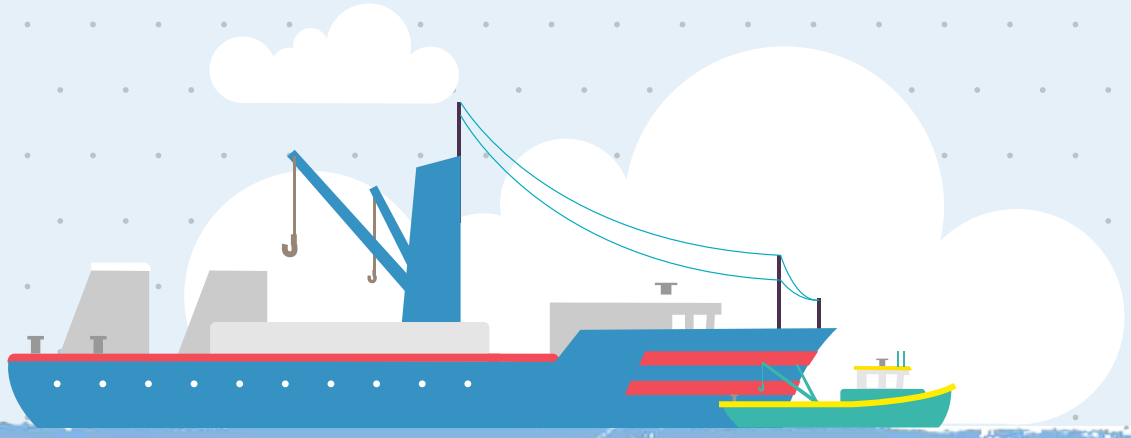


A FAIR FISHING DEAL FOR THE UK

HOW TO MANAGE BRITISH FISHERIES IN THE PUBLIC INTEREST

NEW ECONOMICS FOUNDATION

Decades of overfishing in European waters have taken their toll. Four out of every ten fish stocks are outside safe biological limits, producing fewer fish than if we managed them sustainably.[1] But allowing European fish stocks to grow could deliver an additional 2 million tonnes – enough to feed 89 million citizens, support 20,000 more jobs, and generate additional profits of €1bn.[2] The British government has played a role in failing to realise this potential by setting fishing quotas a total of 1,423,000 tonnes above scientific advice since 2001.

It's time to start treating overfishing with the seriousness it deserves.

At the **New Economics Foundation**, we don't just describe the scale of the problem, we want to help bring about real and lasting change. When fisheries management is properly implemented, fish stocks recover and fishing fleets have more stable economic prospects.

This briefing sets out our last three years of fisheries research to show why the problem of overfishing is so urgent, what we have done to tackle it, and what we need to do now to create a fair and sustainable fishing deal for the United Kingdom.

WHY OVERFISHING MATTERS

Rebuilding fish stocks in European waters not only creates healthier ecosystems, it also leads to larger fish populations reproducing in greater number and allows catches to increase in size. More abundant fish populations could produce a maximum sustainable yield in the UK that would increase landings by 442,000 tonnes and €392 million in value compared to 2014. This extra activity would translate into more profits, higher wages, and more jobs.

After decades of overfishing, we rely on fish from elsewhere to meet our appetites. From September each year, the UK depends entirely on fish from other countries. This shows the risks of exporting unsustainable fishing pressure to other parts of the globe. But this can change. Rebuilding fish stocks to produce the maximum sustainable yield would push this 'Fish Dependence Day' later in the year.

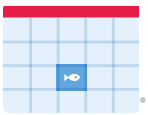
Instead, progress to end overfishing has been slow – it is currently off track to meet the 2020 deadline in the EU's Common Fisheries Policy. Fishing ministers, feeling the pressure to 'win' quotas for their fleet, frequently set quotas higher than scientific advice. The UK ranks 6th in the overfishing league table, setting quotas an average of 21% above scientific advice.

Not only are sustainable fishing quotas elusive, the way quotas are allocated is not fair – a second, critical pillar of good fisheries management. Fishing quotas, and other fishing opportunities in the UK are currently gifted to the biggest boats.

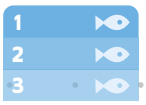
This system does not work in favour of local, small-scale fisheries and the communities which rely on them. Nor does it support sustainable but less profitable fishing techniques, or society as a whole. It's time for a fairer fishing deal.

OUR WORK FOR A FAIRER FISHING DEAL

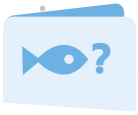
FISHING IN THE PUBLIC INTEREST AND THE BIO-ECONOMIC MODEL OF EUROPEAN FLEETS (BEMEF)



FISH DEPENDENCE DAY



LANDING THE BLAME



WHO GETS TO FISH?

WHAT WOULD FISHERIES LOOK LIKE IF MANAGED IN THE PUBLIC INTEREST?

FINDINGS FROM THE BIO-ECONOMIC MODEL OF EUROPEAN FLEETS (2015)

In collaboration with fisheries researchers across Europe, the New Economics Foundation developed the Bio-Economic Model of European Fleets. This model calculates the potential gains that different EU fleets and Member States could reach if they were fishing stocks at their maximum sustainable levels, as well

Table 1: Baseline economic outcomes and MSY forecast for BEMEF fleets

	Baseline	MSY	Difference
Landings (tonnes)	3,023,336	5,075,975	2,052,639
Earnings (€ million)	4,291	5,857	1,565
Gross value added (€ million)	2,101	3,567	1,466
Net Profits (€ million)	223	1,048	824
Fishing Jobs	56,568	59,303	2,736
Wages (€/year)	23,961	32,235	8,273
Processing Jobs	33,742	51,369	17,626
Carbon (tonnes)	4,725	4,771	46

Source: NEF, 2015 – Managing EU fisheries in the public interest

as illustrating the different trade-offs of fisheries management. The model is open source and makes available a whole dataset of European fleets so that fisheries managers can see for themselves the impacts of fishing at maximum sustainable yield (MSY) and of prioritising certain sectors of the fleet over others.

How these gains are distributed as profits, wages, jobs, and rent to society depend on the economic arrangements of the fleet and the politics surrounding this. Governments can do more to increase a fairer distribution of fisheries profits, and improve the environmental performance of the fleet. The model allows the user to change the criteria that the government uses to allocate quotas and see the impact this has on earnings, jobs, and carbon emissions, among others. It also allows the user to relax assumptions to see how these results change depending on fuel cost, the price of fish, and technological change.

The calculations reveal that compared to 2012-14, rebuilding European fish stocks to MSY could provide the UK with an additional 442,000 tonnes of fish landed every year, equivalent to an additional €500 million in earnings, which could support 6,600 new jobs.

Our model shows that we can serve society better by letting fish stocks grow and by paying attention to how we distribute quota and fisheries. By making all the information and data available in a user-friendly way we hope BEMEF will help improve transparency to ensure that fisheries management decisions increasingly work in the public interest.

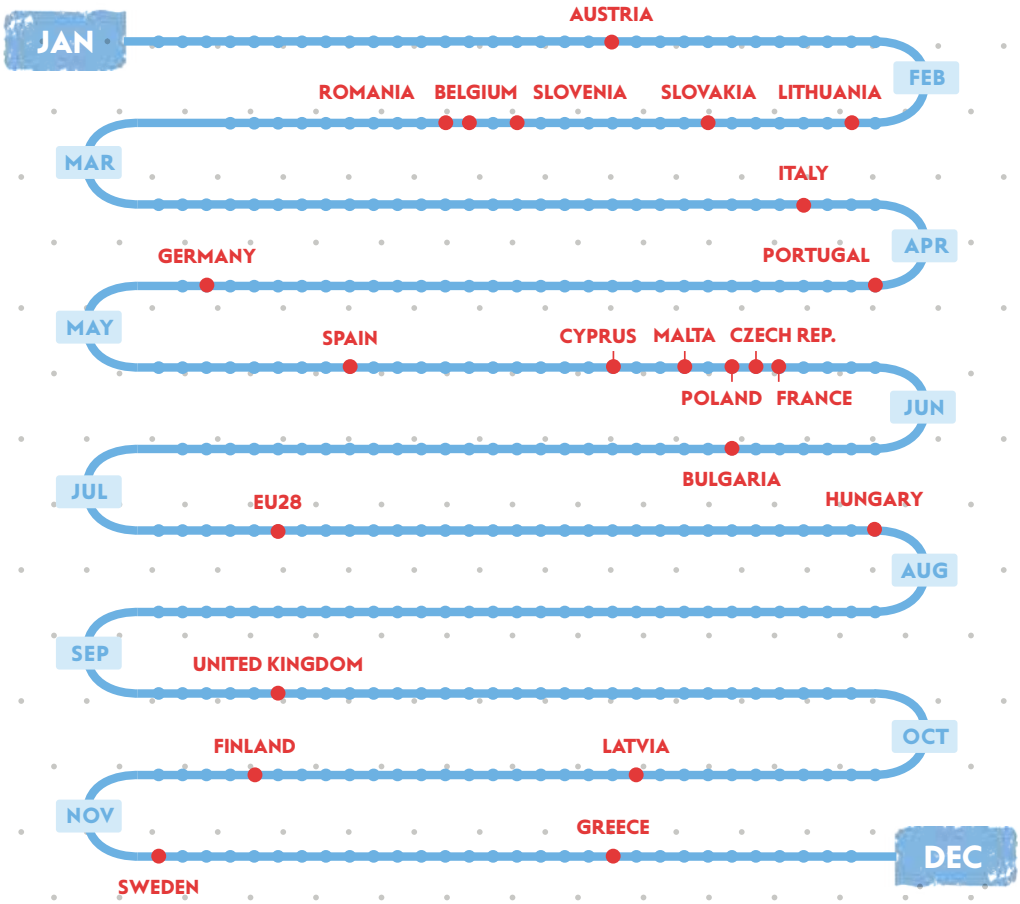
ARE WE EATING TOO MUCH FISH?
FINDINGS FROM THE FISH DEPENDENCE DAY REPORT SERIES (2010-2017)

The EU has been able to maintain high levels of consumption by sourcing fish from other regions of the world, both through the catches of its distant water fleet and through imports. Since 2010 the New Economics Foundation (NEF) has estimated the degree of self-sufficiency in fish consumption achieved by the EU as a whole and for each of its Member States. Self-sufficiency is defined as the capacity of EU Member

States to meet demand for fish from their own fishing fleet.

We have expressed the degree of self-sufficiency in the form of a 'fish dependence day'. Based on a Member State's or a region's total annual fish consumption, the fish dependence day is the date in the calendar when it will start to depend on fish from elsewhere because its own, domestic supplies have been depleted. In 2017, the fish dependence day is on 6 September, indicating that almost one-third of fish consumed in the UK is beyond what could be supported nationally.

Figure 1 - Fish Dependence Day Calendar 2017



Source: NEF, 2017 – Fish dependence: The reliance of the EU on fish from elsewhere

Table 2: Comparison of 'Fish Dependence Days' for selected EU with and without overfishing

	2014 With overfishing	2014 Without overfishing	Difference (days)
EU28	6 Jul	13 Oct	86
Denmark	> year	> year	201
Finland	27 Oct	> year	220
France	27 May	6 Aug	71
Germany	29 Apr	4 Aug	97
Lithuania	2 Feb	4 Mar	30
Netherlands	> year	> year	184
Poland	25 May	27 Jul	64
Portugal	1 Apr	24 Apr	23
Spain	9 May	21 Jun	43
Sweden	1 Nov	> year	356
UK	6 Sep	> year	170

Source: NEF, 2017 – Fish dependence: The reliance of the EU on fish from elsewhere

If fish stocks were managed at maximum sustainable yield, we would be able to support fish consumption of an additional 89 million citizens in the EU and by 170 days in UK turning the UK into a self-sufficient nation and a net exporter of fish rather than a net importer.

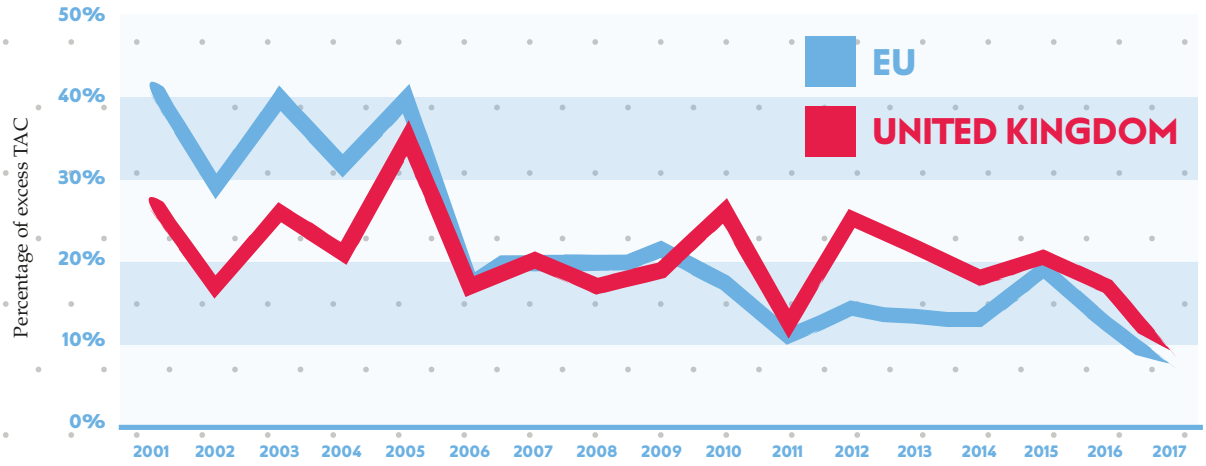
It is encouraging to see that levels of self-sufficiency have remained stable rather than worsening over the past years, however Europeans still rely on fish from other countries for 50% of their consumption. While no one expects Europe to be 100% self-sufficient, more sustainable fisheries management would dramatically improve the situation.

WHICH COUNTRIES ARE MORE RESPONSIBLE FOR SETTING FISHING QUOTAS ABOVE SCIENTIFIC ADVICE? FINDINGS FROM THE LANDING THE BLAME REPORT SERIES (2015-2017)

Ministers continue to set quotas above scientific advice, despite the Common Fisheries Policy objective to end overfishing by 2015 where possible and 2020 at the latest. NEF's historical analysis of agreed 'total allowable catch' (TACs, otherwise known as quotas) between 2001 and 2017 concluded that, on average, seven out of every ten TACs set by Member States were above the limit advised. While the percentage by which TACs were set above advice has declined throughout this period (from 42% to 6%), the proportion of TACs set above advice has remained stable.

Fishing above scientific limits delays the restoration of fish stocks and therefore the realisation of its potential in additional catch, profits and jobs. Our Landing the Blame series of briefings looks at the role that each country has played in delaying progress towards this. We analyse the outcome of the negotiations and estimate which Member States end up with a higher share of stocks fished above scientific advice. Given that these negotiations are not

Figure 2: Historical TACs above scientific advice in European waters



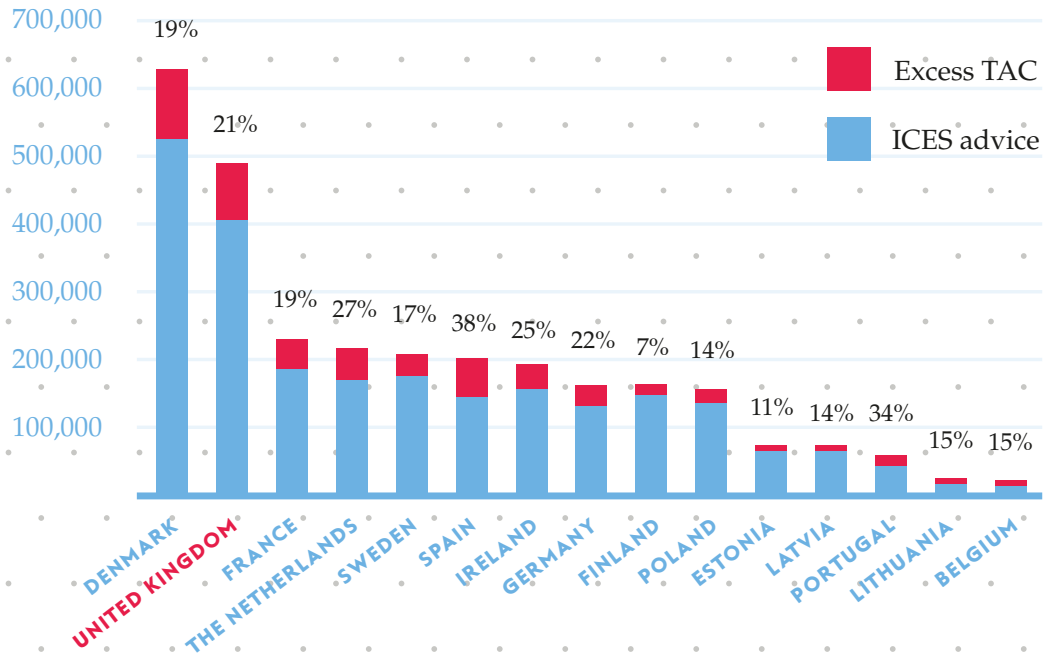
Source: NEF, 2017 – Landing the blame: Overfishing in the Northeast Atlantic 2017

public we make the assumption that these Member States are the main drivers of overfishing, either because they are actively pushing for fishing limits to be set above scientific advice or they are failing to prevent it.

Between 2001 and 2017, Spain, Portugal and the Netherlands top the league table of Member States with the highest percentage of their TAC in excess of scientific advice. These Member States were involved with TAC decisions that allow fishing at 38%, 34%, and 27%, respectively, above levels that scientists have determined to be consistent with the sustainable management of these fish stocks.

There is no time like the present for rebuilding fish stocks. Our research collaboration shows that transitioning to maximum sustainable yield produces the greatest economic benefits the faster the transition.[3] As the deadline to end overfishing approaches, we risk large reductions at the last minute when actions could have been taken today. Setting quotas at sustainable levels in accordance with scientific advice should be a prerequisite of fisheries management post-Brexit.

Figure 3: TACs above scientific advice by Member State



Source: NEF, 2017 – Landing the blame database

HOW DO COUNTRIES DISTRIBUTE FISHING QUOTA TO THEIR FLEETS? FINDINGS FROM THE 'WHO GETS TO FISH' REPORT

Fish stocks are owned by no one but desired by many. How, then, should access to fish stocks be determined? In the EU, different Member States have answered this question very differently, with many different systems in use. Our research looked at 12 countries in detail, and found that despite different systems designs, none of them are fully managing their fisheries in the public interest. For each one we describe these systems of fishing opportunities, assess their performance against defined objectives, and make recommendations for reform.

The system used to distribute quota can have a mix of consequences. Whether it is the disappearance of fishing communities around the coast, the controversy over larger and larger factory trawlers, or the alarm over the privatisation of a public resource, many of the concerns about contemporary fisheries management are about how the resource is divided, not just the size.

To assess whether a system of fishing opportunities is successful, we have developed a framework of 12 objectives. Whilst not specifying a precise blueprint for fisheries, a successful system should achieve these objectives to allow fishers to thrive and the public to benefit, all whilst ensuring a good process of decision-making.

The UK maintains a differentiated quota system with individual quotas for the sector (members of producer organisations) and pooled quotas the level of the fisheries administrations for inshore and non-sector fishers. The quota system has some resemblances of a transferable system with an unregulated trade in FQAs occurring. Our analysis indicates that the UK performs well on security, flexibility and transparency, but performance is mixed and low for most other objectives.

Table 2: Performance of Ireland's system of fishing opportunities

Category	*Objectives*	*Description*	*Rating*
Good for fishers	Secure	Fishing opportunities provide fishers with a sustained, long-term share	*High*
	Flexible	Fishers can access new fishing opportunities or exchange existing ones	*Mid-High*
	Accessible	New eligible fishers are granted fishing opportunities upon entry	*Low*
	Viable	Companies are financially viable and employees are decently paid	*Mixed*
	Equitable and fair	Fishing opportunities are distributed fairly and needs are prioritised	*Mid-Low*
Good for society	Publicly owned	Fish stocks and fishing opportunities are ultimately publicly owned	*Mid-Low*
	Meets government objectives	Government uses fishing opportunities to meet national and EU policy objectives	*Mid-Low*
	Limited public expense	Management costs are covered by the fishing industry	*Mid-Low*
	Captures resource rent	As a public resource, some of the resource rent is captured	*Low*
Good process	Transparent and accountable	The allocation and holdings of fishing opportunities are transparent	*Mid-High*
	Objective	The allocation of fishing opportunities follows a systematic process	*Mid-High*
	Right governance level and repre-sentative	Governance empowers local institutions and involves inclusive stakeholder representation	*Mid-Low*

Source: NEF, 2017 – Who gets to fish? The allocation of fishing opportunities in EU Member States

To remedy some of the problems we recommend that UK:

- Affirms public ownership of fish stocks and FQAs to ensure that access to the public resource remains under government control;
- Introduces a peer-to-peer quota swapping system that could provide greater flexibility in quota access whilst not monetising transactions;
- Improves access for new fishers either through lending or granting quota to young fishers wishing to enter the industry;
- Fully incorporates social and environmental criteria in its primary allocation method, or through using the national quota reserve;
- Implements a landings tax to recover management costs - with an aim to eventually recover a share of the resource rent - and reduces fuel tax exemptions;
- Differentiates this landings tax to favour landings in national ports to ensure that the use of a national resource benefits UK communities;
- Regulates the de facto individual transferable quota system to minimise negative impacts, or revert to an IQ system with no transfers permitted;
- Build on the withdrawal from the London Convention by prioritising access to inshore waters to low-impact fishing methods;
- Reallocates quota to the inshore fleet to address historic under-allocations and improve equity.

WHAT'S NEXT?

Over the many years that we've been working on fisheries, we have generated evidence-based arguments to support action towards fish stock restoration and a fairer distribution of fishing rights. The case is clear and progress has been made. Scientific advice is increasingly followed and some stocks are now recovering, delivering more profits for many fishing fleets.

Yet we are still far from where we

should be. Few fish stocks are at their optimal level to ensure their maximum sustainable yield and a healthy ecosystem. Action is needed to accelerate this journey towards sustainable and fairer fisheries in both the UK and the EU. The recipe for what needs to happen is clear:

1. LET FISH STOCKS GROW BY FOLLOWING SCIENTIFIC ADVICE.

Policy goes much further in other countries, like the United States where managers cannot exceed scientific advice by law, resulting in the near elimination of overfishing. Setting quotas at sustainable levels in accordance with scientific advice should be a prerequisite of fisheries management post-Brexit.

2. ALLOCATE QUOTA TO INCENTIVISE BEST PRACTICES, NOT PRESERVE THE STATUS QUO.

More attention is needed on quota allocation systems to unlock the socio-economic potential of fisheries. This is necessary at a time when fishing rights are slipping from the hands of coastal communities through market processes. These changes risk the future of fishing communities and put profit before social and environmental considerations. Urgent action is required and NEF will be at the forefront of research in this space, including the analysis of specific examples at the fishery level, as we have done for seabass and Nephrops.[4,5]

3. REFORM SUBSIDIES TO DELIVER FISHERIES OBJECTIVES.

The critical goal in fisheries is to rebuild fish stocks. If subsidies are directed towards this end there is a potentially massive return-on-investment. However, other subsidies, if they increase fishing pressure, would actually have a negative return. Fuel subsidies create a lose-lose-lose by using public funds, increasing fishing pressure, and encouraging more fuel use and climate change. Getting subsidies right will be beneficial for the whole of Europe and each one of its nations, but will also represent a 'lifeline' for many struggling coastal communities.

4. PUT FISHING COMMUNITIES AT THE HEART OF POLICY-MAKING.

Fishing makes important social, economic, and cultural contributions to the communities where it takes place. When these communities can control their future, and are supported in

their efforts to do so, it's good news for both the environment and the economy. NEF's work to support coastal communities reconciling good environmental management with economic prosperity illustrates how fisheries are often a key part of a healthy local economy.

TO LEARN MORE ABOUT NEF'S WORK ON FISHERIES:

WWW.NEWECONOMICS.ORG

ENDNOTES

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