

Written evidence submitted by the UK Seafood Industry Alliance (FRE0033)

Introduction

1. This response is submitted on behalf of the UK Seafood Industry Alliance (SIA).
2. The SIA brings together companies belonging to two long established trade associations – the Provision Trade Federation (PTF) and the Food and Drink Federation (FDF) – in order to provide a clear and compelling voice for UK seafood processors and traders in response to the challenges of determining the best possible future framework for the industry outside the EU – as set out in our [Plan for Success](#).
3. Alliance members represent around 80% of the major suppliers of own label and branded seafood to retailers, caterers and restaurants, a total market worth over **£6 billion** a year. We employ more people than the entire UK catching sector and have a turnover roughly four and a half times the total value of UK fish landings - adding value, creating jobs and innovating to provide consumers with attractive affordable, easy to use products to meet growing demand for sustainable, healthy and nutritious protein foods.
4. It is a well-known feature of the UK seafood market that **we import most of what we eat and export most of what we catch**. Two thirds of fish consumed here come from waters outside current EU or possible future UK fishing limits. But a very substantial majority of fish currently caught in UK waters are exported to other markets, mostly in the EU.
5. This is the result of a variety of factors. Species like mackerel, herring and shellfish, which predominate in UK waters, are not in great demand on our domestic market. And the UK has traditionally relied on imports from countries like Iceland, Norway, the USA, Russia and Canada for the most popular whitefish species like cod, haddock and pollock, where total EU stocks have always fallen well short of market needs. The UK alone imports more than three and half times the total volume of cod landed by EU registered vessels from all EU waters. Other best-selling products such as tuna, shrimps and prawns also necessarily come from outside EU and UK waters, as do substantial quantities of farmed salmon.
6. Even with sovereign control of all waters and fishing rights out to 200 miles – and on the most optimistic assumptions about future stock recovery – the UK would remain a deficit market, heavily reliant on imports to meet consumer demand.
7. Any loss of export markets in the EU as a result of failure to agree a free trade deal would compound this imbalance and lead to oversupply of the limited domestic market for UK catches.

Executive summary

- Fish and seafood are the most internationally traded of all food products.
- Both the UK and the EU are substantial deficit markets and rely on a series of preferential trade agreements and Autonomous Tariff Quotas to source raw

materials at competitive prices from global supply chains. Trade between the UK and the EU is currently completely free and frictionless as a result of our membership of the Single Market and Customs Union.

- Any future tariffs on UK imports resulting from failure to conclude a Free Trade Agreement (FTA) with the EU would result in automatic price increases for consumers and risk reducing market share in relation to other (possibly less healthy and sustainable) protein foods.
- Tariffs on UK exports, the majority of which currently go to the EU would risk making much of the UK fleet unprofitable, particularly given the extremely limited potential for import substitution as a result of any increase in catches for which there is only limited domestic demand.
- The UK is also currently the third largest processor and trader in the EU and a major and integral player in a Europe-wide industry generating income of some **33 billion euros** across all Member States and directly employing some 130,000 people, with a good gender balance and average incomes of around **30,000 euros**.
- Any change to our current fisheries relationship with the EU will therefore have major economic consequences for both sides, irrespective of whatever may be decided in respect of access to waters and quota shares.
- From a purely commercial perspective market access and total supply to the market are much more important than control of fishing rights or quota shares.
- Both UK and EU processors and traders share a common aim of maintaining terms of trade as close as possible to those which currently apply, particularly given our shared dependence on imports to supply the bulk of market needs.
- It will also be essential that any new fisheries relationship between the UK and the EU builds on the industry's hard won reputation for responsible sourcing and ensures continued international cooperation for the optimal science-based management of shared stocks, as well as supporting joint efforts to drive up conservation, environmental and ethical standards in global supply chains.
- Sustainably managed fisheries are a renewable, natural and low carbon source of high-quality protein – with enormous potential to make an even greater contribution to global food security in future as land-based production systems come under ever increasing resource pressures.
- The UK can be a genuine world leader in furthering these aims through continued cooperation with EU and other international partners under whatever new arrangements may be agreed.
- By contrast, any damage to consumer confidence – or to the success of fisheries management policies - resulting from a breakdown in relations may be impossible to restore.

Specific Questions

What are the UK and EU fisheries industries' priorities for the future relationship negotiations? How do these priorities vary between different parts of the fishing,

aquaculture and processing industries and by product, region and nation? Has the Covid-19 pandemic changed any of these priorities? What might be the consequences of a deal which does not meet these priorities?

8. It is misleading to think of fisheries as a single industry, either within the UK or the EU. There are clear distinctions between the interests of processors, traders, aquaculture producers and the catching sector. Of these, the catching sector is probably the most complex and diverse, depending on vessel size, gear type, waters fished, target species and ownership structures.

9. It is also important to remember that fish and seafood products are consumed across the whole EU market - regardless of whether the Member State concerned has a fishing fleet or is actively engaged in aquaculture production. They are also in direct competition with other protein foods, notably chicken and pork.

10. Covid-19 has posed the biggest threat to UK food supplies since the Second World war. The continued availability of free and frictionless imports from the EU – combined with other existing trading relationships - has been vital to the success of the food industry in ensuring that the majority of the population has been able to continue to benefit from almost the full range of (fresh and preserved) products they would normally be able to buy – and at all price points. The crisis has also taught us important lessons about the value of integrated supply chains and distribution systems and the need to avoid new procedural barriers to trade in future.

11. Because the majority of seafood sold through retail is imported rather than locally sourced, Covid-19 related disruption to UK fishing activity has had relatively little impact on total supplies or seafood's overall market share. Indeed, sales of frozen and canned products have increased. By contrast the almost overnight loss of routes to market for fresh fish – here and in the EU – as a result of the closure of fishmongers, restaurants, cafes, pubs and the rest of the foodservice sector has had serious financial consequences for the UK catching sector. This may lead them to take a different view of the relative priority of market access as compared to control of fishing rights in terms of negotiating objectives.

12. One of the principal flaws of the original Common Fisheries Policy was that it was primarily designed as a resource allocation tool, apportioning shares of a collective resource, rather than concentrating on the need to conserve the resource itself. Even today, there is a tendency to view fishing as an entirely self-contained activity rather than as part of a wider food industry focussed on meeting consumer needs in competition with other products.

13. The more existential challenges highlighted by Covid-19 - in relation to future food security, the need for healthier and more sustainable patterns of consumption and longer term changes to existing economic and business models - could provide an important opportunity for both sides to consider a more collaborative approach to protecting a vital, renewable, natural and low carbon food source for the benefit of all, transcending more narrow questions of access to waters and quota shares.

To what extent did the UK Government consult the industry before publishing its negotiating aims? How well does what the Government has published meet the needs of different parts of the UK fisheries industry? What are your views on the EU's negotiating mandate and draft legal text?

14. The UK Government has made no secret of its current negotiating aims in respect of 'taking back control' of UK fishery limits and having the right to determine how stocks are managed and to negotiate on future quota shares as a sovereign coastal state. This is widely supported by most parts of the catching sector, though there are significant differences as to who should benefit from any increases in UK quota. Those decisions would however become a matter of national competence using the enabling powers set out in the Fisheries Bill and do not need to be settled as between the UK and the EU.

15. The Government has also made it clear that it believes access to markets should be treated entirely separately from decisions on fishing rights and quota shares as part of a wider free trade agreement. That view is broadly shared by processors and traders whose primary concern is the UK's ability to source and import what we need and to sell into other markets on the freest possible terms, irrespective of any changes to who is entitled to catch what fish or where.

16. By contrast, the EU's negotiating mandate is predicated on seeking to maintain existing reciprocal access to waters and resources with stable quota shares and jointly agreed management measures. It has also made clear that it regards acceptance of these principles as a pre-requisite for any wider trade deal with the UK.

17. The respective draft legal texts fully articulate these fundamental differences of approach and do not appear capable of reconciliation without major concessions from one or both sides.

How is the UK Government keeping the UK fisheries industry informed of developments in the negotiations? Has the sector been given the opportunity to comment on any of the draft legal texts?

18. Our best understanding is that there has been little active negotiation other than the exposition of respective opening positions. Defra have established a range of different stakeholder groups reflecting the various interests concerned, along with a high-level advisory group bringing senior industry leaders together, of which the Alliance is member. Although there has been no specific consultation on the actual negotiating texts, their content is well understood by industry stakeholders without the need for active discussion.

On which aspects of a future fisheries agreement are the UK and EU's aims furthest apart? Where do their positions align? On which areas does each side have the most leverage? Is there a workable compromise between the UK and EU's positions and, if so, what is it? What trade-offs must each side make? How might different resolutions to these trade-offs affect different parts of the UK and EU fisheries industries? If you see room for the EU's position on fisheries to move towards that of the UK, which Member States might support that change and why?

19. As already explained, both sides start from fundamentally different positions of principle.

20. The UK approach is based on the rights of sovereign coastal states under the UK Law of the Sea Convention (UNCLOS) which would give the UK an Exclusive Economic Zone (EEZ) out to 200 miles, subject only to certain obligations in respect of the management of shared stocks and the treatment of resources 'surplus' to national requirements. Even the EU does not dispute that this is the formal legal position.

21. The EU is, however, seeking to argue that – in the context of a wider future relationship - as provided for in both the Withdrawal Agreement and the accompanying Political Declaration – account also needs to be taken of the longstanding relationships and interdependencies which have arisen under the terms of the Common Fisheries Policy and that conservation and socio-economic interests require mechanisms to avoid abrupt change and to provide a stable and predictable basis for future cooperation based on shared principles and management objectives.

22. The EU has also made clear that – unlike the UK – it does see a linkage to market access and believes future fishing rights and quota shares should guide the conditions set out in regard to other aspects of the economic part of the envisaged future partnership , in particular in respect of any free trade area.

23. This is therefore effectively a political rather than a legal dispute. The EU is offering a trade-off between the UK's rights to act unilaterally under international law and its desire to maintain tariff free access to the EU Single Market, for goods in general and not only fish. The fact that the EU is the UK's largest export market for fish is seen by the EU as giving it extra leverage in that the UK's economic benefit from securing larger quota shares would be substantially impaired by the loss of zero tariff access to its main existing customers.

24. The UK's announcement of mirror image tariffs for fish under its MFN Global Tariff approach appears designed to imply an equality of misery in that the EU would similarly face tariffs for its exports to the UK, as well as restricted future fishing opportunities in UK waters – irrespective of any collateral damage to both sides should a continued stand-off preclude agreement on any wider trade agreement.

25. It is difficult to conclude that this is anything other than a lose/lose equation. The EU has pointed out that it is less reliant on the UK market than the UK is on the EU (7% of total exports as compared to over 40% for the UK). The question is how much either side is prepared to pay to stick to a position of principle in preference to reaching a negotiated settlement.

How much progress has been made so far in negotiations on fisheries? What effect has the Covid-19 pandemic had on the negotiations? Can an agreement be ratified by 1 July? What happens if nothing has been agreed by this date?

26. All reports indicate that there has no substantive progress at all on fisheries up to now – irrespective of the Covid-19 situation. If the EU were prepared to accept the UK text in full, it would still be possible for an agreement to be concluded by 1 July. But even if the UK

relented and agree to some kind of continuity arrangement as part of a long framework agreement, it is difficult to see how this could be turned into legal text in the few weeks remaining – unless a contingency text has already been prepared by negotiators in secret.

27. Failure to reach agreement by 1 July would have no immediate practical consequences in the limited context of access to waters or quota shares. In effect the EU would have agreed by default to the UK position based on international law. There would need to be further negotiations nearer the end of the year to determine fishing opportunities for 2021. But these would take place on a similar basis to those which the EU carries out annually with other third countries such as Norway.

28. The key question would be whether the EU – at the highest political level - wanted to conclude that such a failure precluded any continuation of the wider FTA and other negotiations, in which case the process as a whole would effectively collapse, short of any joint agreement to extend the current period of transition to allow more time for agreement to be reached.

What evidence is there that the UK and EU have considered how any agreement will be monitored and enforced? What preparatory work is needed to ensure the UK can monitor and enforce any agreement? To what extent will such enforcement require cooperation with the EU and other nations to be effective?

29. It is implicit in the EU negotiating position that agreement on monitoring and enforcement would form part of any overarching framework agreement. The UK position implies that these would be matters for its sole decision as a sovereign coastal state, subject only to UNCLOS obligations in respect of shared stocks.

30. However, the nature of fisheries suggests that successful management under any jurisdiction needs to be based on a degree of mutual cooperation and respect for the rule of law.

31. It is not clear whether or not there have yet been any specific discussions on these issues.

Are the EU's fisheries agreements with countries such as Norway and Iceland suitable models for any deal with the UK? How does the deal the EU is proposing with the UK differ from such existing agreements? Is the EU correct to argue that annual negotiations with the UK would be impractical? How might a system of annual negotiation work?

32. There would not appear to be any objective or legal reasons why the EU's existing agreements with Norway or Iceland should not serve as models for a future agreement with the UK – as indeed the UK itself contends.

33. But the EU's current proposals go much further in respect of continuity requirements and other preconditions. This is not, however, an entirely valid comparison in that neither Norway nor Iceland have ever been bound by the terms of the Common Fisheries Policy. The EU is in effect arguing that the UK situation is entirely sui generis limiting the relevance of such precedents.

34. Again this is essentially a matter of political appreciation.

How would a system based on zonal attachment differ from one based on relative stability? What steps must the UK Government and other stakeholders take to put such a system in place? How long might this take?

35. The concept of relative stability is unique to the Common Fisheries Policy and has no basis in international maritime law. It derives from the concept of EU waters forming a single 200-mile EEZ and the need to allocate quota shares within this. This was done in the early 1980s by reference to historic fishing patterns in a prior reference period, overlaid with certain considerations relating to the socio-economic dependence on fishing of some coastal communities (so-called Hague preference) and historic access rights under the pre-CFP London Convention.

36. Zonal attachment is a recognised basis for determining 'ownership' of stocks based on the proximity to physical features such as continental shelves. It is an accepted scientific concept which is capable of being determined by observational data and survey work.

37. The UK Government published a number of illustrative models for this in conjunction with the tabling of the Fisheries Bill. This suggests that the bulk of this work has already been done, subject only to consultation and discussion with stakeholders – potentially also including the EU in respect of shared stocks.

What fisheries agreements does the UK also need to reach with other European countries such as Norway and Iceland? How much progress has been made to date? How would these agreements interact with any future UK/EU agreement?

38. As a sovereign coastal state it would be normal for the UK to reach bilateral agreements with adjacent states and to participate in pre-existing regional management fora.

39. The Government has again set out its position on this in some detail. Norway and Iceland are both major suppliers to the UK market and the conclusion of agreements between willing buyers and willing sellers should not in principle be problematic.

40. Any such agreements could however have implications for those countries' existing agreements with the EU and the respective annual negotiations which those provide for, where the UK has previously been party to the EU position.

41. There are various possible formations for conducting such negotiations in future.

How important is access to the EU market for the UK fisheries industry? What additional customs, regulatory and sanitary/phytosanitary barriers might the UK fisheries industry face under any future relationship with the EU? How might these barriers be reduced? What barriers would exist if no trade deal is reached before the UK leaves the Transition Period?

42. The vast majority of UK catches are currently exported to the EU, tariff free and with minimal regulatory checks. The UK is also an integral part of the EU system for preventing Illegal, Unregulated and Unreported (IUU) fisheries and does not need to submit catch certificates in the way which other third countries are required to do.

43. Seafood products are also defined as products of animal origin under EU law, making them susceptible to a whole range of physical checks, including the need to enter the Single Market via approved Border Inspection Posts.

44. Failure to reach agreement on fisheries or any wider free trade deal would automatically result in UK exports being subject to the full range of such checks, including IUU certification from the end of transition, in addition to any tariff requirements.

45. Such a combination of tariff and non-tariff barriers would potentially impose deterrent levels of additional cost and delay (particularly for fresh products) which could render most existing exports commercially unviable.

46. The extent to which any of these measures might be mitigated or eased in the context of a fisheries agreement and/or free trade deal would inevitably form part of those negotiations. But both sides have implicitly accepted that a certain degree of friction in terms customs and other procedures will be an inevitable consequence of the UK's wish to be entirely independent of both the Single Market and the Customs Union and be treated as any other third country.

What obligations concerning fisheries does the Ireland/Northern Ireland Protocol place on the UK, EU and EU member states and their respective industries?

47. The provisions of the Ireland/Northern Protocol are already law under the Withdrawal Agreement and not directly susceptible to what might or might not be agreed as part of a wider future relationship, other than the potential need for future tariffs. The nature of fisheries activities on both sides of the border poses a number of particular challenges which need to be resolved as part of the current implementation discussions. There has been very little public information in relation to this.

What elements of the Protocol's implementation concerning fisheries remain to be decided by the Joint Committee or are otherwise unclear, for example, the conditions under which fisheries and aquaculture products landed by NI vessels will be exempt from EU duties? How might these issues be resolved?

48. All aspects of the Protocol's implementation are subject to decision by the Joint Committee. It is not clear where matters stand in relation to the specificities of fisheries.

If no fisheries agreement is reached by the end of the year, what obligations remain on the UK and EU under international law, for example: access to fishing waters and landing rights? Would you be concerned about the sustainability of fish stocks if the UK and EU do not manage to reach agreement?

49. As set out above, both the UK and the EU would be bound by their respective international obligations under UNCLOS in respect of shared stocks. But in all other respects the UK would assume full sovereign coastal state rights – as set out in its current draft negotiating text.

50. A key question, however, would be the UK's ability to monitor and enforce these rights—and extent to which nationals of other Member States (and indeed their respective authorities) were prepared to comply.

51. A breakdown in the rule of law in respect of fisheries management would have both practical consequences for conservation and the potential for enormous reputational damage for the industry as a whole, notably in respect of consumer confidence.

What would be the social and economic consequences if no UK/EU fisheries deal has been reached by the end of the year? How might these vary across different parts of the fisheries industry? How might these effects be mitigated?

52. The consequences of failure to reach an agreement on fisheries alone would be considerable in respect of the UK's existing exports to the EU. The UK would however be able to mitigate potential impacts on imports by a combination of deals with suppliers such as Norway and Iceland and the ability to suspend tariffs on essential raw material supplies under normal WTO rules.

53. But should such a failure result in the absence of any kind of trade or other deal between the UK and the EU, the consequences would affect the entire economy. Were that to coincide with the ongoing effects of the Covid-19 crisis, they could be potentially incalculable,

May 2020



Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

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22 May 2020

Andrew Kuyk
Director General
UK Seafood Industry Alliance

Dear Mr Kuyk,

The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee holds regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

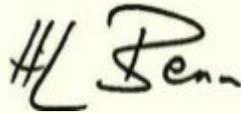
The Committee is keen to gather as much evidence as possible to inform its deliberations so I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our [call for evidence](#), which was published on 4 March. We also hope that you would be willing to answer some of the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- What are the UK and EU fisheries industries' priorities for the future relationship negotiations? How do these priorities vary between different parts of the fishing, aquaculture and processing industries and by product, region and nation? Has the Covid-19 pandemic changed any of these priorities? What might be the consequences of a deal which does not meet these priorities?
- To what extent did the UK Government consult the industry before publishing its negotiating aims? How well does what the Government has published meet the needs of different parts of the UK fisheries industry? What are your views on the EU's negotiating mandate and draft legal text?
- How is the UK Government keeping the UK fisheries industry informed of developments in the negotiations? Has the sector been given the opportunity to comment on any of the UK draft legal texts?
- On which aspects of a future fisheries agreement are the UK and EU's aims farthest apart? Where do their positions align? On which areas does each side have the most leverage? Is there a workable compromise between the UK and EU's positions and, if so, what is it? What trade-offs must each side make? How might different resolutions to these trade-offs affect different parts of the UK and EU fisheries industries? If you see room for the EU's position on fisheries to move towards that of the UK, which Member States might support that change and why?
- How much progress has been made so far in negotiations on fisheries? What effect has the Covid-19 pandemic had on the negotiations? Can an agreement be ratified by 1 July? What happens if nothing has been agreed by this date?
- What evidence is there that the UK and EU have considered how any agreement will be monitored and enforced? What preparatory work is needed to ensure the UK can monitor and enforce any agreement? To what extent will such enforcement require cooperation with the EU and other nations to be effective?
- Are the EU's fisheries agreements with countries such as Norway and Iceland suitable models for any deal with the UK? How does the deal the EU is proposing with the UK differ from such existing agreements? Is the EU correct to argue that annual negotiations with the UK would be impractical? How might a system of annual negotiation work?
- How would a system based on zonal attachment differ from one based on relative stability? What steps must the UK Government and other stakeholders take to put such a system in place? How long might this take?

- What fisheries agreements does the UK also need to reach with other European countries such as Norway and Iceland? How much progress has been made to date? How would these agreements interact with any future UK/EU agreement?
- How important is access to the EU market for the UK fisheries industry? What additional customs, regulatory and sanitary/phytosanitary barriers might the UK fisheries industry face under any future relationship with the EU? How might these barriers be reduced? What barriers would exist if no trade deal is reached before the UK leaves the Transition Period?
- What obligations concerning fisheries does the Ireland/Northern Ireland Protocol place on the UK, EU and EU member states and their respective industries? What elements of the Protocol's implementation concerning fisheries remain to be decided by the Joint Committee or are otherwise unclear, for example: the conditions under which fisheries and aquaculture products landed by NI vessels will be exempt from EU duties? How might these issues be resolved?
- If no fisheries agreement is reached by the end of the year, what obligations remain on the UK and EU under international law, for example: access to fishing waters and landing rights? Would you be concerned about the sustainability of fish stocks if the UK and EU do not manage to reach agreement?
- What would be the social and economic consequences if no UK/EU fisheries deal has been reached by the end of the year? How might these vary across different parts of the fisheries industry? How might these effects be mitigated?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at freucom@parliament.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hilary Benn', written in a cursive style.

Hilary Benn
Chair of the Committee