



HOUSE OF LORDS

Select Committee on the European Union

Energy and Environment Sub-Committee

Corrected oral evidence: Access to UK fisheries

Wednesday 26 February 2020

10.40 am

Watch the meeting

Members present: Lord Teverson (The Chair); Lord Arbuthnot of Edrom; Baroness Bryan of Partick; Baroness Byford; Lord Cameron of Dillington; Lord Kerr of Kinlochard; Baroness McIntosh of Pickering; Lord Maxton; The Duke of Montrose; The Earl of Stair.

Evidence Session No. 3

Heard in Public

Questions 19 – 25

Witness

[I](#): Chris Davies, former Chair of European Parliament Committee for Fisheries, 2019-20.

Examination of witness

Chris Davies.

Q19 **The Chair:** I start this public session by saying that this is the Committee's inquiry into the access to UK fisheries and the negotiations that will take place between the European Union and the UK on fishing opportunities following the transition period. I remind everyone to declare their interests. I probably have a minor one in that I co-chair the Cornwall and Isles of Scilly Local Nature Partnership which has some involvement in coastal affairs.

This is a public session which is being broadcast. Mr Davies, I welcome you. If there is anything in the transcript that you think is wrong, please let us know and we will change it, and if anything does not come up during the session that you feel would be useful, please send it to our clerk in the form of written evidence. Before we begin, it would be useful if you could introduce yourself.

Chris Davies: I am a former Member of the House of Commons—back in the last century—and then from 1999 to 2014 I was a Liberal Democrat Member of the European Parliament, working on environment and fisheries issues. I campaigned on the need to introduce strong elements of sustainability into the Common Fisheries Policy. I ran a cross-party group with that objective, supporting the UK Government who at the time were pushing strongly for that principle to be confirmed. I was re-elected in 2019 and appointed as chair of the fisheries committee. I am certainly the only chair of the European Parliament's Fisheries Committee ever to have dressed up as a fish in the Parliament in order to make his point.

Q20 **The Chair:** I am sorry that you have come to the session so conservatively dressed, but there we are. Let us make a start on what is going to be a serious subject for us all. Perhaps you could give us some of your insights into what the European Union's primary concerns about the fisheries issue will be, particularly access post Brexit, in order to give us a view of what how it is being seen on the other side of the Channel—I am sorry, but I must not exclude the Republic of Ireland by that remark.

Chris Davies: I am sure you are well aware of the many comments that have been voiced. Access is clearly crucial, and then stability. I am sure that as soon as possible, all concerned would like to feel that changes are not going to be made every year so that we have to face politically fraught situations annually. The third key element is sustainability. It is not simply a matter of who is catching the fish but whether there are enough fish to catch, and preferably a lot more fish than that because over the past century our seas have been denuded.

On the issue of access, the EU will be arguing that there is this myth on the UK side that somehow joining the EEC robbed British fishermen of their rights to fish in the seas around this country and somehow allowed in foreign fishing boats. In practice, European boats have always fished around the UK. The 1964 London Convention on fisheries was agreed between the original members of the EEC with the exception of

Luxembourg and Italy, but it was agreed by Germany, France, Belgium and the Netherlands as well as the addition of Denmark to fish in the North Sea and Atlantic waters up to 12 miles from the coast of Britain. That superseded the 1884 Convention which at the time allowed European fishing boats to within three miles of our coastline. The history of European fishing in what are now called our waters will be at the heart of the negotiations. There is a sense of unfairness on the European side that it is being pushed out.

Of course, the argument these days is that a 200-mile limit has now been established under the UN Law of the Sea, but when that was prepared, the UK was part of the European Union and there was no suggestion at the time that that would change. Under that same Law of the Sea, fishermen who can demonstrate a long-term traditional right to fish in certain waters should have that right confirmed, but of course how that is interpreted is open to question. Those are the arguments which are likely to be used by the EU.

I will also touch on the question of sustainability. The EU Common Fisheries Policy rightly came in for much criticism in the last century for tolerating and indeed encouraging overfishing. In the 1970s and 1980s, money was given to fishermen to increase the capacity of their fleets and modernise their vessels by increasing engine power, for example. This led to an increase in overfishing, which Britain had been doing long before we joined the EU. The herring industry was largely destroyed by Britain itself, not by the EU. That led to overfishing in the 1990s, so by then money was coming from the European Union to diminish the size of the European fishing fleet. That has been successful. The capacity of the fishing fleet has been reduced, which means that not only are we overfishing much less but the profitability of the industry has increased markedly. The European fishing industry is profitable and nowhere is it more profitable than in the United Kingdom. Some figures show that the industry as a whole is making a 26% net profit, which is extraordinary.

Again on the sustainability issue, there are approximately 80 fish stocks which are assessed each year by ICES scientists; I think that the 2020 assessment is of 79. Back in 2009, only five of those stocks were being fished at the maximum sustainable yield; the rest were being overfished. The figure for fishing at maximum sustainable yield has now risen to 62 out of 79, and therefore overfishing has stopped. Fish stocks are secure and in most cases the biomass of those stocks is increasing. There are issues about the remaining stocks, some of which are shared with Norway while others are shared with Iceland, Russia and the Faroe Islands. But, by and large, dramatic progress has been made in the past 10 years and I know that the European Commission has put sustainability at its heart, which is not something that could have been said back in the 1980s or 1990s.

The Chair: Perhaps I can follow up on a couple of points. An issue that has been expressed by fishing representatives from Scotland and England is their strong desire for annual agreements on fisheries to be reached

that are similar to those Norway has with the EU at the moment. There is a feeling that there will be strong resistance by the EU to agree on that basis because of their relative stability—a point that we will come on to later. Perhaps you could give us some view on that. Are we going to be able to successfully negotiate annual Norway-style deals by 30 June?

Chris Davies: Scottish fishermen might talk about Norway, but they will talk about Iceland less because they think that Iceland is stealing their mackerel. Both Norway and Iceland are independent coastal states, as the UK now is. We have firm agreements with Norway, but we do not have them with Iceland, and the situation is fraught.

As you say, there is an annual arrangement with Norway and yet the reality is—I checked this with the Commission just yesterday—that the situation is very stable.

When we talk about quotas, there are two issues. There is first the distribution of the share, the percentage, that is usually agreed from one year to another and allocated to each country. Then there is the total allowable catch, the assessment of the scientific reports of how many fish may be caught within the quota structure each year.

The European Union has discussions annually with Norway about the total allowable catch. Those discussions have been complex. One of the reasons we do not have complete agreement on all the sustainability of the shared stocks is because the European Union has not reached complete agreement with Norway.

Let us take the example of North Sea cod. Most of the fisheries are doing well. North Sea cod is an example of where we have been on a positive trajectory, but then for various reasons things went wrong and the scientists now tell us that we have severe problems. They may be partly related to climate change. Cod moves north towards colder waters. The scientists recommended a cut of more than 60% in the total allowable catch of North Sea cod. In the shared stocks, Iceland wanted a cut of only 30%. The European Union pressed to follow the scientific advice. It ended up, after three rounds of negotiations held over a period of months, with a cut of 50%. We have not achieved maximum sustainable yield in line with the scientific advice, but there has been a compromise and attempts have been made to ensure that the overfishing which was threatening the stock has been brought to an end.

It is a fluid negotiating arrangement, but that is over the total allowable catch. My understanding is that the quotas are very stable;¹ Norway does not seem to want to touch them on an annual basis. There has been no discussion about redistributing the share of the quota for at least several years, so if the eventual relationship between the EU and the UK is on similar lines, I suppose that there will be some satisfaction as long as the arrangement is initially acceptable to all sides.

¹ Chris Davies subsequently clarified that the quotas could in theory also be negotiated annually.

Of course, with the shared stocks, it will not be simply the UK and the EU. We will have to set up a negotiating body comprised of the UK, the EU and Norway.

The Chair: Thank you. We will come on to the relative stability issues later. What do you feel the EU will want as part of the specific fisheries agreement that will be reached? Will it be completely subsumed by the broader agreement? How do you think that will work on the EU side?

Chris Davies: On what the EU will want, there are a number of issues which I have not seen being referred to in the press at all. These negotiations will enter into the realms of other trade discussions. What will happen about the landing obligation, for example? The UK pressed really hard for a discard ban. Hugh Fearnley-Whittingstall campaigned for it and the UK took the lead in pressing for that ban. Your Committee, certainly the House of Lords, has produced reports demonstrating that the landing obligation is not being adhered to by the UK, and that is the case in many other Member States too. The new Commission has made it clear that one of its objectives is to ensure that the landing obligation is properly enforced, but who will enforce it? Will the UK do that?

That brings us on to the control regulation which is currently before the European Parliament. The Commission has proposed tighter controls on fishing through the use of cameras on board a much larger selection of vessels, not least to check that the landing obligation is being met and ensure that fishermen are not simply throwing tonnes of fish overboard. That is controversial within the European Union, but assuming that new controls are introduced, will they apply only to the European fleet, and what about the European boats which are likely to be in UK waters? Who is going to do the controlling? Will the UK control vessels and take responsibility for policing EU vessels which might be working to different legislation than that in the UK?

The Chair: What do you feel the EU ask will be in those areas? That is what we are trying to get to. What does the EU practically wish to deliver?

Chris Davies: That is simple. The starting point is that we do not want any change. The EU wants the position to be, "Please can we all sing from the same hymn sheet?"

The Chair: Good. That is very useful, and thank you.

Q21 **Lord Cameron of Dillington:** You have dealt with this from the EU perspective. What do you think the British Government should be aiming for in their negotiations with the EU?

Chris Davies: They should be aiming to get a good deal for the chemicals industry, the car industry and the pharmaceutical industry. The reality is that in all countries, not just in the UK, a lot of political attention is being paid to fishing, but the chemicals sector in this country is worth eight times more than the fishing sector and 20 times more than the value of the fish catching sector if you ignore fish processing. Any

sensible economic analysis would say that we have to make sure that chemical manufacturers in Britain, in the absence of regulatory alignment, will still have access to the European market, which of course is completely controlled by the REACH legislation.

Lord Cameron of Dillington: Are you saying that the UK should give away all the levers it has for fishing—the 200-mile limit and so on? It has quite a strong card to play. Are you saying that it should give away all of its advantages in order to satisfy the chemicals industry?

Chris Davies: It depends whether you want jobs or not.

Lord Cameron of Dillington: I agree with that, so are you saying that in terms of the fishing agreement, we should give it all away?

Chris Davies: Let us be honest. The 200-mile limit is binding; it is certainly binding on fishermen who have not traditionally fished in those areas, so that is open to interpretation. We have the right to exclude all EU vessels from those waters, but there will be an economic price to pay for doing so. There is no question about that. I have heard Michel Barnier say twice—I am not sure whether publicly but certainly in private meetings—in answer to points of this kind, “Please remember that I am a former French fisheries minister. I know my industry and I know the passions it arouses.” It is inevitable that these discussions will spill over into other areas. Do we want to see threats to our most productive economic sectors, and for what purpose?

The question is this: who would lose out? The fishing industry is heavily controlled, as we know, by a very small number of companies. Some 60% of all the quotas are held by 13 companies. The biggest company, Marr International, has a £544 million turnover. If Brexit is simply about giving a bigger proportion of fish, and therefore higher profits, to what are already millionaire companies, how does that address the political concerns that people have about fishing?

Lord Cameron of Dillington: Is there one thing that would help the smaller fishermen? Would, for example, extending the six-mile limit to a 12-mile limit help them, not the big companies that you are talking about? Could that be singled out as something that might be beneficial and acceptable to both sides?

Chris Davies: Yes, I think so. There is already a precedent for that, so it seems to be entirely reasonable. Of course, within that, we should always remember that the allocation of quotas between the large-scale fleet and the small-scale coastal fleet has always been a matter for the UK authorities in London, Edinburgh, Cardiff and Belfast, not for Brussels.

Lord Cameron of Dillington: Okay, so let us assume that under your belt. What would be the next ask?

Chris Davies: What would be the next ask by the UK—I do not think that that is my responsibility. I am far too prejudiced.

Lord Cameron of Dillington: Within the art of the possible, what is the next possible chip that we could put down?

Chris Davies: We could do some quota swaps. I am a great fan of mackerel and you could offer it to me at least three or four times a week, but I have never eaten horse mackerel. We catch vast quantities of horse mackerel and export it. I do not even know what a horse mackerel looks like, but I am sure that we could do some quota swaps of that kind which would please our industry and not offend our trading partners.

The Chair: In the area of quotas, stocks or whatever, given the political rhetoric you have been talking about, the fact is that while fishing is only a small part of our GDP, it cannot be ignored by the negotiators on either side. Do you see a route that could be followed to agreement by the end of the year, let alone a sensible compromise agreement by 1 July with a vision of the future that will work?

Chris Davies: Politically, the UK Government can please a great many people by actions that are entirely unilateral and independent: that is over quota sharing. They could look once again at the quota arrangements which have been in place since 1999. They might have to face some legal challenges, but they could give a much larger share of the quota to small-scale fishing enterprises. That could cause difficulties, but they would be largely for the big companies, not for the poor fisherman portrayed in the newspapers and on television pushing his boat out from the beach at Hastings or wherever. That is in their hands.

There are other options. The 12 miles point is there, as is the exchange of quotas. Also, the obvious way forward for the Government, given the timescale, would be to simply set up some sort of new negotiating body with a fancy title that would undertake to hear evidence, review the situation and seek to reorder the relatively stable arrangements which have been in place for the past four or five decades insofar as they apply within our waters.

Lord Kerr of Kinlochard: You said that you have been in touch with the Commission to check the position you have just described to us. I am sure that you are also in touch with Her Majesty's Government. Do you know why they are putting such emphasis on an annual negotiation?

As I understand the Norwegian situation, there is a multi-annual framework negotiation. The framework is set and within that there are annual discussions about TACs. If there is an annual discussion of quotas as well—I am guessing that that is the UK position—that is a recipe for instability, which will be unwelcome in the medium and long term to the industry as well as to everyone else. Is that fair? Do you think that the quotas should be set on a multi-annual basis and every year you might look at the total allowable catches, taking account of the latest scientific information?

Chris Davies: Yes, I would agree with that. You ask whether I have any knowledge of the Government's position. I do not, although I suppose it

could be argued that to say we want an annual quota would allow for a bit of political flexibility so as to be able to say, "We are making only a small change in 2020, but we will revisit it in 2021 and 2022," making small incremental changes that do not upset too many people. That is one possibility.

There is a question for the UK Government, especially as you are dealing with the Fisheries Bill now, over the setting of the total allowable catches. The Commission and indeed the European Union is bound by the CFP, as it was reformed in 2013, and the object is to achieve the maximum sustainable yield from all fisheries, stop overfishing and ensure the sustainability of all commercial fisheries this year—at some point during 2020. I have indicated that the Commission would argue that it is on track, as far as it is able, to do that. What that really means is that the scientists come in each year and say, "This is the catch limit that you need to set if you are to maintain sustainability". The Commission now takes that on board with very minor adjustments for different reasons, usually by-catch and the like. It puts it to Ministers and, by and large, the European Council accepts it at the December negotiations. The question is whether the UK will feel bound by that in the same way The UK says that it seeks sustainability, but I do not think that there is a reference to the same timescales or the legally binding commitment that is in the CFP.

I do not pretend to know the legislation in detail, but there is a case to be made that the European Common Fisheries Policy is now more environmentally friendly vis-à-vis fish sustainability than the UK fisheries position.

Q22 Lord Arbuthnot of Edrom: This is very interesting. I was going to ask you a question along the lines of whether the UK, in practice and in law, is able to grant or deny access to UK waters. I think that in answer to Lord Cameron you have said yes, but that that comes with a price as regards the chemicals industry, the car industry and so on, so I shall ask you a different question instead. You mentioned the London Convention which deals with historic rights to fish. What are the consequences of our having abnegated that Convention? Does it recreate historic rights or does it mean that we are no longer bound by it?

Chris Davies: That is a good question, but I do not know the answer to it. You are right that the Convention is still in place, but it was superseded by the Common Fisheries Policy. Now we are no longer bound by that policy, I simply do not know. It is a very interesting point.

The Chair: Is there a view on the European Union side or among some of the major Member State players that our obligations still exist?

Chris Davies: I have never heard the point made before, and I think you would need to ask the lawyers to explore it.

Lord Arbuthnot of Edrom: I did not realise that.

Chris Davies: You could displease a lot of European fishermen.

Lord Arbuthnot of Edrom: I could, yes. Do you think that the lever of granting or denying access is necessarily a particularly strong one?

Chris Davies: I do not think that it is a realistic lever. It is up to each Member State—each country except for the UK—to police and control its own waters and to control fishing activities within them. It has the right, if there is no agreement, to exclude European vessels. There has been a question about how one would actually police the seas, but of course, anyone knows where the fishing boats are. The larger fishing boats have VMS so you can track them. The first time, say, a French fishing boat were to venture into UK waters without the approval of the UK authorities, were it to be seized and taken into port, that would be a huge financial loss. That would send out a strong message that the UK is serious about enforcing the rules, so there is no question about that.

I went to the port of Boulogne in the summer. Not only is it the largest fishing port in France, it is also the main distribution centre for British fish being exported into the European Union market. It has huge refrigerated warehouses everywhere. Lorries come down from Peterhead in one day. They cross the Channel using the ferry and drive to Boulogne. They manage to do that within the hours during which one driver is permitted to drive, with two 45-minute breaks. You can be there in the morning and see one refrigerated lorry after another coming in from Fraserburgh and Peterhead. The possibility of disruption by angry French fishermen is obvious, although you would expect that to be relatively temporary.

The longer-term difficulties, not simply because of tariffs but because of the introduction of non-tariff barriers, rules of origin inspections, veterinary inspections and paperwork will mean that the whole supply chain starts to become more difficult, and obviously costs would increase. For example, you will need more than one driver. The supply chain will be disrupted in all sorts of ways that will be disadvantageous to the British fishing industry. Who would want that?

Lord Cameron of Dillington: I have seen a figure showing that something like 5,000 people are employed in Boulogne dealing with the British fish catch. Would that argument come into the equation?

Chris Davies: I cannot give you the number. There are a lot of people pushing packages of Scottish salmon around.

Q23 **Baroness Bryan of Partick:** From what you are telling us, it is clear—I think that the officials are also worried about this—that fishing rights could be used as a lever in the overall trade negotiations, possibly by both sides. Are there any examples of the EU seeking to tie fishing rights into the overall trade deals?

Chris Davies: I do not think there are. The European Union has sustainable fishing partnerships with a number of countries around the world, so they are notionally sustainable. It has negotiated access arrangements in return for the ability to catch fish. By and large, Spain and France are the main beneficiaries of those agreements. They help

some UK long-distance vessels, but not a great many are involved. I suppose that the UK will have to negotiate separately on behalf of its vessels. Within the waters we are talking about, it is almost all EU countries in any case. Where we go outside EU waters—for example, in the north where Russian boats are involved—we have no agreement.

As I mentioned, there are difficulties over the allocation of mackerel; there is no agreement over how the quota will be distributed between the Faroe Islands, Norway, EU, Iceland, Russia and now, I suppose, the United Kingdom. That is a question for Scottish fishermen to ask, because I have not seen it mentioned yet.

There is perhaps one reason why mackerel has not been a big talking point. Remember that mackerel is one of the most lucrative fish. It is said that only 28 fishing vessels in the UK catch 50% of all the fish we land here. That is staggering: 28 boats. A lot of them—in fact, most of them—are based in Scotland. They are principally big pelagic trawlers—beautiful £30-million boats. Their bridges are like the Starship Enterprise, with computers and so on. I was asked to take my shoes off in case I damaged the polished wooden surface.

They go out into the Atlantic in January and return in March with their full quota of mackerel. I asked one of the skippers, “What do you do for the rest of the year?” He said, “I go to the Canary Islands, until next year, and the boat gets tied up.” It is very lucrative. They clearly go out and make a lot of money in a short period of time.

This would be a seriously delicate political issue with Iceland and Russia, were it not for the fact that mackerel stocks, which were looking difficult two years ago, have suddenly surged forward and there is more mackerel than anyone knows what to do with. That may come back to haunt us, because these things tend to fluctuate.

Baroness Bryan of Partick: Are there no equivalent deals that cover, perhaps, north African states or across the Med?

Chris Davies: Indeed. The European Union has agreements to fish off Mauritania, for example, as well as Morocco and Ivory Coast. So, yes, these arrangements exist.

The Chair: I do not think British boats are involved in any of those, as I remember.

Baroness McIntosh of Pickering: I get the distinct impression that the Government do not want to negotiate a deal, so my question is: if there is no deal by 31 December, what would the implications for UK fisheries be?

The other thing that you have not commented on, as you probably felt it was not entirely to do with EU policy, is: why are we not currently distributing more quota to those inshore fishermen? They make up the bulk of English fishermen. This has nothing to do with EU policy and the Government do not seem keen to do it.

Chris Davies: In response to the first question, a hearing in the Fisheries Committee, I think in September, explored what would happen. After a two-hour discussion with a European Commission official, I think his final words were, "We honestly don't know. There is potential for conflict and chaos." That is where we are now; we still do not know.

We do not know whether both sides are simply winding up the rhetoric as a negotiation tactic, or whether they would go further. As I said before, if the Government were to put the interests of what is in reality a small number of companies and individuals who make a lot of money out of fishing before the interests of the pharmaceutical, chemical and car industries, that would be a grave error.

As for the allocation of the quota, remember that the way we allocate the quota to the small-scale and large-scale vessels in the UK is a purely UK decision; it is not done like this in most other countries, although I think Denmark has a similar arrangement. The proposal that the British system should more or less be copied was in the draft Common Fisheries Policy reform document published by the Commission in, I think, 2011, but it got firmly rejected. Thinking about one country, one trade union and one fishing system, everyone said, "No, we can't go down that road. We can't go down the British road."

The advantage of the British system, which has led to a concentration of quota in a relatively small number of hands, is that it means that those holders have a long-term interest in ensuring the sustainability of our seas. They want to protect their businesses and be able to supply their customers in 20 and 50 years' time. Therefore, they have an interest in ensuring that we are fishing sensibly and sustainably.

The disadvantage is that just over 4% of the total quota goes to small-scale vessels. Of the 5,000-odd active boats that we have, the vast majority are small-scale, usually employing just one person. The average for the whole UK fishing fleet is 1.3 full-time-equivalent jobs per vessel. The big pelagic vessels which I talked about earlier probably have a crew of about eight people; there is a lot of mechanisation. A lot of vessels use either part-time crew or have just one person and a mate going out to do lobster pots and the like—very lucratively, by the way. You get a good return on the hours that you are at sea.

I wonder to what extent we have now trapped ourselves. I do not think that this was the intention, when the fixed quota allocations were drawn up. I have the figures here. We have now distributed 8 million fixed quota allocations. These are effectively tradable certificates, which are traded between companies, vessels and the like. I am not sure it was the intention, when these were drawn up, that these would become property rights, and I am not sure this has been tested in the courts. However, government lawyers might now say that these are property rights.

Baroness McIntosh of Pickering: So this was a problem before, which became an issue in itself.

Q24 The Duke of Montrose: We have been led to believe that the relative stability on which the current quotas are allocated was founded on the catches that were common when we entered the Common Fisheries Policy. That has been put to us as the reason why they are seen as being terribly unfair. Perhaps they have been adjusted somewhat since, but they are still the foundation of what is there. The question is: is it politically feasible for the Government to negotiate quota on the basis of zonal attachment rather than relative stability?

Chris Davies: The principle of relative stability in the European Union, based on figures from the 1970s, has, as you say, been there for 40 years now. It seems to me that the European Union should be thinking about adjusting or at least reviewing it. My understanding is that no one is doing that; I have never heard that it has come up for discussion. It is simply a can of worms. You will certainly upset at least as many people as you please. The zonal allocation can be done—of course it can—but it just encounters the same issues as those we have at the moment, does it not?

The Duke of Montrose: Would it be seen as more scientifically based, since relative stability is so obviously historic?

Chris Davies: Is it scientifically based? It still comes down to who controls the fish and who gets the chance to catch it. As you are all aware, Britain tends to import most of the fish that it eats and exports most of the fish that it catches, because we just do not like some of the fish that we catch.

Langoustines, for example, are plentiful in the Irish Sea and are caught en masse in Kilkeel in Northern Ireland. I do not know why Fleetwood never quite realised there was an opportunity there. They provide a really healthy income for that thriving little Northern Irish port, as they are exported to France en masse. Yet we seem to eat very few langoustines—they are a bit messy, I think. But I am not sure I can help more.

The Duke of Montrose: We are told that this could be a solution to the cod problem, given the question about the cod having moved.

Chris Davies: Yes. I am sorry, but I am on uncertain ground here.

The Chair: Let us go back to what you were saying about tradable quotas. I think you have suggested that part of the solution could be that quotas are tradable across national boundaries. That is one of the ways that choke stocks are solved and a fairly rational exchange takes place between national authorities. Is that something which should continue? Could it help us to sort out the historic obsolescence of relative stability?

Chris Davies: I hope so. I have mentioned the control regulation and the landing obligation, but, yes, the ability to swap quotas where you have choke species is something else that will have to be negotiated between the EU and the UK because that would give flexibility to fishermen which they would appreciate.

The Chair: One of the areas that we do not have in this is a rather contentious one which specifically the English fishing industry tends not to want to draw attention to: quota hopping and that side. Do you have a view of what might or should happen in that area in terms of effective foreign ownership of UK quota within this negotiation?

Chris Davies: This again comes down to whether the UK wishes to maintain the FQAs arrangements it has in place at the moment and how it challenges those. This is not for the EU because it is entirely a UK decision.

The Chair: Except that it does affect EU nationals.

Chris Davies: Yes, but this comes down to property rights and company law, does it not?

The Duke of Montrose: Perhaps I may come in on a slightly separate thing. You have said that the maximum sustainable yield is looked at every year. Have you noticed many changes in those annual reviews and the question of what constitutes maximum sustainable yield? We have had a paper from Shetland fishermen saying that, if a stock is underfished, it will produce fewer replacements than if you reach the point of maximum sustainable yield. You then have younger and therefore more productive stock.

Chris Davies: I take issue with the last point because in many cases fish breed when they are older. Cod, for example, does not even start to breed until it is seven, while some sharks do not breed until they are 20. In many cases, older fish tend to produce more eggs. On the principle of sustainability, what has changed most of all is that, year on year, Fisheries Ministers across Europe have seemed to accept the Commission proposals, which are based very strongly on the ICES recommendations, almost without exception. That was not the case in the past. I understand that one of the exceptions came from the UK over North Sea cod, although the difference was tiny.²² I have talked to Lord Deben about this before now, who was a Fisheries Minister in the 1990s, and he tells me that it was a complete carve-up where everyone just used to listen to their national fishing industries. Most of the Ministers were from the agricultural side who would come and do the annual fisheries negotiations once a year and bang the national drum. These days, the principles of stopping overfishing and achieving sustainability seem to be quite well embedded, and long may that be the case because the fish stocks are better now than they have been for at least a decade, and the profitability of the fishing industry demonstrates that.

Baroness McIntosh of Pickering: Should we not insist that it should be active fishermen who have the quota? Is it not the case that football clubs own some of the quota, which is reprehensible? How does that work?

²² Chris Davies subsequently clarified that this was part of the 2019 negotiations.

Chris Davies: Yes, and indeed under our arrangements, boats can be taken out for repair and the quota can be used by another vessel. People lease quotas and the like. However, that is for Government Ministers, not for myself.

The Chair: There is the scheme for the Duchy of Cornwall whereby a body keeps the quota for local fishermen there, so it does work both ways.

Lord Kerr of Kinlochard: I have two questions to draw on Mr Davies' expertise which greatly exceeds mine. First, could you give us an order of magnitude for the value of the mackerel and herring in the trucks from Peterhead and Fraserburgh that you have talked about as against the langoustine, crab and lobster from smaller fishermen on the west coast fishing from Portree, Ullapool and so on? I am not thinking of quantity but of quality, so this is a question about value.

Secondly, if we wanted to continue with quota swaps at the national level, would that be permissible now that we are no longer a Member State? Would we not be swapping quota with the European Union rather than with an individual Member State?

Chris Davies: Yes, I think we would, because the European Union is in itself an independent coastal state.

Lord Kerr of Kinlochard: It would be the entity negotiating with us, so it would not be possible, as it was until we left the European Union, for Belgium or France to negotiate.

Chris Davies: Indeed, the European Union negotiators would be responsible for this issue. On the first question, I have supplied the clerk to the Committee with two reports. One is the European Commission's annual assessment of the fishing fleets of each Member State, including the UK, and the second is a report prepared for the European Parliament on who owns what in the European fishing industry. Again, the UK section provides much of the information that you seek. It highlights very strongly the concentration of ownership.

I turn to a point raised by the Chairman. In England, in the south-west in particular, quite a lot of concentration of ownership has taken place. A lot of skippers took a large sum of money and got out of the business, particularly in the early years of this century, and foreign owners came in. The advantage is that we reduced the size of the fishing fleet which, in order to stop overfishing, had to be done.

Baroness Byford: Perhaps I may follow up on a point made by Lord Kerr because I am not quite sure about it from your answer. Are you saying that the UK cannot deal directly with an individual state, rather it would have to go through the whole EU system? That seems odd to me. I would assume that in the future one would be able to negotiate with an individual state. Could you clarify that point?

Chris Davies: We could negotiate with Norway and Iceland, but the European Union has exclusive competence over fishing, so it negotiates as a bloc.

The Chair: You have answered the question from the Committee. It would seem to me that, as you have said, an overall framework for these swaps will be dealt with in the negotiations, but I suspect that at that point it would be a national swap, as it is at the moment—once, as you say, that framework has been agreed, if there is a sensible agreement. But we will see.

Q25 **The Earl of Stair:** We have mentioned Norway and Iceland quite a lot in this morning's meeting. Over the past two or three years, Norway has provided quite a significant comparison for our potential future relationship with Europe. From a fishing point of view, I believe that the fishing agreements between the EU and Norway are made on a six-year rotation and that the proposal put by our Prime Minister is that it should come down to a one-year rotation. From the European point of view, will the model of European access to Norwegian waters be applicable to the future United Kingdom-EU relationship?

Chris Davies: In principle, yes, although I suspect that the European Union would much prefer a six-year relationship than an annual one. The model you have highlighted would seem to be preferable to the one currently being advocated by the Government.

The Earl of Stair: Right, the Norwegian agreement covers a smaller area, level of fish stocks and number of species. We have a much larger fisheries area. Could that be interchangeable, preferably on a longer basis?

Chris Davies: We would start from where we are now, which is a position of relative stability where we know what the quota shares are. We also know the negotiating positions of both sides, so yes, it is one possible outcome.

The Earl of Stair: It would not focus on the chemicals sector. That is a minor point.

Baroness McIntosh of Pickering: Earlier we were discussing a slightly different point. Yesterday we had a debate on setting up a trading standards commission, which the NFU is keen to do, which could apply across the board. Do you see an instance where France might try to keep our produce out, particularly fish, because of phytosanitary and sanitary provisions? That would be a typical non-tariff barrier.

Chris Davies: French fishermen have built up a reputation for their ability to carry out disruptive actions, but as I said to Lord Arbuthnot in response to his question, I think that that would be relatively temporary. However, over the longer term, administrative non-tariff barriers will be a concern, and of course not just in the fishing sector. Ultimately if this is to work, we have to reach a positive understanding with our partners.

Baroness McIntosh of Pickering: We created the single market to get around all of that.

Chris Davies: Norway keeps coming up, but we should remember that it is in the single market and pays into the European Union budget. Despite the results of a couple of referendums, when it comes to joining the European Union, Norway has a very positive relationship with the EU.

Baroness McIntosh of Pickering: But I think that Norway bought the Danish companies. It owns the Danish fishing and fish processing companies, which gives it an extra dimension.

Lord Cameron of Dillington: Is it significant that, first, the Commission has changed the EMFF in a way that now allows it to pay compensation to fishermen who are disadvantaged by Brexit, and secondly, that it has passed a directive allowing it to order European fishing boats back to port in order to avoid any trouble that might be on the horizon? Is that a significant step on the Commission's behalf?

Chris Davies: It creates an opportunity for flexibility on the EU side. I suspect it means that, if there was a genuine compromise, there would be winners and losers on both sides because you do not want one side to win too much and the other side to lose too much, so politically you may wish to compensate the losers. The EMFF is worth €6 billion over six or seven years, and there are a lot of uses for that money.

The Duke of Montrose: We have been discussing Norway. The UK view is generally that EU fishermen have not been adequately supervised through the Common Fisheries Policy. I noticed that in a previous meeting when we discussed the Norway-EU arrangement, it was said that joint technical measures and co-operation on control and enforcement was its basis. Who does the enforcement in the Norway area?

Chris Davies: The Norwegian authorities, and in the European Union, it is up to each Member State to carry out the enforcement arrangements within the rules set by the EU collectively.

The Duke of Montrose: Have they been more successful in the Norway region than they have in ours?

Chris Davies: Fishermen cheat. That is the reality. Some of you may have heard evidence in the past from the former trawler skipper, Jeremy Percy, who now represents small-scale fishermen. If I was still the chair of the Fisheries Committee, I would have the following comment up on my wall. He wrote to me in a letter, "No fisherman goes out in the morning saying, 'For sustainability reasons, I am going to catch less fish today.' Every fisherman says, 'This is my day to fish, so I am going to catch as many fish as I possibly can.'" Fishermen have become really good at that because now we have all this technical assistance, and that is why we need firm controls. However, Jerry would also say, "Well, you need firm controls because we all cheat. We see all the other people cheating, so why should we not cheat?" Fishermen do a hard job. Most of

them are well paid for it and some are very well paid, but it is not a job that is very popular.

Last August, I was in Kilkeel where I was told, "You'll see a number of non-Caucasian faces around the port. We offer them £70,000 for five months' work on a boat. We cannot get labour from Ireland or Northern Ireland, so we have Ghanaians and Filipinos on our boats." The wages are much lower in fish processing, but a lot of eastern Europeans work in it. I am told that it is exactly the same case in Fraserburgh and Peterhead. Despite the fact that wages are good, they cannot get people to do this job because it is not a nice one. Again, it is a question of who will really benefit from Brexit.

Lord Kerr of Kinlochard: I have been thinking about your characterisation of the fishing relationship with Norway as being good and amicable. We should remember that it was the fishing issue that caused the Norwegians to vote against joining the European Union the second time around, because the Spanish had driven a very hard bargain in the accession negotiation. Fishing is the crucial dossier for Norway.

The Spanish were able to drive a very hard bargain because, in an accession negotiation, unanimity applies, so they dug in. Countries like ours tried to persuade them to be more generous to the Norwegians, but the fishing interests of Galicia beat us in that. The EU then took a hard line in the negotiating position on fish, so in the end the Norwegians voted against joining.

It strikes me that there is a parallel in that with where we are now. We are going to be negotiating with a European Union that is not operating under Article 50 but under Article 238, covering decisions by unanimity. When we turn to something like the fishing dossier, it is not going to be the fun and games of being in the Fisheries Council and doing deals with one's colleagues, because we will be outside the room and the most hard-line guy inside that room will be dictating the position of the other side. I am very nervous about the perfectly reasonable plan to reach a deal by June so that everyone knows what the fishing opportunities are going to be for the next fishing season. I do not think that will work. We will find that the European Union's position is quite intransigent in June and that it will be very difficult to reach a deal.

Chris Davies: The new chair of the European Parliament's Fisheries Committee is from Brittany. The co-ordinating team leader for the largest right-of-centre group, the EPP, is Spanish and the co-ordinating team leader for the second largest group, the S&D, is also Spanish. So, yes, I think we can assume that, politically, some people will be winding up the negotiators and reminding them of the commitments they have made to defend the "rights" of European fishermen.

The Chair: Perhaps we should begin to wind up the session. I have to admit that personally I rather agree with Lord Kerr's pessimism, but looking at it more positively, given that you are our eyes into the European Union mind at the moment, what are their red lines in this area

and where do you see the landing zone, which is the phrase being used these days, might be if we can make this work?

Chris Davies: The red line is anything approaching the UK Government's current negotiating position, because politically it is dynamite in Spain, France and indeed to a large extent in the Netherlands and Denmark.

The Chair: Let us say for a moment that that is a negotiating start. I do not know whether it is or it is not, but let us make the assumption that, in reality, it would suit both sides to come to a deal overall which ensures a decent future relationship. What might the final red lines be and where is the landing zone?

Chris Davies: During the course of this discussion we have outlined some of the possibilities, such as an exchange of quotas or possibly the European Union paying the UK for access to some of its waters. You could argue that, in the same way, Norway pays for an arrangement which is beneficial not only to European fishermen but because Norway wants to fish in European waters. There are the trade issues, of course, but I suspect that we will find a way of fudging the issue, delaying it, making some minor changes and setting up some sort of body which can be seen to buy time. That is because pessimism about whether these negotiations can be concluded in the timescale currently being envisaged must be fairly universal, I would have thought, because at the moment we do not seem to be coming together at all.

The Chair: Good. Mr Davies, we have come to the conclusion that we will need lots of fudge to get through this situation, which is probably very realistic. Thank you very much indeed for coming here today and for your contribution. We also thank you for your work as the chair of the Fisheries Committee in the European Parliament up until the end of January.