

# The impact of Brexit on fisheries in Wales

October 2018





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# **The impact of Brexit on fisheries in Wales**

October 2018



# About the Committee

The Committee was established on 28 June 2016. Its remit can be found at:  
[www.assembly.wales/SeneddCCERA](http://www.assembly.wales/SeneddCCERA)

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## Committee Chair:



**Mike Hedges AM**

Welsh Labour  
Swansea East

## Current Committee membership:



**Gareth Bennett AM**

UKIP Wales  
South Wales Central



**Jayne Bryant AM**

Welsh Labour  
Newport West



**Andrew RT Davies AM**

Welsh Conservatives  
South Wales Central



**John Griffiths AM**

Welsh Labour  
Newport East



**Dai Lloyd AM**

Plaid Cymru  
South Wales West



**Joyce Watson AM**

Welsh Labour  
Mid and West Wales

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The following Members were also members of the committee during this inquiry.



**Dawn Bowden AM**

Welsh Labour  
Merthyr Tydfil and Rhymney



**David Melding AM**

Welsh Conservatives  
South Wales Central



**Simon Thomas AM**

Plaid Cymru  
Mid and West Wales

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## Recommendations

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**Recommendation 2.** The Welsh Government should report back to the Committee within the next 12 weeks on discussions it has had with the UK Government about future fisheries policy. This should include discussions about the proposed common framework for fisheries management and any proposals for an inter-governmental mechanism to facilitate agreement between the UK Administrations on common frameworks, including fisheries policy. .... Page 13

**Recommendation 3.** The Welsh Government must ensure that it engages on an ongoing basis with representatives from across the entire fisheries sector. It should report back to this Committee within the next 12 weeks on actions it will take to broaden engagement..... Page 14

**Recommendation 4.** The Welsh Government should report back to this Committee within the next 12 weeks on whether it believes its capacity on fisheries policy, both in terms of staffing numbers and expertise, is sufficient in the short term. The Welsh Government should also report back to this Committee on any plans it has to increase capacity in those areas..... Page 14

**Recommendation 5.** The Welsh Government should report back to this Committee within 12 weeks on its plans to increase domestic demand for Welsh fish and shellfish..... Page 21

**Recommendation 6.** The allocation of quota to Wales under the 2012 UK Fisheries Concordat is not a fair allocation and is constraining the development of Welsh fisheries. The Welsh Government should seek to renegotiate the UK Fisheries Concordat, with the aim of ensuring an increase in quota allocation. .... Page 21

**Recommendation 7.** An ecosystem-based approach must be embedded and enforceable in future Welsh fisheries policy..... Page 25

**Recommendation 8.** Financial support for fisheries should reflect the Welsh Government’s strategic priorities. The Welsh Government should explore the possibility of introducing a system of financial support that, at least in part, rewards sustainable outcomes and the provision of public goods. .... Page 25

## Introduction

1. On 21 June 2017, the UK Government announced its intention to introduce a Fisheries Bill to “enable the UK to control access to its waters and set UK fishing quotas once it has left the EU”.<sup>1</sup>
2. The Bill is expected to establish a new fisheries management system once the UK leaves the EU Common Fisheries Policy (CFP). The CFP uses a number of different measures to manage fish and shellfish stocks in EU Member States’ Exclusive Economic Zones (EEZ) (12-200 nautical miles (nm)), including catch limits, quotas and technical measures.
3. Currently CFP quota is allocated to the UK as an EU Member State. The quota is allocated to the devolved administrations according to a Concordat Agreement between the UK’s administrations. The Welsh Government is currently responsible for implementing the CFP in Welsh waters.
4. This interim report covers the Committee’s initial work on the future of Welsh fisheries. The purpose of this exploratory work has been to develop an understanding of the sector and its priorities to inform scrutiny of fisheries policy and legislation after the UK leaves the EU.

## Approach

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5. On 4 July 2018, the Committee held an oral evidence session with:
  - **Griffin Carpenter**, New Economics Foundation; and
  - **Professor Richard Barnes**, University of Hull.
6. On 12 July 2018, the Committee hosted a workshop in Milford Haven for stakeholders. Attendees are listed at Annexe A. The Committee has agreed to hold a similar event in North Wales as soon as possible.

The Committee invited representatives of the Welsh Fishermen’s Association to participate in this inquiry. The Association declined to participate in this work. The Committee was disappointed with this response and will continue to attempt to engage with the Association.

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<sup>1</sup> Associated **background briefing**



# 1. Regulatory and policy frameworks for fisheries in Wales

This chapter provides an overview of the arrangements that currently govern the operation of Welsh fisheries, including international obligations and the European Union Common Fisheries Policy. It also considers what frameworks will be required after Brexit.

**7.** Fisheries policy in Wales' offshore waters (12-200nm) has been, and continue to be, framed and informed by international and UK agreements. For over 40 years, fisheries policy has operated in accordance with the EU's Common Fisheries Policy (CFP). Although fisheries management is a devolved matter, its extent outside 12nm has been limited largely to the administration of these agreements.

**8.** Before the Common Fisheries Policy (CFP), access to UK and certain other European countries' waters by foreign fleets was governed by the London Fisheries Convention 1964.<sup>2</sup> The Convention has continued to remain in place alongside the CFP. On 2 July 2017 the Defra Minister, the Rt Hon Michael Gove MP announced the UK Government's intention to withdraw from the Convention as part of the Brexit process.

**9.** After Brexit, the UK will continue to be bound by the **United Nations Convention on the Law of the Sea** (UNCLOS), which compels signatories to manage fish stocks in a sustainable manner.

## Common Fisheries Policy (CFP)

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**10.** In 1970, as negotiations began on the accession of the UK and other countries with significant fishing interests, the six founding Member States of the EEC adopted several pieces of fisheries legislation. Among other things, these

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<sup>2</sup> The Convention creates "an exclusive jurisdiction in matters of fisheries" for each coastal state under the Convention between 0 to 6nm. However, it provides access to territorial waters between 6 to 12nm for the fishing vessels of European countries who are signatories to the Convention and whose fishing vessels had habitually fished in that belt between 1st January, 1953 and 31st December 1962. These countries include: the UK, France, Germany, Holland, Denmark, Spain, Ireland and Belgium. These countries are commonly referred to as having "Historic Rights Access".

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established the principle of “equal access” under which each Member State has equal access to all other Member States’ waters.

**11.** As part of its accession agreement, the UK and other countries negotiated a ten-year derogation from equal access within the 0 to 6nm-fishing limits. In November 1976, it was agreed that Member States should extend their Exclusive Economic Zone (EEZ) from 12 to 20nm. The equal access derogation would be rolled over for a further ten years and extended to 12nm, except where Member States had “historic rights access”. This derogation has since been renewed a number of times, most recently until the end of 2022 as part of the reformed CFP agreed in 2013.

**12.** In 1983, the first CFP Regulation was adopted, establishing measures governing:

- Where fishing was prohibited or restricted;
- The standard of fishing gear used;
- The minimum size of fish that could be landed; and
- Limits on the level of fishing.

### Domestic Fisheries Arrangements

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**13.** As the Member State, the UK Government negotiates on behalf of the UK at EU level. However, fisheries management is a devolved matter. Currently, UK fisheries administrations, including the Welsh Government, have some flexibility to:

- Implement their own fisheries management measures;
- Decide how to deliver against some CFP objectives; and
- Introduce measures that are not provided for under the CFP framework.

**14.** Under the CFP, UK fisheries administrations are able to apply technical measures to their own vessels, regardless of where they are fishing. For example, the *Scallop Fishing (Wales) (No.2) Order 2010* places technical, temporal and spatial restrictions on scallop fishing in Welsh territorial waters. Such measures can also be applied to Member State vessels with historic access within the 6-12nm zone, subject to the measures being “non-discriminatory”.

**15.** The four UK fisheries administrations are responsible for the licensing of commercial fishing vessels. These licences authorise the sea areas in which a vessel can fish and the species of fish that can be targeted. Through these licensing regimes, the UK fisheries administrations manage species that are not subject to quota or effort-based restrictions, including commercially important stocks in the UK such as bass. In Wales, the Welsh Government issues licences.

**16.** In the 0-6nm zone around the Welsh coast, the Welsh Government can put in place bylaws to address local conservation issues, requiring greater protection than provided at EU level.

### Division of UK quota allocation

**17.** The Fisheries Concordat<sup>3</sup>, which was signed in 2012, sets out how the UK's quota allocation is divided between the four administrations and provides overarching principles on effort control and licensing. The three key elements covered by the Concordat are:

- Quota allocation and distribution – Quota is divided across the four administrations using Fixed Quota Allocations (FQAs)<sup>4</sup>. For under 10 metre vessels, allocations are based on numbers of vessels;
- Licensing and vessel nationality – The nationality of a vessel is determined by the port at which it is registered; and
- Economic link licence conditions – special needs of coastal communities with a high dependency on fishing.

**18.** In December 2016, Defra launched a consultation on potential changes to the Concordat. The consultation closed in February 2017. No outcome had been announced at the time of writing this report.

### Future regulatory and policy arrangements for fisheries in Wales

**19.** As described above, the Common Fisheries Policy (CFP) currently provides a framework for fisheries policy, allowing for an intra-UK as well as EU-level coordinated approach.

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<sup>3</sup> [www.gov.uk/government/publications/concordat-on-management-arrangements-for-fishing-quotas-and-licensing-in-the-uk](http://www.gov.uk/government/publications/concordat-on-management-arrangements-for-fishing-quotas-and-licensing-in-the-uk)

<sup>4</sup> FQAs are allocated according to historical catch records and UK historic vessel landings data for the 1994–1996 reference period.

**20.** Currently, it is the UK Government, representing the UK as a member state, that negotiates with the EU on matters relating to the CFP. Similarly, it is the UK Government that is responsible, and will continue to be responsible, for implementing obligations under UNCLOS. As Professor Richard Barnes told the Committee, Wales is not directly responsible for the implementation of international obligations,

“Those fall upon the UK. There is then the next step, which is how the UK facilitates or ensures responsibility within the UK for that. So, I think Wales is probably not directly concerned with what happens externally, other than the extent to which it is involved in negotiations.”

**21.** There is general agreement that, after Brexit, there will be a need for UK common frameworks in certain areas, which are currently governed by EU law. One of these is fisheries management.

**22.** In written evidence to the Committee, both ClientEarth and Wales Environment Link (WEL) called for future UK frameworks to be “co-designed” by all four nations. ClientEarth said that the UK Government’s fisheries Bill should:

“establish key overarching objectives for sustainable fisheries management in UK primary law that are co-owned and co-designed by the devolved administrations.”

**23.** ClientEarth said this would create certainty and guide management decisions “from day one”.

**24.** Griffin Carpenter, of the New Economics Foundation, emphasised the need to ensure that the voice of the Welsh fishing fleet is heard in the debate on the future of UK fisheries. He highlighted that the “Welsh fishing fleet is unique in the UK context” and that, owing to its small size, there was a risk that it could be drowned out in the policy debate.

**25.** Griffin Carpenter told the Committee, the main area of focus for the Welsh Government in the short term should be “strategising and planning”. He said that most of the opportunities arising from Brexit would not, at least in the short term, be directly relevant to the Welsh fleet. Consequently, grasping the opportunities would require “forward investment” and planning. Professor Richard Barnes also talked about the need to have a “clear idea what the priorities are for fishing within Wales”.

**26.** ClientEarth, Wales Environment Link (WEL) and the Menai Strait Fishery Order Management Association (MSFOMA) all expressed concerns over the

capacity of the Welsh Government to deliver a successful and sustainable post-Brexit fisheries policy. WEL said:

“The delivery of fisheries and wider marine management measures have been significantly delayed in Wales, with capacity (including legal capacity) within Welsh Government a significant constraint.”

## Views from our stakeholder workshop

Stakeholders who worked in the fisheries sector were generally of the view that the Common Fisheries Policy had not benefitted Welsh fisheries. Some went so far as to describe it as having been a disaster.

Many stakeholders strongly believed that the UK Fisheries Concordat has also been a disaster for Welsh fisheries. The share of quota set out in the concordat was based on a lack of records of historical catch and had, over time, led to Wales having a small, dilapidated fleet with a lack of re-investment.

Stakeholders said that fishing fleets of the UK are varied and any future fisheries policy should place an emphasis on local management. Wales needs a bespoke policy to suit its specific needs, not an existing “off the shelf” model.

There were strong views that future fisheries policy should not try to “do too much”, but should be focussed. Fisheries should have its own policy and should not be an add-on for broader policies.

Stakeholders believed that the Welsh Government needs to urgently develop a plan for fisheries; this clarity of direction would support financial investment in fisheries.

Stakeholders who worked in the sector stressed the need for an urgent improvement in the way the Welsh Government engages with fisheries stakeholders.

There were complaints about a variety of issues in relation to engagement. For example, minutes and papers of the official Welsh Government advisory group ((Wales Marine Fisheries Advisory Group) were not accessible. It was unclear how frequently this and other task and finish groups were meeting, and what they were discussing.

Some stakeholders recommended using to IFCA<sup>5</sup>s, which they believed to be a useful tool for engagement “on the ground” and working as an interface with

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<sup>5</sup> Inshore Fisheries and Conservation Authorities



policymakers in government. Others suggested that engagement with fisheries would benefit from an approach such as “Farming Connect”.

## Our view

For decades, fisheries policy in Wales has been governed by international agreements, most notably, the Common Fisheries Policy.

Although the Common Fisheries Policy has resulted in considerable benefits, particularly for environmental matters, it has had an impact on the operation of the fisheries sector in Wales and has undoubtedly constrained the sector’s ability to develop and improve its economic outlook.

After the UK has exited the EU, there will continue to be a need for international cooperation and agreements, not least for environmental protection and the sustainable management of fishing stocks.

Notwithstanding this continued need for cooperation between nations, Brexit provides a significant opportunity for the Welsh Government to rethink its fisheries policy, and to consider how it wants the fisheries sector in Wales to develop.

In order to ensure that future policies are able to meet the challenges arising from Brexit, three core components need to be in place.

First, there needs to be a regulatory framework for the UK, to replace current EU agreements. Furthermore, there needs to be a new relationship between the UK administrations. In previous reports (“**The Future of Land Management in Wales**”, March 2017; “**Common frameworks for the environment after Brexit**”, July 2018), this Committee has emphasised the need for a new relationship between the constituent nations of the UK after Brexit, to consider matters of common interest. This is particularly true for fisheries management.

This will be vital to ensure the fair and effective internal UK management of fisheries matters, such as quota share. There must be an effective mechanism to address questions of quota share and, where necessary, resolve disputes. Otherwise, there is a risk that one of the most pervasive negative perceptions of EU membership and fisheries – that some countries benefit from an unfairly inflated allocation of quota – will be transposed to the UK.

In Chapter 2 of this report, we address some of the issues relating to how the UK’s quota allocation could be shared more fairly.

Second, the UK needs to build new relationships with the EU and other countries. This is vital to ensure that the Welsh fisheries sector does not lose access to markets and has appropriate access to waters. These matters are considered in Chapter 2 of this report.

Finally, there is a need for the Welsh Government to develop a focussed and ambitious strategy for the future direction of fisheries in Wales. Brexit provides opportunities to devise a new approach.

The Welsh Government must clarify its ambitions for the future of Welsh fisheries. This is vital to inform negotiations with the EU about arrangements for fisheries after Brexit and, as it enters into discussions with the UK governments, about the allocation of fishing quota in future. This should also form the basis for a renegotiation of the UK fisheries concordat, to ensure Wales has a fair share.

A future fisheries strategy must deliver an overarching Welsh policy, but must recognise that fisheries management is undertaken most effectively at a local level.

It must also ensure that economic development is balanced with environmental sustainability. This is explored further in Chapter 3 of this report.

Our stakeholders highlighted several other immediate concerns, which we believe the Welsh Government should address.

First, meaningful engagement with the sector is vitally important for effective policy development. Our stakeholders are concerned that consultation and discussion is concentrated in a small number of representative groups, which do not reflect the diverse opinions of the fisheries sector.

Second, there is a perception among stakeholders that there is a lack of capacity in the Welsh Government, in both numbers of staff and their expertise, to deal with the development and administration of a new, ambitious fisheries policy after Brexit. The Welsh Government must ensure that it has sufficient resources in place to meet the challenges Welsh fisheries will face.

**Recommendation 1.** The Welsh Government should publish a focussed and ambitious strategy to grow Welsh fisheries. The strategy must ensure that the highest environmental standards are maintained.

**Recommendation 2.** The Welsh Government should report back to the Committee within the next 12 weeks on discussions it has had with the UK Government about future fisheries policy. This should include discussions about

the proposed common framework for fisheries management and any proposals for an inter-governmental mechanism to facilitate agreement between the UK Administrations on common frameworks, including fisheries policy.

**Recommendation 3.** The Welsh Government must ensure that it engages on an ongoing basis with representatives from across the entire fisheries sector. It should report back to this Committee within the next 12 weeks on actions it will take to broaden engagement.

**Recommendation 4.** The Welsh Government should report back to this Committee within the next 12 weeks on whether it believes its capacity on fisheries policy, both in terms of staffing numbers and expertise, is sufficient in the short term. The Welsh Government should also report back to this Committee on any plans it has to increase capacity in those areas.

## 2. New opportunities for Welsh fisheries

In this Chapter, we consider some of the issues a Welsh fisheries strategy should address, including access to markets; access to waters; and increasing quota share.

### Access to markets

**27.** In the UK, the majority of seafood caught is exported, predominately to EU countries or through EU trade agreements, and the majority of seafood consumed is imported.

**28.** Most seafood produced by the Welsh fleet is exported to EU countries or through EU trade agreements. Potential tariff and non-tariff barriers could significantly impact market access and competitiveness.

**29.** Ensuring tariff-free trade was highlighted as being of greater importance to the Welsh fisheries industry than increased access to water and quotas in the majority of consultation responses. The Menai Strait Fishery Order Management Association (MSFOMA) said:

“Most of the fishermen operating in Wales (ourselves included) catch non-quota species. These fishermen will not be affected by EU-UK arrangements for managing quota species such as cod, mackerel, or herring. The big issues facing most of the Welsh fishing and aquaculture sector post-Brexit will not be about access to stocks; it will be about access to markets.”

**30.** They went on to say:

“Any post-Brexit changes to tariffs on trade with the EU and also hygiene checks of our product at Border Inspection Posts would be a major challenge. A favourable outcome to Brexit negotiations on these two issues will be vital to all Welsh fishing sectors and coastal communities.”

**31.** Researchers from the “UK fisheries policy post-Brexit: multi-level challenges and opportunities” project highlighted that the needs of the Welsh fishing industry are different from industry in the rest of the UK and said this should be reflected in post-Brexit fisheries arrangements. They emphasised that:

“...issues around trade, export markets and tariff and non-tariff barriers are of more importance to the Welsh fishing industry than the question of improved quota allocation...”

**32.** Professor Barnes told the Committee that maintaining access to EU markets after Brexit will mean that seafood exporters in Wales will need to comply with regulatory standards that are applicable in the EU. He went on:

“That effectively means those will become applicable down the supply chain—so, the way in which these are caught, processed, inspected, will have to be in accordance with EU law.”

### Access to waters

**33.** In a speech on the 2 March 2018 the Prime Minister said the UK would cooperate with the EU on the shared management of fisheries stocks and wanted reciprocal access to waters.

**34.** The needs of the Welsh fishing fleet are different from other parts of the UK. Due to its size, the Welsh fishing fleet is generally unable to fish species outside its territorial waters, and is unlikely to benefit from exclusive access to the UK’s Exclusive Economic Zone. The Wales Centre for Public Policy (WCPP) report calculated where Welsh quota species are caught and landed. It showed that the majority are caught outside of Welsh waters, mostly in Irish waters (70%). Only 10% of Welsh quota is currently caught in Welsh waters, and only 27% caught in UK waters. The same calculations show that only 20% of Welsh quota species are landed in Welsh ports, and 73% are landed in EU ports. WCPP concludes:

“Continued access for Welsh Vessels to EU waters may therefore continue to be important.”

**35.** Milford Haven Port Authority (MHPA) said that “around 70% of all fish landed from British waters...[are landed]...by the non-UK fleet”. It suggested that regaining control of access and the management of Wales’ fishing resources could potentially lead to the growth of the Welsh fishing fleet of over 10m vessels and increase domestic fish landings. This could:

“facilitate more processing at Welsh ports to the benefit of coastal communities. This is not about supplanting foreign fleets but about being in control of the issue of licences and quotas to foreign and domestic vessels in a way that reinforces the economics of onshore logistics, service and processing centres.”



## Quota allocation

**36.** As set out in Chapter 1, it is the UK Government, as the Member State, that currently negotiates and agrees the Total Allowable Catch (TACs) for relevant species for each fishing area within the EU zone. This is the proportion of a stock which can be exploited in the coming year.

**37.** TACs are distributed to Member States according to an allocation key which grants a fixed share of the fishing opportunity each year. This distribution mechanism is based on the principle of 'relative stability' and divides TACs according to the historic catch of Member States between a 1973 to 1978 reference period.

**38.** The 2012 Fisheries Concordat sets out how the UK's quota allocation is divided between the four UK administrations. The WCPP report suggested that a fairer rebalancing of UK quota might be needed to grow Welsh fisheries:

“...as any increases would accrue to existing UK quota holders, the Welsh fleet requires a different arrangement of quota sharing within the UK to get its fair share.”

**39.** The WCPP report states Wales is “allocated less than 1% of the total UK fishing quota, and only around 0.02% of EU fishing quota overall”.

**40.** The allocation of quota within the UK is based on historical catch records. Griffin Carpenter explained to the Committee that quota allocation did not reflect the total Welsh catch, as it did not include the catch of under-10m vessels, which constitute the majority of the Welsh fleet. Consequently, when the UK quota share was allocated to the constituent nations of the UK based on historic catch records, Wales was disadvantaged. He went on to say that, although Welsh fisheries' primary catch is shellfish, a number of fishers would welcome the opportunity to fish quota species.

**41.** Professor Barnes talked about the potential redistribution of the UK's quota allowance, and a lack of capacity in the Welsh fleet to harvest such an increase in allowance. He referred to leasing arrangements as a solution, where some of the allocation is leased until such time as the Welsh fleet is able to utilise it.

**42.** Griffin Carpenter emphasised the importance of not relinquishing potential future quota allocation on the basis of a lack of current capacity. He talked about the potential of ten year leasing arrangements for quota allocation, which would be long enough for businesses to plan, but would ensure sufficient flexibility to enable governments to make decisions in future that reflect their priorities.

**43.** An alternative system of quota allocation is “zonal attachment”. This uses landings within a country’s Exclusive Economic Zone (EEZ) to estimate the share of stocks within each country’s waters, and allocates quota based on this estimate. This approach could result in a fairer allocation of quota within the UK.

**44.** The WCPP report estimates that if zonal attachment was used to set UK quota, the Welsh holding (assuming domestic quota allocation under the 2012 Concordat remains the same) could increase by 170%. Further increases could result from the extension of this approach to domestic quota allocation. The report explains:

“...using Welsh waters for the division of UK quota to the devolved administrations would increase Welsh quota by a further 257% (1,758 tonnes). These potential gains are significant, and while the percentage changes stand out as large, this is because of the relatively small size of Welsh quota landings at present.”

**45.** However, Defra’s **Sustainable Fisheries for Future Generations** White Paper states that there is no intention to amend the current method of quota allocation.

## Funding and support

**46.** Currently, the EU allocates structural and investment funds through its **European Maritime and Fisheries Fund** (EMFF) to support the fishing industry in its application of the Common Fisheries Policy. For 2014-2020, €6.4bn has been allocated. The UK allocation is €243m, of which €19.7m is available for Wales.

**47.** The Welsh Government’s January 2017 **Securing Wales’ Future** White Paper states that it is essential that equivalent or greater resources to those Wales would have received from the CFP are provided from the UK to Wales to support Welsh fisheries.

**48.** Many stakeholders called for financial support for fisheries to continue. However, stakeholders working in the sector said that funding had been difficult, if not impossible, to access under the current funding systems. Griffin Carpenter told the Committee that:

“I think there’s probably a couple of things we can improve on the EMFF. Uptake is extremely low. I think about 11 per cent of the fund is used right now and it ends in 2020, so there might be a rush of applications at the end. There are probably some being processed right now, because there's just so much paperwork. Basically, it involves

fishers partnering up with some sort of friendly consultancy or something that can help to put plans together.”

**49.** Professor Barnes told the Committee that “if we're looking to increase capacity to change direction, that often requires a degree of external support”. He said that any future funding arrangement should be underpinned by clear principles, which would support the delivery of policy priorities.

**50.** There was also a suggestion from stakeholders that funding for fisheries should be connected to the provision of public goods in some way. This is explored further in Chapter 3.

### Views from our stakeholder workshop

Continued access to EU markets was a key issue for stakeholders working in the fisheries sector. The potential introduction of tariff and non-tariff barriers for exports of fresh produce was a serious concern.

Stakeholders said that one way of mitigating some of the risks to exports was by developing the domestic market for “home grown” products, such as shellfish. There was acknowledgement, however, that changing Wales’ eating habits would take time and investment.

There was concern about a potential increase in the administrative burden of exporting fish and shellfish, such as the need for veterinary inspections for live shellfish. There was also concern that the UK does not currently have the infrastructure to deal with this, and that it was unlikely that companies would invest in the necessary infrastructure without more certainty about the future requirements for exporting.

As described in Chapter 1, stakeholders who worked in fisheries believed that the UK Fisheries Concordat had been a disaster for fisheries in Wales. There were strong calls for the quota allocation to be reconsidered, so that Welsh fisheries had a fair share.

For stakeholders, the allocation of quota and the Welsh Government’s fisheries policy were indivisible. Allocation of quota should reflect the Welsh Government’s future strategic priorities, not the current status and size of the Welsh fishing fleet. The worst outcome for Welsh fisheries would be for its development to be constrained by an inadequate quota allocation.

In terms of how quota should be shared, many stakeholders felt that more clarity was needed about zonal attachment, particularly how it would work in practice over time, with species and stocks moving from traditional waters.

There was some support for an effort-based system for certain species, subject to clear criteria, including restrictions on gear and/or limitations on days at sea.

Stakeholders who worked in fisheries considered the EMFF to be inaccessible. First, Welsh fisheries were generally not able to invest the resources needed to be able to access funding from the EMFF. Second, the process was unnecessarily bureaucratic. For example, applications to the EMFF had moved exclusively to an online system, thereby excluding those who could not access such a system.

There was a view that appropriate funding needed to be in place to support the implementation of an overarching Welsh fisheries strategy, that also has local considerations. A future funding system should be transparent and accessible.

## Our view

As our stakeholders strongly emphasised, access to markets is key to the survival of Welsh fisheries, given the importance of exports, in particular to EU countries. Non-tariff barriers would have a significant impact; even marginal delays for live shellfish exporters will have a huge impact on the viability of their businesses.

We share our stakeholders' concerns on this issue and urge the UK Government to do all it can to ensure that exporting is as frictionless as possible.

We agree that one way of mitigating the risks of Brexit is through increasing demand for produce in the domestic market. Like our stakeholders, we recognise that this cannot fully replace the EU export market. Nevertheless, we believe it would be prudent for the Welsh Government to explore this approach.

Access to waters is also a key issue for Welsh fisheries. As can be seen from the evidence we received, continued access to EU waters will be important for the viability of Welsh fisheries, at least in the short to medium term. As we set out in Chapter 1 of this report, it is vital the UK Government ensures that the particular needs of Welsh fisheries is reflected in discussions on post-Brexit agreements.

Quota allocation is the factor that will have the biggest impact on Welsh fisheries' ability to develop after Brexit. An increase on current quota levels under the CFP will mean a considerable increase in the economic outlook for Welsh fisheries.

More important, perhaps, will be rethinking the allocation of UK quota between the UK administrations as set out under the UK Fisheries Concordat. We believe that Welsh fisheries are disadvantaged under this agreement. The UK Government should rethink its position, as set out in its fisheries white paper, that it will not amend the current method of domestic quota allocation.

We believe the Welsh Government should argue for a significant increase in quota share. As we said earlier in this report, the Welsh Government must clarify its ambitions for the future of Welsh fisheries. This should form the basis for a renegotiation of the UK Fisheries Concordat, to ensure Wales has a fair share that reflects the Welsh Government's ambition.

We recognise that Welsh fisheries do not currently have the capacity to harvest a significant increase in quota allocation. However, we are concerned that the future development of Welsh fisheries will be constrained by agreements based on outdated catch levels. In the short term, the Welsh Government should argue for an increase in quota allocation that reflects its ambition. If necessary, because of a lack of capacity, the Welsh Government should explore the possibility of leasing out part of its quota allocation until such time as Welsh fisheries are able to harvest it. In any event, the Welsh Government must find a way to ensure that the current disadvantage to Welsh fisheries does not continue in perpetuity via agreements such as the UK Fisheries Concordat.

Stakeholders were clear that EU funding to support fisheries has been difficult to access. We believe that successor funding streams should be used to support the objectives of an overarching Welsh fisheries strategy, and should be accessible and transparent.

It has been suggested to the Committee that future funding could be linked with providing public goods. We explore this further in Chapter 3.

**Recommendation 5.** The Welsh Government should report back to this Committee within 12 weeks on its plans to increase domestic demand for Welsh fish and shellfish.

**Recommendation 6.** The allocation of quota to Wales under the 2012 UK Fisheries Concordat is not a fair allocation and is constraining the development of Welsh fisheries. The Welsh Government should seek to renegotiate the UK Fisheries Concordat, with the aim of ensuring an increase in quota allocation.



### 3. Balancing economy and environment

This Chapter considers how the Welsh Government's fisheries policy can be used to ensure that the environment is preserved and enhanced.

**51.** The Environment (Wales) Act 2016 (the Environment Act) and the Well-being of Future Generations (Wales) Act 2015 ('the WFG Act') impose specific duties for Wales. The WFG Act embeds principles of sustainable development by requiring public bodies to pursue the economic, social, environmental and cultural well-being of Wales. The Environment Act introduces the principle of sustainable management of natural resources (SMNR).

**52.** The sustainability of fish stocks, and therefore of the Welsh fishing industry, is linked to wider marine sustainability. In Wales, future Welsh fisheries policy should be created in line with the principles of sustainable management of natural resources.

**53.** NEF, WEL and ClientEarth called for any future fisheries legislation to include "an explicit requirement for 'ecosystem-based fisheries management'". They called for quota allocation systems to be based upon environmental, social and economic factors, to provide "incentives for fishing activities that will have a reduced environmental impact". NEF described a "quota reserve" system, which:

".....would set aside a percentage of quota (especially any new quota that comes the UK's way after Brexit), and allocate it as an incentive to deliver on public goods – environmental and social goals – and helping new, low-impact fishers establish themselves in the industry."

**54.** Defra's **Sustainable Fisheries for Future Generations** White Paper aims to promote sustainable fisheries by pursuing an ecosystem approach in line with the UK Government's 25-year Environment Plan. It states it will make "adherence to sustainable practices a pre-condition of any future access to our waters". The White Paper says:

"We will continue to apply the principle of Maximum Sustainable Yield (MSY) when setting or agreeing total allowable catches (TACs), and we will promote fishing within MSY ranges in line with international scientific advice on mixed fisheries."

**55.** The **Marine Conservation Society** called this approach “far too vague” with references to sustainability in the new UK Government Fisheries Bill as lacking “commitments to key principles and objectives that are essential for sustainability”.

## Impact of quota increases on the environment

**56.** Written evidence suggested there is a danger that a change to the quota allocation post-Brexit could lead to overfishing and depletion of stocks. If the UK allocates quota based on what it believes is the UK’s “fair share” of quota, and neighbouring EU Member States are also targeting stocks based on a different system of relative stability, both parties could be fishing the same stock. This is known as the **tragedy of the commons**. The Wales Centre for Public Policy’s (WCPP) report said:

“It is possible, especially as the EU seeks to maximise the quota it can allocate to its own fleet, that agreements over the division of quota will break down and result in the UK and the EU setting their own respective shares of a finite, shared resource. If these shares sum to more than 100%, and quotas is fully utilised, then systematic overfishing will take place.”

**57.** A number of stakeholders, including ClientEarth and WEL, highlighted that effective collaborative relationships with neighbouring countries are imperative to ensure the sustainability of commercial stocks and the stability of the fishing industry.

**58.** The WCPP report called for further research into “zonal attachment shares in Welsh waters”, as well as how the Welsh fleet could be developed to successfully utilise any greater share, for example support for vessel adaptation. The report suggests more understanding is needed of the effects of moving to zonal attachment from a model of relative stability:

“However, for Wales there may be mixed effects from an increase in UK quota at the expense of EU vessels. If the catches from UK vessels (primarily English) are not landed in Wales (as Belgian vessels currently do), there could be a reduction in landings to Welsh ports and associated supply chains.”

**59.** Stakeholders emphasised the need to understand the consequences of changes to fisheries management for the wider fisheries industries, including coastal communities. Written evidence submitted by a team of researchers

working on the “UK fisheries policy post-Brexit: multi-level challenges and opportunities” project recommended “that any potential economic benefits for the fishing industry which might derive from policy changes instigated because of Brexit stay within fishing communities as much as possible”.

## Ecosystem-based fisheries management

**60.** Griffin Carpenter referred to an ecosystems-based approach to fisheries management, with a more prominent focus on the environment. He described how this might work –

“it probably means a more varied approach to fisheries management, which is why I emphasise inshore fisheries in particular, because you need to pay attention to where there are spawning grounds and seasonal patterns in fisheries, and this needs to be really dynamic because it’s not in the same spot every year.”

**61.** He emphasised that this would require a dynamic approach to data collection and management, and the resources and expertise to interpret and act on that data.

## Views from our stakeholder workshop

Stakeholders who worked in fisheries emphasised that an ecosystem based approach to fisheries management is essential. It is not possible to manage impacts in isolation.

High environmental standards are seen as a central part of fisheries management currently. Any future approach should be developed with stakeholders and would need to work alongside the Well-being of Future Generations (Wales) and Environment (Wales) Acts.

Stakeholders emphasised the need for robust data collection and the resources to interpret it. Clarity around responsibility for data collection, and subsequently ownership of that data was also highlighted. There was a perception within the fisheries sector that data collection and the subsequent use of data had been unsatisfactory in the past. For some fishers, such data had resulted in constraints on their ability to make a living, for example, the closure of the Cardigan Bay scallop grounds. It was recognised that persuading all fishers that there were benefits to spending time collecting and recording data could prove to be a challenge.

## Our view

As we set out in Chapter 1 of this report, there are significant opportunities arising from Brexit to rethink the way we approach fisheries in Wales. Some of these benefits are potentially economic. However, these benefits should not be exploited at the expense of the environment.

We believe that the Welsh Government must develop a fisheries policy that balances the economic growth of the sector with ensuring that the environment is protected. The policy must be underpinned by robust data collection with the necessary resources available to interpret it.

The Welsh Government is considering the introduction of a system of financial support for agriculture to replace Common Agricultural Policy payments, which is based on the principle of payment for public goods. As set out in our report “The Future of Land Management in Wales” (2017), we support such an approach for agriculture. We also believe there is merit in considering such an approach for providing financial support for fisheries in Wales after Brexit.

We also support the principle of local fisheries benefitting from public investment, which will in turn support Wales’ coastal communities.

**Recommendation 7.** An ecosystem-based approach must be embedded and enforceable in future Welsh fisheries policy.

**Recommendation 8.** Financial support for fisheries should reflect the Welsh Government’s strategic priorities. The Welsh Government should explore the possibility of introducing a system of financial support that, at least in part, rewards sustainable outcomes and the provision of public goods.

## Annex A: Stakeholder Workshop

The following stakeholders attended a stakeholder workshop in Fishguard on 12 July 2018.

Name	Organisation
Emily Williams	Maine Policy Officer - RSPB Cymru
Chrissy King	Port Officer, South Wales - Fishermen's Mission
Christopher Huggins	Research Fellow, University of the West of Scotland
Debbie Crockard	Marine Conservation Society   Greener UK Marine and Fisheries pillar group
Griffin Carpenter	Senior Researcher - New Economics Foundation
Jeremy Percy	Chair Coastal Producers Organisation   Executive Director LIFE   Political advisor to New Under Ten Fishermen's Association
John O'Connor	Chairman - Welsh Federation of Sea Anglers
Jon Parker	Chair of Pembrokeshire Fisheries Local Action Group
Jonathan Monk	Environmental Manager, Port of Milford Haven
Lee Wonnacott	Fishing family
Louise Wonnacott	Fishing family
Rhys Wonnacott	Fishing family
Mair Bell	Senior Research Officer, Wales Centre for Public Policy
Natalie Britton	Director of Quayside Operations, Pembroke and Milford Docks
Nerys Edwards	Syren Shellfish
Richard Caddell	Lecturer in Law, Cardiff University
Stephen De-Waine	West Wales Shellfishermen's Association

## Annex B: Written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at:

### Consultation Responses

Code	Organisation
FW 01	Wales Centre for Public Policy
FW 02	ClientEarth
FW 03	Wales Environment Link
FW 04	Menai Strait Fishery Order Management Association
FW 05	Researchers - University of the West of Scotland
FW 06	Port of Milford Haven
FW 07	New Economics Foundation
FW 08	Pembrokeshire County Council