

REPORT TO NORTH EAST SCOTLAND FISHERIES DEVELOPMENT PARTNERSHIP – 15th SEPTEMBER 2017

SCOTTISH GOVERNMENT PROPOSAL TO AMEND ‘ECONOMIC LINK’ LICENCE CONDITION

1 Recommendations

1.1 The Partnership is recommended to:

- **Note the content of this report and consider the draft response attached as Appendix 1**

2 Discussion

- 2.1 A condition of sea fisheries licences for vessels over 10 metres and which land in excess of 2 tonnes of quota species per annum is that a ‘real economic link’ to the UK must be demonstrated to ensure that fisheries dependent businesses and communities benefit from UK quota. Currently, such a link must be demonstrated by landing at least 50% of quota species into the UK, by having 50% of the crew as UK residents, by committing 50% of operational expenditure to UK suppliers or by special arrangement with the licencing and compliance authority (‘quota gifts’)
- 2.2 While most Scottish fishing vessels land the great majority of their catch into Scottish ports, the figure for pelagic species in recent years has generally been less than 50%. This has resulted in supply shortages for some domestic pelagic processors, four of which are in Aberdeenshire. Following representations from the Scottish Pelagic Processors’ Association, Scottish Government has sought a voluntary agreement within the pelagic catching sector to increase the volume of domestic landings to boost supplies but progress has been described by the Cabinet Secretary as ‘disappointing’.
- 2.3 Accordingly the Scottish Government is now consulting on a proposal to amend the licence condition with effect from 1 January 2018 to make domestic landings the primary requirement on the basis that it provides a stronger economic link than either crew residency or operational expenditure, particularly when the value of the catch is considered in conjunction with the onshore pelagic value chain. The consultation notes the strong concentration of seafood processing activity in NE Scotland – over 3000 jobs which accounts for 68% of the sector’s employment in Scotland; 22% in the UK – and its scale relative to the catching sector (around 1400 jobs)
- 2.4 The consultation notes that there are three groups of Scottish vessels not routinely making more than half of their landings into Scotland: a small number of non-Scottish demersal fisheries operators which prefer to land into other parts of Europe; a small number of demersal vessels which split landings between Scottish and other UK ports; and pelagic vessels which land a high proportion of their catch abroad (usually Norway). This consultation is clearly targeted at the latter group.

2.5 Transitional arrangements are proposed to allow time for adjustment. From 1 January 2018, a figure of 30% of total landings of quota species is to be landed into Scotland; 40% from 1 January 2019 and finally 55% from 1st January 2020.

2.6 The consultation proposes a continuation of the special arrangements under which an economic link can be provided by gifting a quantity of quota to the Scottish Government, usually for redistribution to the inshore fleet. However some amendments to the status quo are proposed.

3 Scheme of Governance

3.1 The Working Group is able to consider this item in terms of Joint Report dated 8th August 1996 as it relates to the establishment and remit of the North East Scotland Fisheries Development Partnership.

4 Financial Equalities and Staffing Implications

4.1 There are no financial, equalities or staffing implications arising from this report as it is a consultation response

Stephen Archer
Director, Infrastructure Services

Report prepared by Derek McDonald Industry Support Executive (Rural & Maritime)
8th September 2017

APPENDIX 1

Consultation question 1:

Do you agree that landings into Scotland provide the best economic link to Scotland, and that they should form the main basis of the economic link licence condition, and that therefore the present options to demonstrate a link through crewing and/or operating expenditure should be removed?

The annual value of pelagic landings by Scottish registered vessels is usually in excess of £200M (Scottish Sea Fisheries Statistics 2016). Landings value is clearly the most economically significant of the three measures under the current arrangements – much more so than crewing or operational expenditure. Logically therefore it is the most appropriate link by which domestic economic activity can be maximised. By removing the other options there may however be adverse impacts on the Scottish pelagic service sector in particular.

Consultation question 2:

Do you agree that the landings target included in the economic link licence condition should in general be 55 per cent?

Recent job losses indicate that the current level of landings is clearly insufficient to sustain the Scottish pelagic processing sector. A transition to a minimum figure of 55% will still allow significant landings of pelagic species to overseas ports by those vessels choosing to do so.

Consultation question 3:

Do you agree that there should be transitional arrangements in relation to landings of pelagic fish?

Yes. The proposed transition appears fair and equitable and will enable the pelagic processing sector to adapt to higher levels of raw material and re-establish markets which may have been lost due to lack of supply (in conjunction with partners, notably Seafish).

Consultation question 4:

Do you agree that there should continue to be arrangements whereby fishing vessels that do not meet the landings target should instead be able economic link licence condition by making quota gifts to the Scottish Government?

Yes