

National Assembly of Wales – External Affairs and Additional Legislation Committee
Submission from the New Economics Foundation on the impact of Brexit on Welsh fisheries

The basics: Fish stocks as a shared and mobile resource

That fish swim around with no respect for international borders is a simple observation with profound implications for how UK fisheries should be managed. Unlike Norway, Iceland, and other countries that are often mentioned as role models for UK fisheries post-Brexit, nearly every UK fish stock is shared between the UK and another EU Member State – more often with four or five. If any one of these countries decides to increase its fishing pressure on a shared stock, then all the other countries suffer a hit to their own fisheries later on in the migratory cycle. While Britain may feel like an island nation, at sea it is very much connected with the rest of the EU. The inevitable conclusion is that shared resources require shared management.

Individual actors and overexploitation: A lesson from natural resource economics

While Norway and Iceland do not have as many shared fish stocks as the UK, their management of fish stocks that are shared with other countries provides a hint at how the UK might govern its fisheries outside of the EU – and the indication is serious cause for concern. Quota negotiations within the EU are certainly problematic (quotas set an average of 19% above scientific advice)¹, but quota negotiations for stocks shared with these non-EU countries are actually set even further above scientific advice (24%).² In fact, there are many instances (termed the mackerel war,³ herring war,⁴ and the cod wars I and II⁵) where these countries simply walked away from the negotiating table and no common limit was reached.

It is clear why the ability to walk away from quota negotiations is a tempting for the UK, but it should be acknowledged that the greater the number of independent actors, the greater the chance of breakdown and overfishing. Indeed, a key lesson from natural resource economics is that individual actors have an incentive to overexploit a common resource.

Member State division: Who gets what? Is it fair? Can it change?

After the total quota is set (formally the Total Allowable Catch, or TAC) it is divided up between Member States through a mechanism called relative stability. As the name implies, relative stability sets a fixed percentage of each quota to be allocated to the different EU Member States and is largely based on the level of historic fishing from 1973-1978. Setting a common base period was a difficult political negotiation that took six years to complete, but the principle that historic fishing patterns should be a guide to future fishing opportunities was largely accepted. These difficult beginnings for relative stability has meant a great deal of resistance to opening up what is seen as a Pandora's box. Yet changes over time, such as the specialisation of Member States in particular species and climate change moving stocks further north and into new waters, has meant increasing calls to revisit these shares.

One potentially radical change to UK quota shares allocated is if 200 nautical miles (or the median line) was claimed as UK waters and relative shares were then calculated by how long fish spend in these waters (called zonal attachment). However, it is not clear that this proposal is possible or desirable. Just as UN law specifies that 200nm is exclusively available to every country, it also specifies that there is a reasonable expectation of fishing access granted to other countries with a long history of fishing in that area. Talk of potential lawsuits has already begun.

It is also not clear that a sharp border would be desirable for UK fishers, not only because 17% of UK catches occur in what would be EU waters,⁶ but also because the industry has specialised by species more than by geography. Relaxing a 200nm border by swapping herring quota for cod quota would be mutually beneficial for the UK and other fishing nations like the Netherlands. A mutually beneficial arrangement is also important given the importance for the UK to avoid EU tariffs on fisheries products as 80% of UK caught fish is exported with 66% routed to EU consumers.⁷ In the end, claiming a 200nm border will likely soften into a renegotiation of relative shares – for the benefit of both UK and EU fisheries.

Confusion over quota allocation: Clearing the waters

Over the course of the referendum campaign, a great deal of confusion spread about fisheries and EU membership. This was most starkly the case on the issue of how fishing vessels receive their quota. Many people are aware of the decline in vessels occurring in their local port and that foreign-owned vessels own vast amounts of UK quota, but these and all other issues related to quota allocation are entirely the responsibility of Member States governments themselves. Brexit does not present any new possibilities with regard to quota allocation, but it does not take them away either, so there is room for post-Brexit reform.

Our research has shown that the UK quota allocation system is ripe for reform.⁸ As the most important driver in fisheries, quota can be allocated to reward and incentivise good environmental and socio-economic performance. In particular, the small-scale sector (under 10m in length) is important to deliver successful fisheries and thriving coastal communities but is suffering from low amounts of quota. Other organisations have proposed that post-Brexit a new market-based system of quota ownership and trading should be introduced that would inevitably concentrate fishing quotas in the hands of the largest and most profitable vessels. This should be of particular concern to Wales as over 90% of the vessels are small-scale⁹, many of which are highly dependent on quota for skates and rays.¹⁰

Post-Brexit fishing bodies: Retain where possible, replicate where necessary

While EU management of fisheries has been rightly criticised over the decades, a series of important reforms are now showing the success of the EU framework. Overfishing (fishing mortality above that which would deliver maximum sustainable yield) has declined,¹¹ stocks are growing in size,¹² many quotas are now on the rise,¹³ industry investment is increasing,¹⁴ and industry profits are increasing to high levels (a gross profit margin of 25%).¹⁵ (Note that an important fish stock for Wales, seabass, is moving in the opposite direction with biomass decreasing, although interestingly it is suffering from too little EU management, most notably by the resistance to introduce an EU quota limit for the species.)

Major reforms to the EU framework in the wake of Brexit risks reversing these positive trends. As such, the UK should seek to retain its role in institutions wherever possible and replicate where necessary. This includes NEAFC (North East Atlantic Fisheries Commission), ICES (International Council for the Exploration of the Sea), the ACs (Advisory Councils), and a whole host of scientific and research bodies.

The Great Repeal Act: How should Wales respond?

From what is known about the UK government's Great Repeal Act, it appears to be an attempt to concentrate power over Brexit negotiations and post-Brexit law-making in the hands of the UK government. This is very concerning given the need for Wales to ensure that EU fishing policy is replicated in UK law post-Brexit and that there is a strong role for the devolved administrations and the UK parliament if any EU law is going to be repealed. Given the details in this briefing, the success of Welsh fisheries depends on a strong resistance.

Endnotes

- ¹ Carpenter, G. & Kleinjans, R. (2015). *Landing the blame: Overfishing in EU waters 2001-2015*. London: New Economics Foundation. Retrieved from: <http://www.neweconomics.org/publications/entry/landing-the-blame>
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- ³ Davies, C. (2010). Britain prepares for mackerel war with Iceland and Faroe Islands. *The Guardian*, 22 August 2010. Retrieved from: <https://www.theguardian.com/environment/2010/aug/22/britain-iceland-faroe-islands-mackerel-war>
- ⁴ Cressey, D. (2013). EU escalates 'herring war' with Faroe Islands. *Nature.com*, 21 August 2013. Retrieved from: <http://blogs.nature.com/news/2013/08/eu-escalates-herring-war-with-faroe-islands.html>
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- ⁸ Carpenter, G. & Esteban, A. (2015). *Managing EU fisheries in the public interest*. London: New Economics Foundation. Retrieved from: <http://www.neweconomics.org/publications/entry/managing-eu-fisheries-in-the-public-interest>
- ⁹ Marine Management Organisation (2015). UK Sea Fisheries Annual Statistics Report 2014. Marine Management Organisation. Retrieved from: <https://www.gov.uk/government/statistical-data-sets/uk-sea-fisheries-annual-statistics-report-2014>
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- ¹¹ Scientific, Technical and Economic Committee for Fisheries (2016a). Monitoring the performance of the Common Fisheries Policy (STECF-16-03). Publications Office of the European Union. Retrieved from: <http://publications.jrc.ec.europa.eu/repository/bitstream/JRC100814/lb-ax-16-003-en-n.pdf>
- ¹² *Op cit.* STECF (2016a).
- ¹³ Scientific, Technical and Economic Committee for Fisheries (2016b). The 2016 annual economic report on the EU fishing fleet (STECF-16-11). Publications Office of the European Union. Retrieved from: https://stecf.jrc.ec.europa.eu/c/document_library/get_file?uuid=f519adc4-c5cf-4b0a-9fd5-0dd7b3108974&groupId=43805
- ¹⁴ *Op cit.* STECF (2016b).
- ¹⁵ *Op cit.* STECF (2016b).