

NOTES from Meeting Mike Palmer Marine Scotland at 11am on 18 February 2014 in Victoria Quay Edinburgh

PRESENT: Sandy Patience (SP) Chairman, Roddy McColl (RMc) and Mike Palmer (MP)

SUBJECT: What are the Implications for the Scottish fishing industry in an independent Scotland within the European Union?

The Notes are in RED after each of the questions

Introduction

“The Scottish Government, supported by the overwhelming majority of Members of the Scottish Parliament, believes that membership of the EU is in the best interests of Scotland. It is our policy, therefore that an independent Scotland will continue as a member of the EU.”

Following a vote for independence, the Scottish Government will immediately seek discussions with the Westminster Government and with the member states and institutions of the EU to agree the process whereby a smooth transition to full EU membership can take place on the day Scotland becomes an independent country

Scotland's Future – Your Guide to an Independent Scotland

“Independence will allow Scotland to take its place as a full Member State within the European Union.”
Introduction to Scotland and the EU

Having established that a vote for independence is a vote for remaining in the EU whether as a new applicant state or as a seceding state from the rest of the UK (rUK), what are the implications for the Scottish fishing industry in an independent Scotland?

Chapter 8 of *Scotland's Future – Your Guide to an Independent Scotland* sets out the SNP's aspirations – **Appendix 1**

This Chapter makes two claims, namely that:

1. *The Scottish fishing industry has much to gain from independence.*
2. *Only independence can safeguard the future of Scotland's fishing communities and seafood sectors and prevent our fishing quotas - the industry's lifeblood - from being transferred outside Scotland or being top-sliced by the Westminster Government.*

Whereas there is overwhelming evidence to show the disastrous effects of the EU fisheries policy over the last 40 years on the Scottish fishing industry and the communities it supports- **Appendix 2**, there is no evidence to support these two claims.

However there is the following statement:

Scotland will have a direct say in European fisheries negotiations. An independent Scottish Government will have the power to always prioritise Scotland's needs

Question But what does that mean?

NOTE If Scotland achieves independence then it will be able to focus solely on Scotland's priorities and not see them diluted in discussions with other UK administrations.

After all when it comes to negotiations between the EU and Norway on joint stocks the UK does not take part in discussions about fishing in the North Atlantic and neither will an "independent" Scotland within the EU. It is the Commission on behalf of the EU member states and the Institutions which performs that function.

The EU will negotiate on Scotland's behalf as it sees fit and much of that negotiation will not be based on knowledge and information supplied by fishermen or their organisations or fisheries managers such as Marine Scotland and not necessarily even on scientific evidence but on political calculation.

That is how it will be as long as we remain in the Common Fisheries Policy

That is one of the consequences of an independent Scotland joining /remaining in the EU

NOTE. Whereas it is the EU which is the negotiator the Commission operates on a Mandate from the relevant Member States and as Scottish waters are the richest in the North Atlantic it would be a major player. On voting power alone it would, on the face of it, be in a weaker position to remaining part of the UK with its bloc vote. However it would have an alliance with the rest of the UK where there was no difference in priorities.

So in the EU/Norway talks Scotland as an independent member State would be the biggest player given its natural resources. There is a belief that over and above the voting rights there is an influence factor of small States with a big heritage and fishing activity.

If NOT in the EU Scotland would have more freedom of action in its own EEZ and would engage in tri lateral talks for shared stocks.

Another consequence, if Tavish Scott MSP is correct in his analysis in the Scotsman Perspective column of 19 December 2013 is that the Spanish Government will exact a price for Scottish accession namely their fleet gaining access to the Scottish part of the North Sea. That really underscores the point made by Nicola Sturgeon Deputy First Minister in an Article in the Scotsman of 17 June entitled "Be assured, we will take our place at table in Brussels."

In that Article she reiterates that an independent Scotland will continue in membership of the EU. Her reasoning is that:

"Our country has the lion's share of all the EU's oil reserves and a huge proportion of the continent's renewable energy as well as some of the richest fishing grounds.

*Would Brussels want to lose such assets when energy security is one of the dominating issues of the early 21st Century? **Would Spanish, French and Portuguese fishermen want to be blocked from fishing the lucrative waters in Scotland's sectors of the North Sea and West Atlantic?"***

This appears to be an admission by the Deputy First Minister that the real CFP means that our fishing grounds are a Brussels asset; that Spanish, French and Portuguese fishermen will not be blocked from our lucrative waters and so, in any Treaty amendments negotiated to permit an independent Scotland to continue in EU membership there will be no change to the real CFP, but a seeming willingness to be more accommodating to the equal access principle.

Question Is this correct?

NOTE

According to MP Tavish Scott is wrong. No Member State wishes to touch the Relative Stability keys. That was demonstrated in the recent CFP review.

If Spain wanted North Sea stocks then all it needs to do is lease quota and there is no evidence that this has occurred. Even if there was evidence all other Member States would object.

Nicola Sturgeon's Article could be interpreted in different ways. According to MP it should be seen that we have a strong negotiating position and we could readjust the Relative Stability balance but that was most unlikely to happen

Chapter 8 goes on

As an independent member state of the EU, Scotland will be negotiating as one of the foremost and most respected fishing nations in Europe. This status will give Scotland the opportunity to take a leadership role in reforming the Common Fisheries Policy to deliver fisheries management at regional and member state level.

This ignores the acquis communautaire.

Negotiations will be on the basis of the chapters of the Acquis Communautaire as regards fishing –including equal access to the common resource and the exclusive competence of the EU in fisheries. **Note 1.**

Note 1 The conservation of marine biological resources under the CFP is covered by exclusive EU competence. The EU also has exclusive competence in relation to agreements with third countries (that is non-EU countries) on the conservation of marine biological resources, and the Commission negotiates with third countries on behalf of Member States on access to EU waters by non-EU vessels and on access to non-EU fishing grounds by EU vessels.

Indeed, Scotland already largely fulfils these criteria as part of the UK. This has been recognised by the UK government's experts e.g. Professor James Crawford of Cambridge University, the co-author of the UK's legal opinion, speaking on Good Morning Scotland on 11 February 2013 said, *"As I say, it's not to suggest that this process is going to be – necessarily going to be very difficult, because Scotland complies with the Acquis now, as part of the UK, but still that process has to be gone through."*

Furthermore the Foreign Affairs Committee report on Scotland's independence said:

.....In addition, as part of the UK, it has applied the EU's body of law and standards, the acquis, in full for decades."

Question What is difficult to understand is, how, given that Scotland will be required to comply with the *acquis* this means that it will still be able to negotiate opt outs and derogations that are in Scotland's interests in the fisheries area where the Commission has exclusive competence ? Clarification is requested

NOTE

Richard Lochhead is keen to see a shift in competence from exclusive to shared competence. However this is a fundamental constitutional change as exclusive competence has been enshrined in EU legislation for decades. Moreover the fishing industry needs to take its place along with other business sectors. His aspiration is to have more powers for the Member States but this is a long game.

In the Scottish Governments response to the Balance of Competences review the following is stated *“The Scottish Government considers that the current balance of competences between the EU and its Member States with regard to sea fisheries policy, coupled with the current UK constitutional settlement, fail to provide an adequate framework for the sustainable management of our fisheries.”*

The following was not stated at the meeting but is taken from the above response to the review

“We have had notable success, despite opposition, to shifting the CFP significantly in this direction through the reform process completed last year. As part of the UK, this was as much as could be expected to be achieved. However Scottish Ministers recognise that more has to be done.

*“It is clear to the Scottish Government that considerable reform is required in the development of EU fisheries policies and management regimes and that fisheries is an area that would benefit from greater application of the principle of subsidiarity and the delegation of further responsibilities back to the Member States. The only route to achieving such an outcome is through pursuance of a persuasive rationale and argument within the EU institutions. The current constitutional settlement in the UK has, however, hindered the Scottish Government in its effort to do this and it is only with the full authority of an independent Member State that the Scottish Government will be able to fully influence the exercise of EU competences in relation to fisheries
As part of the UK, the Scottish Government would support a reassessment of the EU/Member State balance of competencies; as a Member State, the Scottish Government would be a strong advocate and important ally to like-minded Member States.*

NOTE the above led to a discussion on the difference between shared and exclusive competence and the use of the word “devolution” in respect of shared powers

See Page 5 and the following

Responsibility for the CFP is shared by the EU and Member States

Question What does this mean in the light of the following note on Competence?

It was emphatically pointed out by SP and RMc that

In all areas of shared or divided competence, EU law is *lex superior*. Member States are obliged to adopt EU law solutions when so provided and to adapt to *acquis communautaire*. Where laws conflict, Member State law must concede to EU law. In those cases where Member States and the EU divide power, the EU competence is greater, and Member State provisions must adapt to the *acquis communautaire*.

The following is an extract from **Scotland in the European Union**

Focused engagement

5.8. *Independence within the EU will allow the Scottish Government to significantly enhance the actions it currently takes to secure real benefits to Scotland from EU membership.*

*Presently the Scottish Government has focused its EU-engagement around four key areas, which are articulated in the Scottish Government's Action Plan for European Engagement. See Appendix 3 re **Marine Environment**.*

These are areas where Scotland's interests, expertise and potential converge with recognition at EU level of the importance of the issue at stake: Energy and climate change: Marine environment including fisheries: Research and creativity: Freedom, security and justice

Scotland in the EU from dependence to independence

This chapter is intended to expose the fallacies that relatively small EU member states have less negotiating capital – and are less successful negotiators – than larger member states.

An example used is:

Leadership through Alliance - Common Fisheries Policy (CFP)

“The EU’s Common Fisheries Policy (CFP) is perhaps one of the more contentious of the EU policies. Legislation can often be inflexible and complex, with a plethora of derogations. **The Scottish Government recognises that sea fishing in Scotland will only be sustainable if shared policies at EU level are more flexible and managed to better effect.**” (FAL’s emphasis)

The whole of this extract dealing with the CFP can be found below at Appendix 4 but for the purpose of seeking to determine the implications of independence for the Scottish fishing industry we will concentrate on the above sentence.

The Scottish Government recognises that sea fishing in Scotland will only be sustainable if shared policies at EU level are more flexible and managed to better effect.

From the Glossary to this publication the CFP is defined as the fisheries policy of the European Union. It aims to increase productivity, stabilise markets and ensure security of supply and reasonable prices to the consumer.

Note the following: As with the Common Agricultural Policy, responsibility for the CFP is **shared by the EU and Member States.**

Let us examine that sentence -- **Responsibility for the CFP is shared by the EU and Member States**

Question What does this mean in the light of the following note on Competence?

This statement might be considered misleading suggesting a greater degree of power for a Member State as regards the CFP than is in fact available.

There are exclusive and shared competences but even then note the following

COMPETENCE NOTE

1. In 1981 the European Court of Justice ruled that the EEC had exclusive competence to adopt fisheries conservation measures in Member States' waters. Case 804/79 Commission v UK.
2. EU exclusive prescriptive competence implies that Member States are precluded from any law-making. Member States may not act validly unless treaties or secondary provisions say so.
3. There may be a perception that shared or divided competence enables Member States to play an equal role in the legislative process, that they have complementary power with the EU (FAL's comment)
4. However the legal power, such as it is (FALs' comment) is not derived from residual rights of Member States prior to becoming Members but is instead delegated by secondary provisions of EU legislation.
5. There is no residual Member State competence within the substantial area of law covered by the CFP.
6. The EU delegates power to Member States to fill lacunae and to implement or direct EU provisions. In practice therefore, Member States and EU divide powers within areas of common policies for local regulations. But this delegated power is only valid as long as the EU does not take action, and as long as it remains in conformity with EU framework laws. The competence delegated to Member States is to "meet local management needs and emergency situations". This competence is also limited "to all vessels within their 12-mile zones and to vessels flying their flag within waters under their jurisdiction".
7. In all areas of shared or divided competence, EU law is *lex superior*. Member States are obliged to adopt EU law solutions when so provided and to adapt to *acquis communautaire*. Where laws conflict, Member State law must concede to EU law. In those cases where Member States and the EU divide power, the EU competence is greater, and Member State provisions must adapt to the *acquis communautaire*.
8. Such co-operation includes an *ex ante* obligation to notify. At any point the Commission may require the cancellation of any measures which are not in conformity with Community law.

THE EU COMPETENCY CONFUSION: LIMITS, "EXTENSION MECHANISMS," SPLIT POWER, SUBSIDIARITY, AND "INSTITUTIONAL CLASHES" PETER OREBECH

Question If there is in effect no shared EU fisheries policy between the EU and member states given inter alia the EU's exclusive competence etc as described above how then can an independent Scotland ensure that sea fishing will be sustainable?

NOTE: The Scottish Government is adopting an evolutionary approach and the Review response provides pointers on how a shift might be achieved **See Page 4.**

In the conclusion to the document **Scotland in the European Union** the following is noted

1. After Independence: Scotland's Future in the European Union

An independent Scotland has a significant contribution to make to the future of the EU. The Scottish Government looks forward to an independent Scotland playing a full and constructive role in the future of the European Union and recognises that the principles of mutual support and solidarity are central to ensure the objectives set out in the EU Treaties are fulfilled.

2. "We understand that it is essential to respect the legitimacy of existing treaties".

FAL COMMENT

The objectives of the EU Treaties which will be respected by the SNP are, as far as fisheries policy is concerned, determined by the acquis communautaire - the entire body of EU laws, including all the Treaties, Regulations and Directives passed by the Institutions, as well as judgements laid down by the Court of Justice.

The “acquis” which is **not negotiable** is equal access on a non discriminatory basis for all member states fleets to waters and resources outside 12 nautical miles from the baselines (access to resources being based on the principle of relative stability for regulated species and unrestricted for non-regulated species).

In effect this ensures that the objectives of the Treaties as regards the EU fisheries policy are fulfilled namely the political end game of an integrated EU fleet, operating in EU waters under a strategic policy agreed at EU level but giving Member States the semblance of authority by delegating to them implementation powers to operate in a regional context.

Additional Question How then can an independent Scotland achieve opt outs and derogations

NOTE: MP admitted that this is challenging

3. **The SNP’s stated priorities for action** if in power after the 2016 election will be to:

- **prioritise the needs of the Scottish fishing industry and aquaculture** in European negotiations

Question: What are considered to be the needs of the Scottish fishing industry?

NOTE: The key issues are those impacting on the industry at any particular point in time and currently they include the removal of the Cod Recovery Plan, option for a mixed fishery approach, eco system based approach to fishery management, licensing review and moratorium, provision of business certainty. The needs have to be informed by what the industry tells the Scottish Government.

SP – seal management is a need – the Scottish Government has a responsibility to have a balanced approach

- **protect Scotland’s fishing quotas**, preventing fishing quota being permanently transferred outside Scotland and safeguarding Scotland's fishing rights for future generations

Question: How is this going to be achieved in the light of the equal access principle and exclusive competence?

NOTE The assumption is that Relative Stability will continue. Legally it’s a derogation but it’s now been enshrined as a permanent arrangement. So Scotland would be able to stop quota being transferred permanently out of the country. That is not possible at present apart from the current moratorium. If Relative Stability was removed there would have to be a successor arrangement.

- **use Scotland's fishing levies to promote Scottish seafood.** In an independent Scotland the industry's levies will remain in Scotland to support the Scottish industry's objectives and priorities for our catching, onshore and wider seafood sectors.

Questions: What has been the annual value of these levies for the last 3 years? Who has paid them and who has received them? How will they be used?

NOTE: These are Seafish levies. It is estimated that 25% of the current £8million levy payments would come to Scotland (£2million). The current Seafish levy review is proposing a 10% reduction which is somewhat odd given the work that they are trying to do under their current strategic plan. It seems as if this is being driven by the large processors who have their own R& D departments.

The £2 million would form part of the investment in Scotland Food & Drink within which a Scottish Seafood body would be integrated to raise the profile of the industry – provenance and heritage. It was noted that the Scottish Seafood Action plan was being launched next week

Appendix 1 Extract from Scotland's Future

Chapter 8 Fisheries: Why we need a new approach.

The Scottish fishing industry has much to gain from independence. Supporting our fishing communities and seafood sector will always be a priority for Scottish governments.

In 2012, Scotland accounted for 87 per cent of the total value of UK landings of key stocks, representing 37 per cent of the Total Allowable Catch (TAC) of these stocks available to the EU^[308]. However, Scotland receives just 41 per cent of the European Fisheries Fund allocation to the UK, despite having a far higher share of both the UK sea fishery and aquaculture sectors. As a result of being a low priority for the UK in EU negotiations, Scotland receives just 1.1 per cent^[309] of European fisheries funding despite landing 7 per cent of the European Union's wild-caught fish^[310] and accounting for more than 12 per cent of EU aquaculture production^[311]. Scotland is the world's third largest salmon producer with 83 per cent of UK aquaculture production by volume^[312].

Our fishermen need a voice at the top table in Europe. Despite two thirds of the UK industry being based in Scotland, Scottish Ministers have not been allowed to speak on behalf of the UK in Europe, even on occasions where the interest is almost exclusively Scottish. This means that Scotland's representatives - who are closest to the needs of the Scottish fishing sector - are not able to ensure that their voice is properly heard.

Only independence can safeguard the future of Scotland's fishing communities and seafood sectors and prevent our fishing quotas - the industry's lifeblood - from being transferred outside Scotland or being top-sliced by the Westminster Government.

The Scotland we can create

The fishing industry has a strong heritage in Scotland, and continues to make a key contribution to our economy while supporting many fragile coastal communities.

With independence, for the first time, Scotland will have a direct say in European fisheries negotiations. An independent Scottish Government will have the power to always prioritise Scotland's needs. In areas where we have agreement with the Westminster Government, Scotland will be an ally in fisheries negotiations - increasing our combined negotiating strength both in terms of votes and representation at the negotiating table.

Independence will give Scotland's fishermen their own distinct voice in Europe, with Scotland participating at every level in the EU policy process.

As an independent member state of the EU, Scotland will be negotiating as one of the foremost and most respected fishing nations in Europe. This status will give Scotland the opportunity to take a leadership role in reforming the Common Fisheries Policy to deliver fisheries management at regional and member state level. This will involve negotiating management of fishing opportunities and securing funding for diversification of economic opportunities in our coastal communities.

The choices open to us

An independent Scotland will be able to negotiate directly for Scottish priorities without them being compromised in favour of wider UK objectives, bringing a new certainty for Scotland's

fishing communities that their fishing rights will be protected. As an independent member state in our own right, Scotland can keep Scottish fishing quotas in Scotland.

Independence is not merely about completing the current powers of the Scottish Parliament in relation to Scotland's fisheries. It is about devoting our energies to playing a full and leading role in Europe as a key fishing nation, with the authority of being a member state rather than being limited to lobbying UK Ministers and European Commission officials.

Our priorities for action

If in power after the 2016 election we will:

- **prioritise the needs of the Scottish fishing industry and aquaculture** in European negotiations
- **protect Scotland's fishing quotas**, preventing fishing quota being permanently transferred outside Scotland and safeguarding Scotland's fishing rights for future generations
- **use Scotland's fishing levies to promote Scottish seafood**. In an independent Scotland the industry's levies will remain in Scotland to support the Scottish industry's objectives and priorities for our catching, onshore and wider seafood sectors

Appendix 2

What have been the effects of the CFP on the UK fishing Industry?

1. THE COMMON FISHERIES POLICY AND THE WRECKAGE OF AN INDUSTRY Institute of Directors EU Policy paper 2002 Ruth Lea

EU membership has, of course, meant winners and losers- but arguably, the biggest loser has been the British fishing industry. The CFP is devastating the industry and the decline is far from over

2. A Fisheries Policy for Scotland by Dr James Wilkie and David Thomson

Dr. James Wilkie was a foreign policy specialist. He was inter alia a consultant to the United Nations and UN rapporteur for the application of the Kyoto mechanisms in Africa and South-East Asia. He also acted as policy adviser to The Fishermen's Association Ltd. On 22 June 2011 in Vienna, the President of Austria awarded Dr Wilkie the Cross of Honour in Gold for Services to the Republic of Austria. The ceremony in the historic Congress Hall of the Ballhausplatz, where the Congress of Vienna was held in 1814/15, was attended by two British ambassadors amongst other VIPs. This was in recognition of his work in compiling the Austrian Foreign Policy Yearbook for 16 years, and his previous 15 years as editor of the government's foreign affairs magazine Austria Today, as well as numerous special assignments, many of them still highly confidential, on behalf of the Republic.

David Thomson was a consultant to the United Nations and the development banks on fishing. He led numerous UN fisheries development projects in Africa, Asia and the Pacific.

He is the author of several fisheries textbooks and of The Sea Clearances, a socio-economic study of the rundown of the Scottish fishing industry.

EXTRACT

The UK became a member of the EEC in 1973. The well-conserved reserves of fish stocks in Scottish waters at first ran down only slowly under the increased pressures in a Community of nine members. The real deterioration began after 1975, and accelerated from around 1980. Up to 1983 there were no licences and only limited quota allocations, but from then on the regulatory pressures increased and decommissioning started. The situation changed again dramatically when Spain and Portugal joined the Community in 1986.

Spain, where fishing is mainly in the hands of large industrial combines that exert considerable political power, entered the CFP with a fishing fleet not much smaller than the entire remaining Community fleets combined, and contributed nothing substantial to the sum total of Community resources. From the beginning, the by now already over-fished Scottish waters were a prime target for Spanish exploitation. In order to give the southern EEC members access to a “common resource” that by this stage was totally inadequate to sustain the inordinate catching capacities that were now to be let loose on it, the fishing sectors of the northern countries were systematically run down to make way for the incomers.

The effects on Scotland of this Brussels policy and grossly excessive foreign access can be illustrated by the following official statistics for operational Scottish boats over 10 metres in length, with an average length of 18 metres and engine power of 240 hp:

<u>YEAR</u>	<u>BOATS</u>	
1975	1,782	EEC entry 1973 - Scottish waters opened to boats of 8 countries
1985	1,396	Fish stocks in steep decline – decommissioning & licences introduced
1995	1,209	Spain & Portugal enter CFP 1986 – more decommissioning
1998	1,045	Drastic reduction in fish stocks – yet more decommissioning
2002	845	Collapse of fish stocks – panic restrictions by Brussels
2004	c. 700	Brussels devoid of an answer except still more decommissioning

The 2004 estimate is based on current decommissioning plans for 2003, giving **a reduction of 60 per cent in the Scottish fishing fleet since joining the CFP, with corresponding downstream effects on fish processing, boat building, etc.** On the basis of recent fishing industry studies by Stirling University and other professional institutes, it is estimated that more than 1,080 boats will have been removed from the fleet by the end of 2003. At current values (an average of the past five years) each of these sold or decommissioned boats would have grossed on average more than £310,000 annually from around 330 tons of fish. The annual loss of direct income to the catching sector is therefore a minimum of **£334**

million. Of this, £110 million would have been crew wages, with the remaining £224 million lost to the vessel services like fuel, repairs, gear, insurance, banks, groceries, harbours, etc.

Added value, fish processing and marketing, etc., raise the economic value of the annual loss considerably. The recognised GDP impact ratio for fisheries is 2.35 times the landed value. Thus the direct economic impact of the reduction of the Scottish fishing fleet in 1975-2003 is now **a current annual loss to the Scottish economy of a staggering £785 million.** The costs to public funds of unemployment and other social benefits as well as broader economic consequences, including loss of tax income, probably bring the total loss nearer to £900 million **every year.** This exceeds by a huge margin any economic benefits Scotland receives from the European Union.

These appalling figures represent nothing less than a national disaster – brought about for no better reason than the ideology of “sharing the common resource” with other EU member countries. What the figures cannot reveal is the amount of personal tragedy and communal disruption that lie behind them: bankruptcies, the uprooting of individuals and families, the destruction of thriving communities with centuries-old cultural traditions and communal lives. Major harbours, like Lossiemouth, that were the focus of social and economic life twelve months in the year, are now marinas for a handful of yachts over a few weeks in summer. One can imagine the reaction if Brussels had reduced the Spanish or French fishing fleets by almost two thirds simply to make way for incomers. And fishing is by no means as important to those countries as it is to Scotland.

3. Current cost of the damage to Scotland’s economy by the application of the EU Common Fisheries Policy David Thomson 2003

In order to calculate the current cost of the damage to Scotland’s economy by the application of the EU Common Fisheries Policy, it is necessary to examine the situation that would have prevailed without the CFP and compare that the prevailing situation inside the CFP.

To do this we assume firstly that the fleet size remained constant over the 30 years, but that technological improvements in gear and equipment continued. We also assume that there was no reduction in stocks over the period.

While some may question that, we point to the systematic annual destruction of up to 600,000 tons of edible fish by the CFP enforced discarding of fish caught that were excess to particular single species quotas. We contend that outside of the CFP these fish would have survived or been marketed in Scotland, and that there would have been no harvesting of demersal fish in Scottish waters by continental vessels, and no industrial fishing by Danish fleets serving the fish meal industry.

In addition we accept the analysis by fishery scientist Jon Kristjansson and others that the ICES / EU management measures to protect cod stocks are having a reverse effect. This has been soundly proven in the Faeroe Isles case following that country’s shift from an ICES / EU advised system of quota slashing and fleet reduction, to their new system based on effort controls and actual production.

With and without Situation	1973	2003
Fishermen employed (full time)	8,311	3,968

Demersal fish catch in tons	262,413	99,654
Catch value at 2003 prices	262.4 m	99.6 m pounds

A landed value loss of £162.8 million pounds (demersal fish only)

Multiply by GDP impact ratio 2.35 makes a loss of £382.58 million based on the current production only.

However, between 1973 and 2003 there was a drop in catch per unit effort. The average catch per demersal vessel (all sizes) was

1973	2003
97.5 tons	41.6 tons

This drop in catch per vessel occurred despite considerable technical improvements in trawl nets, electronics, engine power and deck machinery. Why? The answer lies in the rigid application of quotas and effort regulations, and the enforced discarding of up to 600,000 tons of fish a year at sea (ICES estimates), plus the operation of EU fleets in Scottish (UK EEZ) waters. (When Spain joined the EU its enormous fleet almost doubled the size of the total EU fishing fleet.)

The following quotation from the European Fisheries Fund, Scottish National Strategy Plan (released recently by SEERAD), confirms the drop in fleet size and effort :

“there were 50% fewer vessels in the over 10m whitefish segment at the end of 2003 as compared with 1993. This has delivered a 30% reduction in fishing effort in the sector of the fleet that tends to target cod with a further 35% reduction in effort being delivered through the quota and days at sea restrictions under the EU Cod Recovery Plan.”

Therefore – without the quota system and enforced discarding, the 2003 production of the Scottish demersal fleet should have been double the 99,654 tons. If the fleet at its 1973 size in numbers had continued to improve technologically, and if the stock had not been depleted by discarding and the entry of EU fleets into the UK EEZ, then the production would have been over 4 times 99,654, or around 400,000 tonnes worth £400 million pounds at today’s values. The difference between that figure and the 1973 demersal catch is 137,590 tons which would represent the technological advances in gear and equipment over the 30 year period (assuming the fish were present to be caught).

£400 million times 2.35 would give a sector value of £940 million pounds a year. With the other costs mentioned below, the economic loss Scotland has suffered from the drastic reduction of its demersal fleet is close to one billion pounds a year at present values.

Some will argue that there was not fish enough in the sea to support the original level of effort. We argue that there was – provided Scotland retained its share of the UK 200 mile EEZ and if EU fleets were not permitted to harvest its demersal resources whether for human consumption or as in Denmark’s case, for industrial use. The annual destruction of up to 600,000 tonnes of edible fish by enforced discarding shows that the CFP actually destroyed more fish than the Scottish fleet was capable of catching at its original (1973) size.

However, if one insists that technological improvements since 1973 would have led to a smaller increase in production per unit effort, given the same stock situation and the same number of vessels, then the potential size of the catch by the non-CFP Scottish fleet, would have to lie somewhere between 262,413 and 400,000 tons.

To the direct economic loss must be added the indirect loss suffered by the small ports and communities that have declined or stagnated since the demersal fleet reduction (Buckie, Lossiemouth, Oban, Ayr and the smaller west coast and island harbours are examples). Many small processors closed down or reduced the number of employees as local fish supplies dwindled. One of the authors investigated the market for premises left vacant by fishery-dependent firms in affected ports. Most of them remained vacant as there was little alternative demand for commercial property.

In addition the cost of unemployment and welfare support of displaced fishers and shore sector workers should be considered along with the direct economic losses. The offshore oil industry absorbed much of the displaced fisher labour, - but offshore oil was going to be there anyway, and should have been a supplement, not a replacement for fishery sector employment.

The larger fish processors that have remained in business have had to import increasing amounts of raw material to replace local landings. The import cost of Scotland's fish supply has reduced Scotland from a net exporter of fish or fish products, to a position where imports and exports are about level. In this case, we refer to all movements of fish in and out of Scotland, whether to and from Europe, Scandinavia, Russia or England.

The 'with' and 'without' scenario would then be as follows :

	without the CFP	with the CFP
With and without Situation	2003	2003
Fishermen employed	8,311	3,968
catching sector job loss		(4,343)
processing and support sector		
job losses (estimated)		(4,500)
Demersal fish catch in tons	400,000	99,654
Catch value at 2003 prices	£400 m	£99.6 m
GDP impact at ratio of 2.35	£940 m	£234 m
GDP loss to Scotland from the CFP		(£706 m)

4. The TaxPayers' Alliance 2009 paper on the CFP, The Price of Fish,

sets out the astonishing disaster behind this policy. Hundreds of thousands of tonnes of fish annually get dumped dead back into the sea because the policy machine is an unreformable behemoth. A quarter century of discussions prove it. www.taxpayersalliance.com/

The monster has a price tag to the UK of £2.8 billion a year through the wreck of our coastal communities and the pillaging of Britain's national waters: a fact recognised by Greenland when it was driven to quit the EU, by the Faroes in keeping out, and explicitly by Norway and Iceland when they voted to stay out. Following an outstanding awareness campaign by Save Britain's Fish, previous Conservative leaders have built upon excellent work undertaken by spokesmen such as Owen Paterson, John Hayes, Malcolm Moss, Patrick Nicholls and Ann Winterton to call for an end to the CFP. Power should be restored over UK waters, to be devolved downwards to the local communities.

Executive Summary

The Common Fisheries Policy has proved a disaster; to fishermen, to the economy, to communities and to the ecology.

We recognise that poor stock management has generated a global fisheries crisis since World War 2. However, the data suggests that if the seas off mainland Europe had been better run, 1970s levels of UK employment and stock could have been maintained.

At fault is the CFP because of certain key elements;

- Communal management without particular responsibility

- A quota system based on lobby and barter

- A culture in Whitehall of managing inevitable decline

- A reluctance to end the CFP as this would signal an EU failure or retreat

- Political ambition in Brussels to drive for an integrated EU fleet system

- Governments operating as disinterested (UK) or self-interested (others)

- Stakeholders

The United Kingdom could have followed the example of Canada, Iceland, Norway and others and expanded its own territorial waters as international law permitted. It couldn't, because those fell to common management under the CFP. Crucially, successive governments have declined several opportunities to make this an issue for renegotiation.

Ending the CFP would bring significant economic benefit to the country.

Our estimate consists of costs ended (taxes, foreign subsidies, jobs, social services, societal) and benefits gained (over the long term by reclaiming the national waters and running them efficiently). These would alternately accrue quickly, or would realistically take a generation to recoup.

We believe that the following are best estimates for the annual cost of the CFP;

- Unemployment in the fleet and in support industries - £138 million

Decline in communities - £27 million

Pending damage to recreational fishing industry, low estimate used - £11million

UK share of support to foreign fishing fleets under EU grants - £64 million

UK share of support to foreign fisheries industry under EU grants - £1million

Redeemable UK share of EU third water fishing permits (allowing for half to be invested in development aid) - £12 million

Loss of comparative competitiveness - £10 million

Ongoing decommissioning schemes - £4 million

Foreign-flagged UK vessels - £15 million

Administrative burden - £22 million

Loss of access to home waters under 200 nautical mile principle - £2.11billion

Higher food prices factored into social security payments - £269 million

Economic value of dumped fish - £130 million

Total ANNUAL economic cost to the UK of the CFP in 2010 - £2.81 billion

Alternatively, it is possible to look at it from the housewife's perspective. We estimate that the cost of the CFP in terms of higher bills is £186 per household per year – or £3.58 a week.

At the same time, the ecological impact of the CFP is severe. In particular, just counting three species, in just the North Sea, according to Government estimates, in just one year the CFP forced the dumping of 60,000 tonnes of fish enough to fill a 200 metre long supramax bulk carrier ship or keep Billingsgate fish market stocked for two and a half years.

Thirty five years of foot dragging and tinkering have shown that the CFP is beyond reform. It is unredeemable, an act of ecological vandalism, and unquestionably not in the national interest.

5. Decommissioning and the Fleet Resilience Grant Scheme removed vessels from the Scottish fleet in 1994-1997, 2001-2002 and 2003-2004 and 2010

1. 1993-1996

<i>Region</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>Total</i>
<i>Eastern Scotland</i>	32	24	14	21	91
<i>Highlands and Western Scotland</i>	13	26	23	24	86

Between 1993 and 1996, 177 vessels were decommissioned in Scotland

2. The Fishing Vessels (Decommissioning) (Scotland) Scheme 2001

Revised list of approved applications (as at 25 July 2002)

96 vessels decommissioned in Scotland

3. 2003-04 decommissioning scheme

69 vessels were removed from the Scottish demersal fleet.

4. 2010, Scottish Government's Fleet Resilience Grant Scheme.

38 vessels were scrapped

SUMMARY

Years	Nos. decommissioned
1993 -1996	177
2001 - 2002	96
2003 –2004	69
2010	<u>38</u>
Total	<u>381</u>

Active Scottish Demersal and Nephrops vessels 1991 -2011

Source: Scottish Sea Fisheries Statistics

Year	Nos. of Demersal (Trawl/Seine)	Nos. of Nephrops trawl
1991	590	462
1994	545	366
2000	456	223
2004	300	181
2008	269	188
2009	251	194
2010	232	190
2011	207	177

Between 1991 and 2011, 397 vessels have been removed from the Scottish demersal fleet, a reduction of 35%.

During that same period 285 nephrops trawl vessels have been removed, a reduction of 62%

The TOTAL number of active Scottish based vessels has fallen to 2,095 vessels in 2011, the smallest fleet size ever recorded, representing a 3 per cent [55 vessels] decrease since 2010 and a 14 per cent decrease [348 vessels] compared to ten years ago.

Appendix 3

ACTION PLAN ON EUROPEAN ENGAGEMENT ANNUAL REPORT 2010

MARINE ENVIRONMENT: Key Achievements

The Scottish Government has taken a strategic and proactive approach on marine issues; attending EU Working Group meetings and Fisheries Councils, meeting Commissioners and other key contacts.

Scotland leads on reforming fisheries policy

The Inquiry into Future Fisheries Management (IFFM), an independent panel comprising renowned experts on fisheries matters, produced its interim report suggesting a regional management model as the most promising means of delivering real reform of Common Fisheries Policy (CFP). The Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, chaired the Scottish Fisheries Council in Edinburgh to consider CFP reform and the output from the Inquiry into Future Fisheries Management. Scottish fishing vessels have been fitted out with cutting-edge CCTV technology to help reduce fish discards as part of the Catch Quota pilot project.

A conference bringing together six of Europe's Regional Advisory Councils was held in Edinburgh in November 2009 to discuss reform of the CFP and attended by a wide range of stakeholders from across Europe, Japan, Australia, Iceland and America.

On 21 December 2009, the Scottish Government published its response to the Commission's Green Paper on reform of the CFP9.

During the European Seafood Exposition (ESE) in April 2010, Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead co-hosted a panel debate entitled 'Fisheries Management Reform: A Regional Approach to Fisheries Management in the EU' at the European Parliament. Other speakers included representatives from Commissioner Damanaki's Cabinet, the Danish Government and WWF.

Scotland pledges to safeguard aquaculture

Minister for Environment, Roseanna Cunningham and the Norwegian Minister of Fisheries and Coastal Affairs, Helga Pedersen signed a memorandum of understanding in August 2010, which pledged to safe-guard and develop the multimillion pound aquaculture industry through the sharing of research and information.

Promoting Scotland's fisheries industry

The Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead attended the European Seafood Exposition (ESE) and hosted a reception at the Scotland Stand in Brussels in April 2010. ESE is the world's largest seafood fair; companies representing Scotland's Industry and Fisheries included Scotprime Seafoods, Scottish Development International, Scottish Fisherman's Organisation and Scottish Salmon Producers.

A seminar hosted by the European Inter Parliamentary Group on Climate Change, Biodiversity and Sustainable Development entitled 'Can a growing aquaculture industry continue to use fishmeal and fish oil in feeds and remain sustainable?' was attended by Scottish Government in March 2010. The event was hosted by Pat the Cope Gallagher MEP

and introduced by Scotland's MEP Struan Stevenson who is the chairman of the Intergroup. Speakers at the event included James Smith from the Scottish Salmon Producers Organisation and Dawn Purchase from the Marine Conservation Society.

Seeking a pragmatic approach to international fishing quotas

Following the unilateral quota declarations for mackerel by Iceland and the Faroe Islands which threaten the sustainability of the stock, the Scottish Government has played a leading role in shaping the UK and EU's response to the crisis. Richard Lochhead has corresponded with Commissioner Damanaki, as well as spoken to her, leading to her writing to the Enlargement Commissioner with regard to Iceland's accession negotiations. The First Minister used his meeting with Norway's Foreign Minister to highlight the common ground they share on this issue and they agreed to work together. Mackerel is Scotland's most valuable fishery and is the first large-scale mackerel fishery to be accredited by the Marine Stewardship Council.

Action Points

The Scottish Government will consider the findings of the IFFM Inquiry and respond accordingly; ensuring Scottish issues are taken into account on reform of CFP. Richard Lochhead will be hosting an international workshop involving Ministers from North Sea states and Commissioner Damanaki this October to add momentum to fisheries reform.

The Scottish Government will aim to organise an international aquaculture conference in 2011 to attract world leaders of the aquaculture industry to Scotland and facilitate business opportunities.

We will support moves in Europe to negotiate fair fishing quotas that lead to the sustainable management of fisheries.

Appendix to Action Plan MARINE ENVIRONMENT July 2013 January – June 2013

The Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead continued to represent Scotland at all of the Agriculture and Fisheries Councils of the EU. On several occasions in and around the margins of Council, Mr Lochhead highlighted key priorities for the Common Fisheries Policy (CFP) with the UK Fisheries Minister, Richard Benyon, the Rapporteur for the European Parliament's PECH (Fisheries) Committee on this dossier, and with Scottish MEPs.

The Irish Presidency of the EU's political ambition was to have a deal on CFP by the end of June and this created an intense programme of work from the beginning of their term in January. The most significant Council of the EU meetings on the CFP reform were held in February and May. In February, ministers agreed a general approach on the final elements of the Basic Regulations enabling the Presidency to begin negotiations with the European Parliament. In May, Council agreed a further revised mandate which allowed the Presidency to conclude a deal with the European Parliament on the CFP Reform package. The agreement secured the key Scottish priorities of a ban on wasteful discarding of fish and regionalised decision making.

Mr Lochhead and Scottish Government officials have continued to play an active role in the on-going mackerel dispute with Iceland and the Faroes Island. Mr Lochhead wrote to Maria Damanaki, EU Commissioner for Maritime Affairs and Fisheries, promoting the idea of appointing a mediator to help find a resolution. The Scottish Government also successfully

pressed the UK to raise mackerel as an AOB item at the Council meeting in May which asked the EU Commission for an update.

Scottish Government officials have been supportive of the EU Commission's proposals to take forward plans to apply trade measures in relation to the Faroe Islands on Atlanto-Scandian Herring (ASH). These trade measures will help to conserve herring stocks and protect the livelihoods of Scottish fishermen.

Marine spatial planning is an area where Scotland is leading the way with best practice. Marine Scotland officials held a technical workshop in Brussels on Marine Planning and licensing of marine renewables in Scottish waters. EU Commission officials from DG Maritime Affairs and Fisheries and DG Environment attended. The Commission was very enthusiastic about what they heard and have invited the Marine Scotland team to give similar presentations in a number of Member State expert groups and workshops.

Mr Lochhead attended the European Seafood Expo in Brussels, the world's largest seafood trade fair bringing together industry leaders from over 100 countries. The Cabinet Secretary held various meetings with key stakeholders and a reception at the Scottish Pavilion, hosted by Scottish Development International (SDI), where he announced £2.6m in the latest round of European Fisheries Fund (EFF) grants to support 78 projects across the sea fisheries, aquaculture and fish processing sectors.

Scottish Government officials have been actively involved in a number of high level events on marine issues. The Director for Marine Scotland participated in the final Atlantic Strategy stakeholder event, in recognition of the fact that the Scottish Government had an important influence on the shape of the Atlantic Strategy Action Plan. The Director of Marine Scotland also represented the UK at an EU Policy Group meeting in Malta.

The Marine Scotland representative to the EU delivered a speech on behalf of Scotland at the launch of a Transatlantic Research Initiative in Galway, sharing the stage with the Irish Prime Minister (Taoiseach), the EU Commissioner for Maritime Affairs and Fisheries, Maria Damanaki the EU Commissioner for Research, Innovation and Science, Máire Geoghegan-Quinn and the US Deputy Secretary of State for the Oceans and a Canadian senator. The initiative is significant in terms of future EU investment in research. Marine Scotland is also engaging the EU institutions on research funding through Horizon 2020, the European Union's main research fund.

Looking Ahead

The Scottish Government will continue to attend meetings of the Agriculture and Fisheries Council of the EU and external negotiations with third countries.

The Scottish Government will work closely with the Presidency of the EU, the European Commission and the European Parliament as they work to finalise the European Maritime and Fisheries Fund (EMFF).

The Scottish Government will continue efforts to help resolve the on-going mackerel dispute and will support the European Commission's efforts to find a resolution.

The Scottish Government will work with the European Commission to implement the new Common Fisheries Policy (CFP) in Scotland.

The Scottish Government will follow progress on Deep Sea Species legislation through the European Parliament.

The Scottish Government will continue to engage with the EU institutions on the legislative proposal for Maritime Spatial Planning and Integrated Coastal Management systems.

The Scottish Government will continue to work with EU institutions to ensure that marine and fisheries related research is viewed as a priority area for Horizon 2020 funding, with programmes developed which are relevant to Scottish priorities.

Appendix 4

Scotland in the EU from dependence to independence

This chapter of Scotland in the EU is intended to expose the fallacies that relatively small EU member states have less negotiating capital – and are less successful negotiators – than larger member states.

Leadership through Alliance - Common Fisheries Policy (CFP)

The EU's Common Fisheries Policy (CFP) is perhaps one of the more contentious of the EU policies. Legislation can often be inflexible and complex, with a plethora of derogations. The Scottish Government recognises that sea fishing in Scotland will only be sustainable if shared policies at EU level are more flexible and managed to better effect.

Denmark, a country comparable in size to Scotland and a respected fishing nation, has long played a leading role in helping to shape the EU's fisheries policies. Recently it has been a pivotal player in the development of policy on discard-free fisheries, reform of the Cod Recovery Plan and regional-level decision-making.

During the Danish EU Presidency in 2012 the Danes led key changes in European Fisheries Policy by building alliances and seeking compromises between Member States to influence the Commission. Scotland and Denmark have worked closely together on many of these issues and often share a common approach to fisheries management, such as advanced measures to prepare for discard free fisheries by trialling CCTV systems onboard vessels. Like Denmark, Scotland is a key fishing nation in Europe, and with independence the Scottish Government would be better able to build its alliances with other like-minded Member States to fundamentally shape the future of EU fisheries policy and bring decision-making affecting Member States' fisheries closer to home.

Fisheries is six times more important to the Scottish economy than to the UK economy. This means that an independent Scotland would naturally give international fisheries management a level of priority and undiluted focus not afforded by the UK Government, where fisheries, as a relatively small UK sector in relation to other sectors, is simply not afforded the importance and profile it holds within Scotland.

An example of how Scotland fares as part of the UK can be found in the case of the European fisheries funding received by Scotland in comparison to other EU Member States. Under the current arrangements negotiated by the UK our share of the EU's European Fisheries Fund is one third of the share received by Denmark (a country of comparable size to Scotland) and less than half the allocation given to Latvia (a country less than half the size of Scotland by population.)

A successor to the European Fisheries Fund, the European Maritime and Fisheries Fund, will commence in 2014. An independent Scotland would ensure that it negotiated its fair share of such a vital resource for an industry which is so important to its economy and identity. It could pursue such a goal without being hampered by constraints applied by other priorities being juggled by the UK Government. This reflects a fundamental truth that the

best people to take decisions affecting Scotland are those who live and work here – and that a small nation with sovereign control over its own destiny can play an enormously positive role within the European Union in areas of importance to it -through innovation; leadership; and collaborative working with other countries.