



RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

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Dear Richard

FISHING QUOTAS FOR 2011

Thank you for giving evidence to the Committee setting out the Scottish Government's position in relation to the state of the Scottish fishing industry and fishing opportunities for the industry in 2011.

As you will be aware, the Committee also took evidence in October from the Scottish Fishermen's Federation, the Scottish Pelagic Fishermen's Association, and the World Wildlife Fund.

As well as hearing from stakeholders, the Committee received a characteristically useful and illuminating briefing from Marine Science Scotland on the state of the stocks and the methodologies used to assess them. The importance of having adequate and current data to back up fisheries policy has never been more critical. This is perhaps particularly the case for the Scottish fishing industry. Data on stocks on waters west of Scotland is acknowledged as relatively weak. The success of measures adopted under the conservation credits scheme in decreasing North Sea cod mortality will also have to be clearly proven if Scotland is to continue to derive any benefit from them. (We discuss this further below.) In both cases, it will be down to UK and Scottish Government scientists to provide the bulk of the data. As you will appreciate, we make these comments in the context of vastly increased budgetary pressures on all aspects of Government spending.

The following represents the Committee's views on matters we think you should take into account in arguing the case for the Scottish industry in ongoing EU and international discussions.

The Future of the Common Fisheries Policy

We start with more general comments about the future of the CFP and the possibility of meaningful reform post-2013. The Committee heard that there is some reason to be optimistic about the direction of travel, and that the prospects of a movement towards more decentralised decision-taking were fair. If so, it is to be hoped that this would lead, in particular, to the development of more practical and workable methods of effort control in demersal and nephrops fisheries, rather than the imposition of unrealistic and counter-productive controls by the Commission, many of which have left fishermen in despair.

This optimism was leavened by concern, however, that some states and sectors may have a vested interest in maintaining the status quo, for all its evident failings, the most scandalous of which is, of course, the discarding every year of tonne upon tonne of marketable fish. It is imperative that these interests are not permitted to stand in the way of the efforts of the progressive majority within Europe to devise a more rational and decentralised policy. In particular, if stakeholders in any of the ICES areas in which the Scottish fleet has an interest are able to come together to agree a joint decentralised approach that is acceptable to the Commission, it would be deeply regrettable if implementation of such an approach were to be held back simply because stakeholders in another area could not make similar progress. We ask you to take this into account in your continuing representations to the Commission as to the shape of CFP reform.

I ask you to note that we hope to hear from the UK Fisheries Minister in the New Year about the coalition Government's CFP reform policies; any further views that you wish to share with the Committee on the Scottish Government's priorities for CFP reform in advance of that discussion would be gratefully received.

The SPFA also made very clear to us that the decentralised decision-making is of far less significance to the pelagic sector and that (as discussed in more detail below) it is enhanced international co-operation, in the common interest of harvesting highly migratory stocks sustainably, that is actually needed. Indeed, the management of the EU pelagic fleet in the north-east Atlantic appears to be a rare instance of the CFP working relatively well. It is the lack of binding agreements on the management of a shared resource with states outside of the Union that is problematical.

In short, a twin-track approach to CFP reform and decentralisation, treating the pelagic sector as a special case, is needed. Going further, it is perhaps worth considering whether, in advancing CFP reform, the Commission could apply some of the lessons learned – both good and bad – from the management of north-east Atlantic mackerel stocks to other pelagic stocks fished by member state fleets.

Stock management models

The SFF told the Committee that the maximum sustainable yield approach to stock management is here to stay, at least for the foreseeable future. Critiquing it is therefore something of an academic exercise. The real challenge will be to make it work, particularly in mixed fisheries such as the demersal sector of the North Sea, where the interactions between species are dynamic, complex and not yet properly understood.

Similar sentiments were expressed about long-term single-stock management plans; there is recognition that they are likely to become more rather than less

common under the CFP. The industry has also recognised that there can be potential longer-term benefits in working in partnership with scientists and conservationists to produce workable management plans for particular stocks. In particular, the Committee heard about well-advanced plans to implement a management plan for haddock that are largely the work of the industry and conservationists working together. This is to be welcomed.

The Committee heard some concerns about the interaction between management plans and the MSY approach. An over-rigid adherence to MSY, the Committee was informed, can lead to unpredictable yearly fluctuations, which the industry finds very unhelpful. This year's scientific advice on Rockall haddock, for which a 46% cut is recommended, stands out as a clear example. By contrast, management plans can help lead to a smoothing out of annual fluctuations, decreasing the unpredictability associated with fishing stocks and contributing towards the development of more stable markets in fish products.

In this respect, the Committee was very interested to note your own remarks that in the past, Scottish Government policy may have focussed too much on catching opportunities rather than on seeking to secure a stable market for fish products, rewarding fishermen commensurately for their efforts in producing a premium, sustainable product. We agree that it is time to look past a "pile them high" approach that properly belongs in the past and to contemplate more sophisticated and market-oriented approaches based on fishermen catching less but (as discussed below) landing more of what they catch, and for greater reward. The Committee would be interested to know whether this change of emphasis in policy will lead to a revised economic and marketing strategy for the Scottish fisheries sector and, if so, when we might expect it. (See also some of our queries about the likely socio-economic outcome of the "fleet resilience" grant scheme, discussed below, which to some extent are linked since they too touch on the economic robustness of important parts of the Scottish fleet.)

Returning specifically to MSY, whilst the Committee accepts that it is here to stay as the principal calculus of quota, and accepts also the rationale behind the use of MSY – the goal of healthy, sustainably fished stocks – we would urge the Scottish Government to ensure that an over-dogmatic application of MSY formulae does not "trump" the effective development and operation of long-term management plans for individual stocks. In this connection, the Committee notes that management plans for North Sea herring, mackerel and haddock appear to be helping to deliver MSY for those stocks.

License parking and fleet resilience

The Committee heard views on the "fleet resilience" grant offers being under the Scottish Government's license parking scheme, whereby demersal and nephrops fishermen accept grants from the Scottish Government to scrap their boats. We noted that this was not equivalent to past decommissioning scheme as the underlying aim was not to reduce the overall capacity of the fleet, but to increase its efficiency. This is because the quota and days at sea entitlement held by scrapped boats could be taken up by remaining boats. The aim is therefore to produce a smaller, leaner fleet. We also heard that take-up has been high. As a result, some 40 boats are likely to leave the whitefish and nephrops sector.

Whilst there is capacity under the scheme for recipients of extra quota or days at sea to build a bigger boat from 2016 onwards, the Committee heard that there is probably sufficient capacity within the remaining fleet to make this unlikely.

The Committee supports measures to increase the resilience of the fleet. We recognise that many boats within the whitefish and prawn sectors are struggling to make ends meet. Industry representatives' admission that the result will be fewer people working directly in these sectors and (presumably) fewer people working to support them does however give cause for concern. I have noted the information you have recently provided, detailing all those boats in respect of which grant will be provided. It was helpful to receive this. However, we consider that a number of important issues associated with the scheme still required to be clarified, such as—

- whether the Government has carried out a socio-economic analysis of the likely consequences of the scheme – will some ports effectively cease to be operational? What sort of boats and operators will survive?
- has the Government carried out a value-for-money analysis?
- what is the mechanism for the transference of quota and days at sea-the free market?
- who was consulted on the scheme other than the fishing industry?
- will there be any further Parliamentary scrutiny or oversight of the process?

The Committee would be grateful for your views on these points.

Mackerel

This year's headline story in fisheries has clearly been the major dispute over mackerel between the EU and Norway on the one hand and the Faroes and Iceland on the other. The Committee heard that the sum of the quota declared for 2011 by the Faroes and Iceland, combined with the likely 2011 quota for Norway and the EU would be 60% in excess of the total allowable catch recommended by ICES. This is a matter of extreme concern. Marine Scotland scientists pointed out that if stocks continued to be prosecuted at this rate, it could no more than five or six years before a currently healthy stock would be below the precautionary limit. Parallels were made in evidence-taking with the catastrophic management of blue whiting over the past decade, rightly described as a "horror story" ¹ by Mr Gatt of the SPFA.

Marine Scotland scientists made the important point that the increased movement of mackerel into Icelandic waters is an apparent function not of global warming, but rather of an increase in the overall stock, causing shoals to be dispersed over a wider belt of waters west and north of the British Isles. In other words, Iceland and, to a lesser extent, the Faroes, appear to be reaping the rewards of the EU and Norway's responsible husbandry of mackerel stocks in recent years, in which the Scottish sector has of course played an important part.

The unilateral actions of Iceland and the Faroes over mackerel are, in the Committee's view, scandalous. It is quite wrong for any one country to manage a shared stock that happens to venture into its exclusive economic zone in such an irresponsible manner, for short-term economic gain. It also dismays us to hear that much of the fish being caught are apparently immature, and end up being processed industrially; a dreadful waste of a high quality resource. Nevertheless, the Committee recognises that we are where we are, and that for the sake of the

¹ Rural Affairs and Environment Committee, Official Report, 6 October 2010, col. 3203

continued survival of the stock as a viable fishery, it will be necessary to strike a lasting deal with our neighbours. As stakeholders repeatedly stressed, however, this should not be a deal at any cost. Irresponsible behaviour should not be rewarded and Scotland's economic and social interest in the stock must be protected. As Mr Gatt reminded the Committee,² without mackerel to fish, Scotland will no longer have a viable pelagic sector.

We note that discussions on finding a solution are ongoing. It is reassuring to hear that the Commission has thus far thrown its full weight behind Scotland and the UK, but it is crucial that pressure at European level is fully maintained. A plea made to the Committee was that the Faroese fleet's limited entitlement, from 1 October onwards, to fish for mackerel in Community waters should be rescinded on grounds of bad faith, a proposal with which we have much sympathy. It would be useful to know whether that option is still on the table. And if there are other options that might help persuade either Government to abandon their reckless approach, these too should be thoroughly considered.

Herring

The Committee heard evidence that while there had apparently been a serious under-estimate in the biomass of North Sea herring, concerns remain about an apparent trend of poor recruitment. Marine Scotland scientists clarified that the issue seemed to be a failure of juveniles to reach maturity, rather than a reduction in fertility, but were not able to shed light on what might be causing this. It is a matter of concern that the reasons for this trend remain largely unknown, although as we discussed with Marine Scotland scientists this only serves to illustrate the difficulty of assessing the interactions of a complex marine environment. This underlines the importance of ensuring that the Scottish marine science sector is properly resourced.

North Sea demersals, the Conservation Credits Scheme, and the Cod Recovery Plan

The terms of the Cod Recovery Plan mean that the state of the North Sea cod stocks is crucial for the demersal and, to a lesser extent, nephrops sectors. The Committee was concerned to note the controversial ICES finding that there appears to have been a small spike in cod mortality in the past couple of years, despite efforts (in which the Scottish fleet has played a leading role via the Conservation Credits Scheme) to keep mortality low. We noted that the relevant data was controversial and disputed, although Marine Scotland scientists pointed out that if alternative methodologies were used, they would still be likely to lead to the same scientific recommendation that there be a cut in quota of around 20%.

The debate around the data on mortality is not however an academic one, since, under the cod recovery plan, any increase in mortality is likely to lead to a cut in the number of kilowatt days available to the fleet. It is, in any case, important to continue to monitor the effectiveness of the CCS in reducing the inadvertent targeting of North Sea cod. Witnesses warned us that, in considering the state of the stock as a whole, there is a danger of looking only at the bigger picture and failing to take into account the Scottish fleet's contribution to stock conservation. In other words, if the "fault" for increased mortality lies outwith the Scottish fleet, it is crucial that we have the data to prove it. As stakeholders warned us, we are reaching a critical point in the operation of the CCS, and any remaining goodwill

² Rural Affairs and Environment Committee, Official Report, 6 October 2010, col. 3200

from the demersal sector towards the scheme may evaporate if it comes to be viewed as merely another mechanism for securing the managed decline of the whitefish industry. We would urge you to ensure that the Conservation Credits Steering Group fully consults and engages with the fishing sector, given some of the concerns that have been expressed to Members about it adopting too much of a top-down approach.

The Committee has considerable sympathy with points raised in your own evidence as to the unfairness of some of the current rules on kilowatt days. You pointed out some of the perverse incentives that they lead to. We agree that kilowatt days are something of a blunt tool in need of refinement, although in fairness it should be acknowledged that they are a considerable advance on calendar-day measurements, which they replaced. Either way, it must surely now be possible to make use of technology to distinguish between times when boats are catching fish and times when they are steaming to or from port. We urge you to seek a commonsense solution to this issue at European level.

West of Scotland stocks

The state of the West Coast demersal sector continues to give cause for concern, in terms both of the state of the stocks and of effort controls to manage them. As regards the latter point, the Committee is dismayed to note the continuation of the emergency technical measures first agreed in 2009. We note that demersal stocks to the West of Scotland (whiting especially) are amongst the less scientifically understood commercial stocks found in Community waters, and that in practice Marine Scotland scientists bear a disproportionate burden of responsibility in assessing whether and how well they are recovering as a result of conservation measures, and whether, therefore, a relaxation of those measures can be considered. Accordingly, we reiterate the importance of ensuring that scientists are adequately resourced.

We note that proposals for a long-term haddock management plan are well advanced and that it now principally lies with the Commission to approve them.

Nephrops

The Committee is pleased to note the general view that the Scottish fleet is harvesting nephrops largely in a responsible and sustainable manner. At present, the main difficulties in this sector lie on the marketing side, explaining why quota has not been fully taken up, although we noted that prices have begun to improve recently. If the market continues to improve, and quota take-up improves, it may become important to ensure that decision-makers avoid the over-dogmatic approach to MSY alluded to earlier in this letter.

The Committee notes that for the time being the decision has been taken not to move to setting quotas on an area basis. The risk of continuing with the present approach is that it may put pressure on areas within closer steaming distance. We suggest that the situation is given further consideration.

Discards and catch quotas

The Committee was interested to note something of a sea change in attitudes towards catch quotas. There appears to be an increasing consensus that catch quotas represent a viable way forward for the industry, albeit that some misgivings remain over increasing the use of CCTV. We note from your evidence that there is ongoing consideration as to possible next steps in the development of catch quota

policies in the demersal sector. It is important that the demersal sector is fully consulted as to any proposals. It is also important that policy should not develop at too fast a pace, given the huge amount of legal and policy changes the sector has already had to endure over recent years.

It would be helpful to receive a further update from you on developments in the Scottish Government's catch quota policy at an appropriate point.

Outcome of negotiations

I hope that you find the points made in the letter helpful, and ask you to note that they represent the unanimous view of Committee members from all four main parties. We would welcome a response to them in due course. We would also be grateful for information concerning the outcome of all the international discussions that are currently ongoing.

Maureen Watt MSP
Convener