



UK SEAFOOD
INDUSTRY ALLIANCE

The Fisheries Bill
A UK processor perspective
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The UK Seafood Industry Alliance – Who and What we are

- A clear and compelling voice for UK seafood processors and traders, the major suppliers of own label and branded seafood to retailers, caterers and restaurants
- The key economic players in the UK industry, supplying healthy, affordable and sustainable products, sourced and manufactured to the highest and most responsible standards
- An industry which employs more people than the catching sector, and which adds value and innovates to meet growing consumer demand.





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TO BE COVERED

- Market overview – why trade matters
- The difference between access to waters and access to markets – what the Fisheries Bill can and can't do
- Who fishes where or for what stocks is less important to consumers than issues like sustainability, choice and price
- How fish fits into the wider Brexit process
- The current state of play



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Putting fish on the
menu for a healthy
& sustainable future



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Market Overview

- The EU is the world's largest fish importer and relies on global supply chains to meet nearly three quarters of total consumption needs.
- The UK is its second largest processor with a total turnover around £4.2 billion and employing some 14,000 people, a significant % of whom are EU nationals.
- 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.

UK Imports (around £2.6 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 Exports (around £1.5 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.

Why trade matters

- Even on the most optimistic assumptions, the EU as a whole would remain a deficit market
- And the biggest potential catch increases for the UK would be for species we currently export because of low domestic demand
- Even a doubling of cod and haddock catches for which there is demand would leave us well short of UK market needs
- But much of what we import undergoes first stage processing elsewhere
- So how would we fund the investment needed to transform current processing capacity

The tariff/non-tariff barrier landscape

- Tariffs are only part of the trade deal story
- For “sensitive” products (notably agriculture and fisheries) there are frequently quantitative limits as well (TRQs and ATQs)
- There are also customs clearance requirements, which can include health and export certification as well as pre-notification of shipments, with or without physical inspection at borders
- Then there is the question of “regulatory alignment” in respect of food law, labelling, consumer information, food safety etc
- Specifically for fish, there are also IUU certificates for non-EU catches

The Common Fisheries Policy (CFP)

- The CFP regulates the management and allocation of fish stocks as a common EU resource (access to waters and quota shares)
- It does **not** cover access to markets or terms of trade
- Within the EU, these form part of the Customs Union and Single Market. Externally, they are subject to the Common Commercial Policy and Common Customs Tariff
- Leaving the CFP would mean the UK becoming a sovereign coastal state with its own 200 mile EEZ and able to determine fishing rights and management policies, either unilaterally or in negotiation with others in respect of shared stocks and in accordance with UNLOSC principles
- Future terms of trade would be governed by whatever wider future UK-EU relationship is agreed following Withdrawal, though this could include conditions related to fishing opportunities

Fisheries within the Brexit Process – the Withdrawal Agreement

- The draft Withdrawal Agreement simply provides for continuation of the status quo on everything during a transitional period, with some exceptions to allow for the UK's new status outside the CFP in future
- Transition initially lasts until the end of 2020, but can, at UK request, be extended for up to 2 more years if negotiations are not concluded
- There is also a so-called “backstop” provision to prevent a hard border with Ireland in the event that transition expires before agreement is reached
- ***Uniquely for fish and fishery products***, the backstop allows the EU to impose tariffs on UK exports if there is no deal on future fishing rights
- It is also arguable that failure to agree fishing rights could trigger the backstop regardless of progress in other sectors

Fisheries within the Brexit Process- the future relationship

- No negotiations on any aspect of the future relationship have yet taken place
- But both sides have agreed a Political Declaration setting out a framework for an “ambitious, broad, deep and flexible” partnership and the principles of free and fair trade
- This includes “a new fisheries agreement on *inter alia* access to waters and quota shares”
- A separate EU27 minutes statement requires this to include reciprocal access and to protect fishing enterprises and coastal communities

The current state of play

- Following the November Council, it had been assumed that both the draft Withdrawal Agreement and the Political Declaration would be ratified by the UK and EU Parliaments in time for transition to begin on 29 March.
- But a UK vote scheduled for 11 December was delayed until after the 13/14 December Council in the hope of securing further concessions
- The vote was then further delayed until 15 January when, despite a last minute exchange of letters, the “deal” was defeated by the largest margin in history in the House of Commons
- A further vote is now planned for 29 January

Where next

- If the 29 January vote succeeds –and the EU27 accept the outcome – transition will begin as planned on 29 March, together with an immediate start on negotiating the future relationship
- If there is no such agreement, the choice is between leaving with no deal (so-called WTO terms) and either extending the Article 50 deadline or revoking the UK decision to leave, with or without a second referendum, change of Prime Minister or change of Government
- No deal would imply an end to EU access to UK waters as well as full tariff and customs controls, including IUU catch certification



Thank you

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