

Sir Barney White-Spunner, Chairman Advisory Board, and Jane Sandell, Chief Executive, of UK Fisheries Ltd. - Written evidence (EEH0019)

5 February 2021

Executive Summary

1. This submission is focused on the consequences of the EU–UK Trade and Cooperation Agreement (TCA) on trade and fisheries negotiations with the independent coastal states of Norway, Iceland, the Faroe Islands and Greenland, which have combined exports to the UK of fresh and processed fish worth in excess of £1bn per annum.
2. At the time of writing, none of the distant fishing access provisions of pre-existing EU trade and fisheries agreements with these countries have been carried over into UK agreements.
3. The UK should, at a minimum, maintain existing distant fishing arrangements or, if the UK is prepared to be ambitious, negotiate major improvements to distant fisheries access for the benefit of the UK's distant waters fleet and the UK economy as a whole.
4. The pre-existing EU fisheries agreements with these countries, specifically Greenland, Norway and the Faroes, which the UK should be seeking to replicate, were intrinsically (explicitly or implicitly) linked to trade agreements. The agreements that the UK has made so far do not replicate or improve on them.
5. In trade negotiations with the UK, these countries are seeking tariff-free access to the UK market for all their fisheries exports – this would in practice mean *better* terms than the EU offered them if the UK does not seek continued or better access to their fisheries.
6. The UK's newly found trade muscle can and should be used to negotiate better terms for the UK's access to the fish it likes to eat – cod and haddock, which is found in abundance in the Barents Sea.
7. In the UK's negotiations with Norway, Iceland, the Faroes and Greenland, DIT therefore has an important role to play, in cooperation with Defra, in ensuring that the main lever we have – low or no tariff access to the UK market for these fisheries-dependent economies – is used to ensure that what is left of the UK's distant waters fleet can continue to catch cod and haddock in its traditional waters in the rest of 2021 and in decades to come.
8. So far the DIT has declined to use its trade leverage to the benefit of the UK fleet.
9. This may be because before the TCA was signed at Christmas, the Government deemed it axiomatic (and convenient in terms of negotiations with the EU) to maintain that the UK would never link fisheries and trade in its deals.
10. The signing of the TCA has turned this on its head: access to fisheries and access to markets are explicitly and implicitly linked in the TCA, as they were

in existing agreements between the EU and its Nordic coastal neighbours: Norway, Greenland, Iceland and the Faroes.

11. UK-Norway fisheries negotiations are expected soon, but will remain contingent on the outcome of both UK-EU and EU-Norway bilaterals which are happening now.
12. The UK distant waters fleet currently has no guarantees that it will be able to fish in these distant waters in 2021 and beyond. Its continued existence remains uncertain.
13. The Government has often repeated that it would like the UK to be treated like Norway in international fisheries negotiations. The Norwegians understand and expect a quid pro quo for market access, and their Fisheries Minister recognises that for fisheries-based economies, tariffs and access are interlinked (in a way that isn't true for economies like the EU and the UK that are much less dependent on fisheries).
14. The British fisheries sector has an annual turnover of approximately £4.2bn.
15. The UK is the biggest market for their main exports – primarily seafood.
16. These countries' economies are heavily reliant on fisheries exports.

Who We Are

17. This submission is made by UK Fisheries Ltd (UKF), a British company based in Hull. We operate specialised distant-waters trawlers that fish for cod and haddock in the Northern External Waters¹ and elsewhere. We supply approximately 8% of all fish sold through UK fish & chip shops. We employ over 120 people (crew and staff) in the Humberside area, and our contribution to the UK economy has amounted to £120m over the past decade or so². It is estimated that for every fisher at sea there are between four and ten people employed on land in ancillary roles³, meaning that there are up to 1,200 people (plus their dependents) who are reliant on the viability and future of UKF. The fishing industry in the UK employs 12,000 people, with a further 14,000 employed in the fish processing sector. The British fisheries sector has an annual turnover of approximately £4.2bn, and annual fisheries exports to the EU are worth £1.3bn.

Reflecting pre-existing EU agreements in future UK agreements

18. The majority of the UK's distant waters quota was until Jan 1, 2020, allocated via agreements with the EU. At a minimum, these need to be carried across or mirrored in the UK's future agreements with our Nordic neighbours, Norway, Greenland and the Faroes. So far this has not been achieved.
19. UK Fisheries has been offered informal reassurance from Defra that arrangements will be in place to allow the UK's distant waters fleet to

¹ 'Northern External Waters' is the term used by the EU to describe the waters to the north of its waters. These belong to Norway, Iceland, Greenland and the Faroes.

² Direct investment and taxes paid.

³ Seafarers UK Fishing for a future report 2018

continue to operate in 2021⁴. Yet it is difficult to see what official mechanism there is in place to guarantee our continued ability to fish in distant waters. There seems to be a lacuna in negotiations in which the interests of the UK distant waters fleet have no official protection in any future draft agreement currently under discussion which replicates or improves the UK's position post-Brexit.

20. For example, the UK's ability to fish for Arctic Cod in Norway's sub-Arctic waters around the Barents Sea was guaranteed by trade and fisheries agreements set up between the EU and Norway at the time of Norway joining the EEA. However, there is no mention of the UK's Arctic cod quotas in the UK-Norway Fisheries Framework Agreement, which is intended to replicate existing arrangements. Nor is there any mention in the UK-Norway (or EFTA) FTA, which we expect will offer zero tariffs to Norway (and to Iceland) for exports of their major seafood products and ask very little in return. There are trilateral negotiations planned between the EU, Norway and the UK covering shared stocks in the North Sea, but these will not deal with the UK's Arctic cod allocations, which are not shared stocks or in the North Sea.
21. Agreements with other independent coastal states appear to offer zero tariff access to the huge UK market for seafood whilst obtaining little or nothing by way of continued or expanded fishing opportunities for the UK fleet in return. Prior to the TCA, DIT argued that fisheries policy is a matter for Defra and that the UK does not trade market access for quota – even when that was the basis for the existing arrangements with these coastal states. This was an illogical stance which may have served some purpose in dealing with economies with diversified exports, like the UK and the EU bloc, but which is clearly inapplicable and even damaging when negotiating with nations whose economies are based on seafood exports, like Norway, Greenland, Iceland and the Faroes. There should be much greater coordination between DIT and Defra when the principal commodities traded are fishery products.
22. We are primarily concerned with the ability of the UK to carry over the benefits of the EU's free trade (and associated fisheries) agreements with our Nordic coastal neighbours, Norway, Greenland, and the Faroe Islands, as well as improving the UK's arrangements with Iceland.
23. The independent coastal states of Norway, Iceland, the Faroe Islands and Greenland have combined exports to the UK of fresh and processed fish worth in excess of £1bn per annum. These countries' economies are heavily reliant on fisheries exports and the UK is one of the biggest markets for their main exports – primarily seafood.
24. In trade negotiations with the UK these states are seeking tariff-free access to the UK market for all of their fisheries exports – better terms than the EU currently offers them, as they don't mirror existing arrangements for the UK to fish in their waters. Therefore, in its negotiations with Norway, Iceland, the Faroes and Greenland, DIT has an important role to play in ensuring that the main lever we have – low tariff access to the UK market for these fisheries-dependent economies – is used to ensure that what is left of the UK's distant waters fleet can continue to catch cod and haddock in its traditional waters in 2021 and the decades to come.

⁴ The distant waters fleet has, at today's date, access to just one partial quota to fish off Svalbard.

The EU agreements and their replacements

25. The EU's trade agreements with these countries are intrinsically (explicitly or implicitly) linked to their fisheries agreements:

25.1. Norway agreed to offer quota to the EU in a side letter to its trade agreement with the EU on joining the EEA – specifically 4.14% of the Arctic Cod quota. Much of this quota (around 47%) is passed to the UK distant waters fishing fleet, operating out of Hull. Norway pays no tariff on its major seafood exports to the EU. The Norway-UK Fisheries Framework Agreement has not removed any uncertainty about the future of the UK's access to Arctic cod and is mute on the subject. It is an agreement to hold future negotiations on access and quota between Norway and the UK. However, it doesn't reference or mirror the terms of the EU-Norway trade and fisheries agreements on Arctic cod on which basis the UK's distant waters fleet accesses the Norwegian sector of Barents Sea. UK-Norway fisheries negotiations are expected soon, but will remain contingent on the outcome of both UK-EU and EU-Norway bilaterals which are taking place now.

25.2. Greenland has zero tariff access to the EU for sales of fish (primarily cooked and peeled prawns much of which are exported to the UK market) in return for which the EU gains access to the Greenlandic waters for catching. A significant proportion of this quota is allocated to the UK distant waters fleet out of Hull. Greenland's government expects the UK to ask for quota in return for access. We are not aware of any plan on the part of the UK to do so. The Memorandum of Understanding on fisheries between Greenland and the UK does not deal with fisheries access at all.

25.3. The Faroes have zero tariff access for the sale of fish to the EU, much of which is again exported to the UK. UK Fisheries is one of the largest third country quota holders, and this is an important fishing area for the UK fleet. There is a UK-Faroes Fisheries Framework Agreement in place and negotiations are underway.

25.4. Iceland has zero tariff access to the EU for all major seafood products via its own trade agreement with the EU, but while it also offered limited fishing access to the EU, the fisheries it offered are not economically viable and no fishing now takes place. The committee will know that the UK has not been able to fish the distant waters off Iceland in any substantive way since the Cod Wars. It may not be aware that the UK last fished in a small way in Icelandic waters in 2008, but this access ended in a dispute. A careful trade negotiation with Iceland could reverse some of that loss. The UK-Iceland Memorandum of Understanding does not include or anticipate negotiations on exchange of fisheries opportunities.

26. UK Fisheries is concerned that by not recognising the importance of trade agreements to these fisheries-based economies and not negotiating in a joined-up manner alongside or in parallel with Defra, the UK will sacrifice its most important lever in securing continued or improved access to their waters.

27. Regarding Norway, Greenland, Iceland and the Faroe Islands, we believe that it is critical that these free trade agreements are not finalised before parallel agreements on fisheries allocations are struck, making clear how existing UK distant waters rights, currently granted via EU agreements, are to be carried over into future bilateral agreements.
28. As a newly independent coastal state, the UK can and should seek now to make agreements with these primarily fisheries-based economies which recognise the vital importance of the UK's markets to them.

The UK distant waters fishing sector therefore calls on the Government to:

29. ACKNOWLEDGE the existential threat to the distant waters fishing industry and the hundreds of people whose livelihoods depend on it;
30. RECOGNISE the clear link between access to the UK market for fish and British fishers' access to distant waters;
31. EXPLOIT that link to the benefit of British fishermen and the UK economy;
32. UTILISE this, our strongest negotiating lever, in talks with these third countries: Norway, Iceland, Greenland and the Faroes;
33. DELIVER THE OPPORTUNITY of a healthy fishing industry that our industry and our country deserve post-Brexit.