

**UK SEAFOOD**  
INDUSTRY ALLIANCE

Brexit – A Seafood Industry Perspective

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# The UK Seafood Industry Alliance – Who and What we are

- The Alliance was created to provide a clear and compelling voice for UK seafood processors and traders, who supply consumers with healthy, affordable and sustainable products, sourced and manufactured to the highest and most responsible standards.
- We represent the major suppliers of own label and branded seafood to retailers, caterers and restaurants.
- Our members are the key economic players in the UK industry. We employ more people than the catching sector, add value and innovate to meet growing demand for easy to use and nutritious seafood products.



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# ISSUES TO BE COVERED

- A unique set of challenges
- Transition and the longer term
- Market implications

# A unique set of challenges

- For most other parts of the food industry, the primary impacts of Brexit relate to terms of **trade**, the availability of **labour** and future **regulation**.
- But seafood has the added dimension of replacing the provisions of the EU's Common Fisheries Policy in relation to **access to waters** and **catch quotas**, as well as **conservation** of one of the planet's most valuable and renewable natural resources.
- Retaining consumer confidence in sustainable and responsible fisheries management is vital to the success of the industry as a whole.

# The Supply Paradox

- In the UK, we export most of what we catch and import most of what we eat.
- And most of these imports come from countries outside the EU, like Norway, Iceland, the USA, Russia and Canada.
- But most of the markets for our own fleet are in EU Member States, like France, Spain, the Netherlands and Germany.
- These asymmetric trade flows risk seriously complicating the task of negotiating future trade relationships, with the EU and beyond.
- New tariff or non-tariff barriers to trade, or new border or customs controls, could have significant effects on wider international supply chains as well.

# UK 2015 Imports

- 1.28 million tonnes (live weight equivalent): with a total value of £2.63 billion.
- Top five source countries (by volume) are: China, Iceland, Norway, Germany and Denmark.
- Of these, Iceland, Norway and Denmark are largely primary producers (through farming or catching), while China and Germany are mainly first stage processors and/or transit hubs.
- The main imported species are: cod and other finfish, tuna, salmon, shrimps and prawns.

# UK 2015 Exports

- 891,000 tonnes (live weight equivalent) : with a total value of £1.52 billion.
- Top five export destinations (ranked by quantity) are Norway, France, Netherlands, Ireland and Spain.
- European markets are particularly important for exports of small pelagic species, often landed abroad by UK-flagged vessels.
- France, Spain and Italy are major customers for shellfish, often exported fresh or live to obtain higher prices.

# Where do negotiations stand?

- At its December meeting, the European Council accepted that “sufficient progress” had been made on the so-called withdrawal issues for talks to begin on a future relationship.
- There is still no agreed EU mandate for such talks, nor a clear UK view on an eventual “end state”.
- The immediate emphasis is on agreeing what should happen between the UK’s presumed leaving date of 29 March 2019 and entry into force of a new deal – commonly referred to as “transition”

# Current UK position

- The UK position remains essentially as set out in the Prime Minister's Florence speech.
- This states that we will leave the Single Market and the Customs Union on 29 March 2019, in place of which we are looking to agree a new “deep and special relationship” providing for “free and frictionless trade” in goods and services and close cooperation on security.
- This would include the freedom to conclude our own trade deals with others and to control our own borders. It would also include withdrawal from the CAP and CFP.
- When tabled, the Fisheries Bill will be designed to give the UK all the necessary powers to implement national measures.

# Current EU position

- The EU 27 have still to agree a specific mandate for the next stage of negotiations.
- But the Council's response to the UK's Article 50 notification made clear that a country leaving the EU cannot enjoy the same rights and benefits as those remaining. "Having your cake and eating it" is not an option.
- Nor is it possible to "cherry pick" in a future deal. The 4 freedoms of the Single Market are indivisible – and an independent trade policy precludes remaining in the Customs Union.
- This strongly suggests that the UK will have to be treated as a third country, however close a future relationship may be.
- The EU does not, as yet, appear to have a formal position on fisheries

# Implementation, Transition, or Extension

- It seems to be accepted by both sides that a fully fledged new relationship cannot now be put in place by 29 March 2019.
- So to avoid a “cliff edge” some form of transitional arrangement will be needed.
- The UK refers to this as “implementation”, implying a known “end state”
- But the EU sees this as being based on extending the existing “acquis” in its entirety, implicitly including the provisions of the CFP.

# Main provisions of Article 50

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.
2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.
3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period

# The longer term

- Depending on any “transition” agreement, the default position under international law (UNCLOS) would be a new UK EEZ of 200 miles once the UK leaves the EU.
- This would give the UK the right to set TACs and quotas, but also the obligation to cooperate on the management of shared stocks.
- Existing rights would not necessarily have to be recognised (or compensated).
- But the political reality is that it would be difficult for the UK to act entirely unilaterally.
- The economic reality is also that the UK would need markets to sell into – as well as capacity to catch and/or process any increased share of resources.

# What about the market?

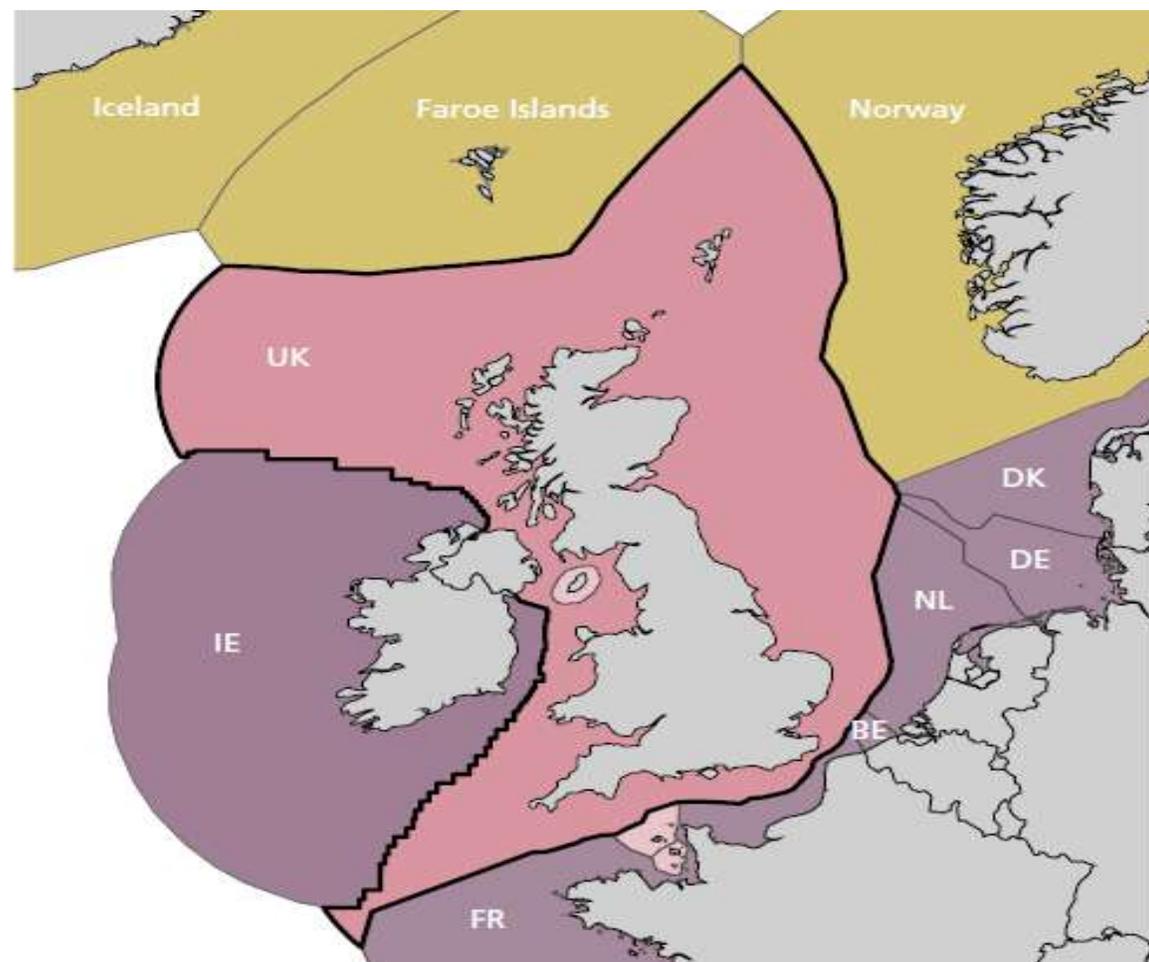
- The EU is the world's largest fish importer and relies on global supply chains to meet nearly three quarters of total consumption needs.
- It has a series of trade and other concessionary agreements with a range of countries (including GSP and EBA). It also operates a system of Autonomous Tariff Quotas (ATQs).
- Some or all of these could be replicated or replaced in an EU/UK trade deal. But there is no obvious reason for the EU, or the UK, to become more protectionist as a result. The UK market could even become more open.
- The biggest threat to the market is loss of consumer confidence if sustainable and responsible fisheries management is jeopardised by political disputes.

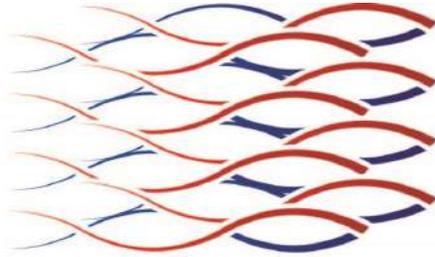
# And the UK consumer?

- UK processors have a total turnover around £4.2 billion and employ some 14,000 people, a significant % of which are EU nationals.
- But imported raw materials (from outside the EU) account for the bulk of this – 90% in the case of cod.
- Total EU whitefish catches are only around 500,000 tonnes, as against a market need of 3 million tonnes.
- So, regardless of who catches what in UK/EU waters, maintaining existing trade flows is essential to meeting consumer needs across the EU and maintaining market share against competing protein foods.

# The UK and EU processor position

- The UK is a leading member of AIPCE-CEP, the European Association of Fish processors and traders.
- AIPCE-CEP's interim position - which the UK fully supports – is that there is no wish to see any re-introduction of tariffs or non-tariff barriers in intra-EU trade, or any loss of access to international supply chains.
- Trade is the lifeblood of the entire EU fish economy – and our joint view is that negotiators on both sides should be seeking arrangements as close as possible to those which currently apply





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Thank you - and questions please

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