plymouth Plan

Our Priorities – A Growing City – Economic growth that benefits as many people as possible
How We Will Deliver – A strong voice for Plymouth regionally and nationally

Implications for the Medium Term Financial Plan and Resource Implications:

None.

Carbon Footprint (Environmental) Implications:

None.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

None.

Appendices

*Add rows as required to box below

| Ref. | Title of Appendix | Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i> | | | | | | |
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| A | UK-EU Trade and Cooperation Agreement – Fisheries Summary and Analysis | | | | | | | |

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

| Title of any background paper(s) | Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i> | | | | | | |
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Sign off:

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| Fin | ba.2 0.21. 209 | Leg | 3596 1/AC/ 7/1/2 1 | Mon Off | | HR | | Asset s | | Strat Proc | |
| Originating Senior Leadership Team member: David Draffan (Service Director for Economic Development) | | | | | | | | | | | |
| Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 07/01/2021 | | | | | | | | | | | |
| Cabinet Member approval: Councillor Tudor Evans OBE (Leader) (approved in briefing meeting) Date approved: 07/01/2021 | | | | | | | | | | | |

UK-EU Trade and Cooperation Agreement – Fisheries Summary and Analysis

Summary

i. Officers view that the Agreement is not a good deal for UK fisheries, especially for the English demersalⁱ fishing industry. It falls well short of what Ministers led the industry to expect. Except for relatively small groups of vessel owners in the pelagicⁱⁱ sector, the benefits are marginal and in some cases massively over-stated.

Context

ii. On 30 December 2020 an agreement was entered into between (1) the European Union and the European Atomic Energy Community and (2) the United Kingdom of Great Britain and Northern Ireland (“the Agreement”). The UK has become responsible, as an independent sovereign state, for jointly managing about 100 shared fish stocks with the EU. This is unprecedented and unique internationally. Additionally, the UK will be negotiating access directly with Norway and The Faroes, and has signed continuity agreements with both countries.

iii. More than two thirds of UK fisheries production is exported to the EU, while most domestically consumed fish in the UK arrive from non-EU countries such as Iceland, Norway, Indonesia, India and Ghana, or from other parts of the world via processing plants in the EU. Exports to the EU will remain tariff free, but there are new non-tariff barriers such as catch certificates, export health certificates and the need for goods to go through Border Control Posts. Neither the UK Government nor industry were fully prepared for 1st January 2021; clarification is still required from the Government in a number of areas and systems have yet to bed down. There could be consequential difficulties for businesses through the supply chain over the coming months, and there are potentially long-term ramifications for the future structure of the industry. In the short term, government officials are hoping that the EU and member states will show some leniency whilst the new arrangements settle down, but Defra and its agencies have not yet fully addressed the longer term implications.

Main features of the Agreement

iv. The Agreement provides for:

- The UK to have a larger share of the quotas for about 100 stocks it shares with the EU. UK vessels will be able to catch more fish and EU vessels fewer fish in UK waters.
- The increases will be phased in over five years from 2021. The government has calculated that the total additional value to the UK at the end of this period will be £146m.
- The Agreement contains detailed arrangements for setting annually the total allowable catch (TAC) of each of the shared fish stocks subject to quota. In many respects the process is similar to what happened when the UK was within the Common Fisheries Policy, except the UK will be negotiating with the EU as a third country.

- Until June 2026 (the 'adjustment period'), the EU and UK will have reciprocal rights of access to catch the allowable quotas, after which there will be annual negotiations on access.
- EU vessels that have a historic track record will be able to continue to fish in the 6nm to 12nm zone of parts of the UK's territorial waters – almost exclusively in English waters – for at least the next five and a half years, and most likely indefinitely.
- The UK has reclaimed considerably more policy and regulatory autonomy. But, this is not unfettered. It has to act in accordance with the objectives and principles and follow the processes set out in the Agreement.
- In common with other areas of trade and services, there is to be a joint UK-EU specialised committee that will be able to consider and agree fisheries management issues, data sharing, etc. The committee will be co-chaired by the UK and EU with a joint secretariat.
- If the UK deviates from the access or quota available to EU vessels under the terms of Agreement, in the event of dispute, the EU can require the UK to pay compensation and can introduce tariffs not just on fish products but also other goods and services imported into the EU by the UK. The EC has made it clear that it will seek to protect EU fishing communities.

Commentary

- v. Prior to the Agreement, the economic value of fisheries in UK waters for EU vessels represented £565m a year. The UK caught £98 million a year of landings in the EU's exclusive economic zone. After five and a half years there will still be a substantial imbalance. The £146m of additional quota in the government figures also overstates the real value to the UK industry, because no allowance has been made for actual catch levels by EU vessels (which in some cases have been below the quota ceilings) and does not take into account other opportunities that previously existed for the UK to increase fishing opportunities.
- vi. Since the Brexit referendum, Ministers have made great play of the UK moving towards a fairer distribution of fishing opportunities based on zonal attachment (the special distribution of fish stocks). There is no provision for this and the recalibrated quotas do not come close to previous exemplifications of zonal attachment allocations.
- vii. The changes to the UK's overall share of quota vary enormously across the UK and between species. Substantial economic gains are likely to be enjoyed by relatively small groups of vessel owners in the pelagic sector. The gains in the South West will mostly be only marginal (see annex A) and, in particular, it is difficult to see the under 10m fleet (i.e. the majority of the boats) securing any worthwhile benefit. The extra bureaucracy will outweigh, for many, any slim uplift in quota; the fishing opportunities for the shellfish boats remain unchanged whilst exporting to the EU now involves a lot more paperwork.
- viii. The Government will need to reconsider its plans for the future allocation of quota, on which Plymouth City Council commented in November, as the uplift under the terms of the Agreement provides insufficient headroom. It seems likely that, any changes in the way quota is allocated in England, will be modest in 2021 and for some years later.

ix. Meeting the obligations of the landing obligation in mixed fisheries, such as those in the south west, has been a challenge. There was a hope that rebalancing the EU and UK quota shares might assist. The additional quota will not be of much help and, dependent upon how the government responds, the situation could become more difficult.

x. Ministers repeatedly confirmed that a primary aim of the Government was to secure the UK's territorial waters for the exclusive use of UK vessels. This was one of the most important elements of the negotiations, for the catching sector. The Agreement allows EU vessels continued access around the English coast, which is a bitter blow to the UK industry.

xi. At the end of five and a half years, the presumption in the Agreement is that nothing will change unless by mutual agreement. UK is locked in unless the government of the day is prepared to accept compensatory measures by the EU, which could include tariffs and withdrawing from other parts of the Agreement, not just on fisheries but also affecting other business sectors. The prospect of a UK government being willing to do this are slim.

xii. Changes to the export rules affecting one sector in another part of the UK could have an adverse ripple effect elsewhere, including the south west, which are difficult to anticipate and mitigate.

xiii. On a more positive note, the UK has reclaimed considerably more policy and regulatory autonomy. There could be useful opportunities for the UK Fisheries Administrations to improve transparency and to develop and introduce policies more suited to the unique nature of UK fisheries. However, the UK does not have a completely free hand and only time will tell the extent to which the UK will be able to take unilateral action. The Government has announced that it has banned pulse trawling by English and EU vessels (Scotland still has one vessel licenced to use this technique). This might turn into a test case if the Netherlands or the EC raise objections.

xiv. The role of the specialised committee on fisheries, as a forum for considering and agreeing various fisheries management issues, and how this will play to the ambitions of the Fisheries Act 2020 is not yet clear. For example, the extent to which the Joint Fisheries Statement and Fisheries Management Plans will be independent of agreement within the specialised committee on fisheries.

xv. This paper covers only the Fisheries specific sections of the Agreement. As implementation begins to take effect we might find that aspects concerning trade, subsidies and regulatory autonomy will be affected by other provisions in the Agreement.

Recommendations

xvi. There will understandably be considerable disappointment and frustration within the fishing industry. However, in any situation, there are opportunities. Steps can be taken to seek greater clarity about the government's intentions and to make representations on behalf of the local industry and the communities served. Plymouth City Council has been a strong supporter of the local industry and will want to ensure, as far as possible, that future government policies and regulatory systems recognise the contribution made by the industry and its needs.

xvii. The Government has indicated that a funding package of £100m will be available. It will be important that these funds are effectively targeted – which will require fresh thinking and not just recycling processes and policies already found wanting. The industry will need assistance to recover, rebuild and modernise.

ⁱ Demersal fish are found near the sea bed

ⁱⁱ Pelagic fish live and feed away from the bottom of the sea bed