Note of Pelagic Industry Issues Group meeting held at the Jurys Inn, Aberdeen Airport Hotel, Argyll Road, Aberdeen AB21 0AF. Tuesday 18 October 2016.

1. Welcome, introductions and apologies
John Goodlad welcomed everyone to the meeting.

Attendees

Colin Anderson	Anderson Pelagic Ltd
Chris Ritchie	Northbay Pelagic
Derek McDonald	Aberdeen Council
Ian McFadden	Scottish Pelagic Processors Association
Jennifer Russell	Seafish
John Goodlad	Seafish Domestic and Export Panel Chair (Chair)
Karen Green	Seafish (Minutes)
Malcolm Large	Seafish
Michael Clark	IFC Scotland & Nor-Sea Foods Ltd
Robert Duthie	Denholm Seafoods Ltd
Simon Leiper	Shetland Catch Ltd
Sinclair Banks	Lunar Freezing
Steve Mackinson	Scottish Pelagic Fishermen's Association (on speaker phone)

Apologies

Andrew Pillar	Interfish
Ian Gatt	Scottish Pelagic Fishermen's Association

2. Minutes of last meeting.
The minutes of the last meeting on 9 October 2016 were accepted as an accurate record of the meeting.
Actions arising from the last meeting
The only actions arising, apart from circulating links, concerned the follow up re the report 'Economic evaluation of the EU/Faroe Islands bi-lateral agreement.' This is on the agenda.

3. ICES advice on widely distributed fish stocks (EU and NEAFC)/Fishing opportunities for 2017. Steve Mackinson, SFPA (remote)
http://www.seafish.org/media/1660841/piig_oct2016_icesadvice2016_spfa.pdf
Mackerel
ICES advises that when the MSY approach is applied, catches in 2017 should be no more than 944,302 tonnes. The 2015 assessment contained an error in the recruitment index which has been corrected in 2016. The spawning stock biomass (SSB) in 2014 is now estimated to be 14% higher. The 2016 triennial egg survey gave one of the lowest estimates of biomass and a very unusual distribution (spawning in most northern area in May). There was a discrepancy between the egg survey (showing a decline in SSB) and the Nordic swept area survey (which showed an increase in SSB) in 2016. Therefore the overall assessment gives much lower weight to surveys and the assessment is mostly driven by catch data. This leads to a 42% higher estimate of SSB and 21% lower estimate of fishing mortality (compared to the old 2015 assessment). A benchmark will take place early 2017.

Discussion

- **Q.** Is the egg survey consistent? **A.** A huge amount of work goes into the egg survey which ran from 5 February to 22 August. There were 19 individual cruises covering an area from Cadiz to Iceland with 367 survey days in total (compared with 2013: 334, 2010: 331) so yes it is consistent. There is a meeting about the benchmark in January 2017.
- **Q.** Does this suggestion a reduction in SSB in years to come? Is there confidence in the status of the stock? **A.** The 2014 year class is thought to be very strong, 2and 015 and 2016 are thought to be above long-term average. Fishing mortality is quite low and the biomass trend is up but SSB is largely driver by big peak year classes.
- **Q.** What is the impact of the egg survey on the assessment? A. it has had very little impact on the current assessment but could be an indicator 2016 recruitment could be lower.

Blue whiting

ICES advises that when the MSY approach is applied, catches in 2017 should be no more than 1,342,330 tonnes. This is much higher than last year. The assessment was problematic last year, instigating the Inter-Benchmark Protocol of Blue Whiting (IBPBLW), the Workshop on Strategy for a Long-term Management Plan for Blue Whiting (WKBWMSE) agreed new methods which has fed into work on evaluation of management strategies. The higher estimate of Fmsy (0.32) leads to a much higher advice for 2017. The acoustic survey in 2016 showed high biomass, similar to 2014. In 2016 the Nordic survey Seas (IESSNS) will try to estimate the abundance of blue whiting, which may over the long term improve the robustness of the assessment. It has been agreed that the management strategy is robust.

Atlanto Scandian Herring

ICES advises that when the EU, Faroe Islands, Iceland, Norway, and Russia management plan is applied, catches in 2017 should be no more than 646,075 tonnes. A new assessment model after the benchmark in WKPELA (Benchmark workshop on pelagic stocks) carried out in March 2016, predicted a higher biomass and lower fishing mortality but the biomass trend is still declining. As an outcome of the assessment there has been a doubling of the catch advice for 2017 compared to 2016 because the stock is at a higher level and because according to the management plan a higher level of fishing can be applied. The newly (2015) restarted Norwegian acoustic survey on spawning grounds in February/March has a strong influence on the assessment. The survey gave an estimate of the SSB at 30% lower than in 2015-survey, but with considerably higher uncertainty (from 11% in 2015 to 40% in 2016). The ecosystem survey in the Norwegian Sea (IESNS) covering the NSS herring stock on its feeding migration resulted in 7.5% lower index compared to 2015. Some positive signs of recruitment have been observed: the 2013 year class may be somewhat stronger, yet not at the level of really good year classes for this stock. Whilst recruitment is showing modest signs of increase the SSB is on a declining trend.

Discussion

- **Q.** It is astonishing that the TAC advice has gone up as much as it has. Why is this? **A.** This is due to a re-evaluation of the Harvest Control Rule.
- **Q.** Was last year a one-off exceptional year? A. The addition of the ecosystem survey in the Norwegian Sea has changed the shape of the graph. The industry perception is that there is more fish however it is unlikely we will continue to see a decline in biomass. An evaluation of whether the Fishery Management Plan (FMP) will lead to maximum long term yield is due to be carried out this year (following the Working Group on Widely Distributed Stocks (WIDE)).

There was also a synopsis of Western and North Sea Horse mackerel, boarfish and North Sea herring. For the West of Scotland and Ireland herring there was some discussion over whether there will be a move towards separate TACs for the north and south stock.

While the detailed stock by stock presentation was much appreciated, it was felt a broader summary might have been more appropriate.

Actions
3.1. Add presentation to the website.
3.2. Every year Seafish produces a summary of the ICES advice for pelagic stocks. This is currently up-to date with the June 2016 advice. The autumn 2016 advice will now be added in. This information is also regularly circulated to a fishmeal and feed fish news mailing list.
3.3. A more concise stock summary at the next meeting.

4. Interim results from economic evaluation of the EU/Faroe Islands bi-lateral agreement. Jennifer Russell, Consultant/Seafish.
This evaluation was conducted in 2015 and has been repeated in 2016 at the request of industry. The results from this independent evaluation of the EU/Faroe Islands bi-lateral agreement were presented. The European Commission provided information on 2015 landings by both parties in the agreement, information on UK landings is from MMO data and the Faroes are actually publishing a lot more data now. The valuation of all elements of agreement was based on the estimated sales value of the fish caught based on UK prices in 2015 (this does not represent net benefit to either party). This analysis shows very similar results to last year.
This concluded that:

- The estimated sales value of fish landed under the agreement under the quota exchange is higher for Faroe (£3.7m versus £2.5m).
- The estimated sales value of fish landed under the access entitlement is higher for Faroe (£26.8m versus £2.5m). This is the major concern with stark differences.
- Overall the estimated sales value of the landings made under the agreement in 2015 was: UK - £1.9 million, EU - £4.8 million, and Faroe - £30.5 million.

Feedback from industry highlighted that for the fleet:

- The value of the access arrangement is much greater to Faroe because of fish quality in EU waters.
- There is no benefit to the UK from the access arrangement yet costs are incurred by Government.

For the pelagic processing sector:

- There is a barrier to achieving benefit from the agreement because of landings tax on Faroese vessels.
- There is unfair competition in markets for mackerel and blue whiting from EU waters because of equal quality and lower cost Faroese product (supported by landings tax).

Discussion

- This is very valuable straight forward analysis and the information contained is of overwhelming importance. The feedback is that the analysis last year did make a political difference. The group members thanked Seafish for this work.
- Q. When does this get re-negotiated? A. It is bilateral but there is a three year plan.
- Last year providing this information was all about building a case to get a better deal for the EU and UK. By the time of the next negotiations on this Brexit negotiations will also be underway and it is not clear what impact this will have. Under Brexit this could be one of the biggest opportunities and could be a real game changer. It is clear that currently the Faroes have the much better deal.

Actions

- Attendees were asked if they agreed with the conclusions on the impact of the agreement on the processing sector which they did. Anyone with further comments should email Jennifer Russell afterwards. jennifer@andersonsolutions.co.uk
- To register the request that Seafish to continue this analysis in 2017 but to split the figures to show very clear the UK and Scotland separately.

- Seafish should ensure that George Eustice is aware of this analysis and receives a copy of the report.
- Send a link to the report once published.

5. The Marine Stewardship Council and the Responsible Fishing Scheme. John Goodlad and Malcolm Large, Seafish.
Marine Stewardship Council.
In May 2016 it was announced that North East Atlantic mackerel under the Mackerel Industry Northern Sustainability Alliance (MINSA) has been MSC certified. Many of the vessels had been MSC certified in the past. However, all seven MSC mackerel certificates were suspended in 2012 following two years of catches above the scientific advice.

In May 2016 it was announced the Scottish Pelagic Sustainability Group (SPSG) West of Scotland herring fishery MSC certification had been suspended following new advice on stock status. The suspension follows the recognition by ICES that they were unable to provide two separate stock assessments for the two stocks during the recent benchmarking exercise. Therefore the assessment of the two stocks had to be combined. The combined assessment shows the stocks are below sustainable levels and therefore no longer meets the MSC's requirements for a sustainable fish stock. It was emphasised that it was important the assessment should in future be made on the two separate stocks.
<u>Discussion</u>
- There is a cost associated with MSC certification which can be significant. There are some examples of shared costs which has driven the cost down for some individual fisheries. There is the offer by MSC of reduced costs for re-certification.
- **Q.** What is the situation with Iceland? **A.** They have adopted their own Iceland Responsible Fisheries scheme and have not engaged with the MSC process.

Responsible Fishing Scheme.
There are currently nine pelagic vessels engaged with RFS, of which seven are in Scotland and two in Northern Ireland. Of the seven in Scotland two are fully qualified and a further three have had their vessel audits but not their catch audits. Seafish held a recent meeting with SPFA at which it was agreed methodologies to enable progression of vessels which land their catches outside of the UK. Until now this had slowed down the process of progressing to full membership. Seafish is optimistic that there are more vessels to come. More broadly several of the smaller pelagic ring netters are engaged with the scheme in the South West.

In September, the Seafish Board discussed options to ensure that the full potential of the Responsible Fishing Scheme (RFS) is realised beyond the remit of our current Corporate Plan. The Board concluded that the best way forward for both industry and Seafish would be to establish a stand-alone, not-for-profit legal entity to operate the RFS. The Board is now considering the governance requirements and has made a key commitment to ensuring that Seafish remains the standard holder. Delivery of the current Seafish RFS work programme with reference to the Corporate Plan 2015-18 will remain unaffected.
<u>Discussion</u>
- **Q.** How will this be funded? **A.** The new entity will be independent from Seafish; an interim Board of Trustees will be established and their priority tasks will include agreeing the new organisation's operational structure and to develop a sustainable business model to support the scheme's administration. The Scheme's re-development and operation within Seafish is levy funded.
- **Q.** Where has the impetus for this come from? It just seems to be more and more for industry to pay for and vessel owners are not inclined to pay more. **A.** RFS does not duplicate anything – it sits alongside MSC. The industry does need this and the addition of social components has made it even more relevant. This is really being

driven by retailers and the focus is the social aspects. This is the climate we are working in now. It is the whole brand that is important and for the retailers the dialogue and focus has moved on from environmental sustainability to social responsibility and it is the vessel that is the weak link.

- **Q.** What is the cost of RFS? **A.** Audit costs are £150 + VAT for under 10m vessels and £350 + VAT for over 10m vessels.
- Mackerel is mostly exported and there is not the same pressure in export markets for RFS certification but for those supplying UK markets it is becoming a condition of supply.

6. Export support. Malcolm Large, Seafish.

The Chairman invited Malcolm to summarise export support activity to date. In 2016 Seafish has taken stands at the China Fisheries and Seafood Expo (2-4 November 2016) in Quindao (with meeting rooms) and the Japan Seafood Show in Tokyo from 17-19 August 2016 as agreed at the meeting last year.

<u>Discussion/feedback on what Seafish had done this year</u>

- The upcoming Pelagic Forum from 10-11 November 2016 in Barcelona, Spain is also worth considering.

<u>Looking ahead and aims for 2017/2018</u>

- The Japan Seafood Show is seen as a good choice and by some as more important than China. If Seafood Scotland put in a bid for EMFF funding for the Japan Seafood Show in Tokyo from 23-25 August 2017 Seafish will join this. The Japan show is run primarily for the benefit of the pelagic sector however companies from other sectors particularly shellfish and salmon use the pavilion.
- Equally important was to take a stand at the China Fisheries and Seafood Expo in November. The show in China covers all sectors. There was some talk of a clash of dates however it was acknowledged that this is the main show in China and therefore the only one worth doing.
- Develop promotional further links with the AEON retail group in Japan and look for opportunities with other retail groups.
- Develop better foodservice links in Japan

<u>Discussion</u>

- The total export support budget for this financial year was £200,000 (this covers all species) and proportionately it has been about 50% to the pelagic sector.
- Discussion about the next Corporate Plan, 2018-2021 will start shortly. The three Seafish panels are crucial to this process. For input John Goodlad, Chris Anderson and Robert Duthie are all on the Domestic and Exporters Panel. Over the last two Corporate Plans the export budget has been increasing so it is important to feed into the process again. The next meeting is on 23 November.

7. Brexit. Malcom Large, Seafish

What are the key things you want from a post-Brexit seafood sector?

- The catching sector wants more access to more raw material (ie fish and quota).
- This would have a positive impact on the processing sector.
- Free trade.
- No tariffs for importing seafood as well as exporting seafood.
- Continuing access to labour – if there is a legitimate case for bringing in external labour it is important that this can continue. One processor stated 70% of their staff were East European – they have houses in Fraserburgh specifically purchased for them – their employment needs to be able to continue.
- EU Health and Safety Regulations can be onerous to apply. It is important that the legal situation over this is carefully monitored and industry is aware to ensure we retain the most relevant and appropriate legislation for the UK and we unpick the ‘right’ bits. There were questions over whether industry would be sufficiently informed

to be able to feed into this and whether Seafish could get involved. It was emphasised that Seafish could provide evidence but not lobby.

- The seafood processing sector needs to be represented to ensure its views are heard.

What are the key things you want to avoid post-Brexit?

- Avoid a tariff regime which prohibits access to markets.
- Not enough skilled labour.
- We must not lose the economic opportunity to catch fish. Science supports the setting of TACs and fishing at Maximum Sustainable Yield (MSY) – without the science to support catch limits there is a danger the industry could lose out on fishing opportunities.
- Don't lose training funds.

What are the unknowns?

- Should not just assume the status quo. There are unknowns over the ongoing relationships between Ireland and Northern Ireland and between Scotland/England and Wales/Northern Ireland. There could be several versions of Brexit and it could be even more complicated.
- Under what arrangements any increased quota that is secured would be distributed. There are views this would not necessarily be the standard ITQ process – could be an alternative i.e. could be by community or factory, Irish Government has indicated a top-slice approach.
- We use a lot of EU numbers and EU approval procedures – trade revolves around this – someone will have to take responsibility for this going forward.
- Funds need to be in place to support investment in the industry if EMFF is no longer available.
- Questions over EU legislation on the 2% water tolerance deducted. The UK adheres to this; other countries such as Norway do not.
- Currently there are EU rules over how State Aid can be used – this has restricted what the funds can be used for. Could be a benefit going forward.
- Is the UK ready to step up to the mark and fund marine science to support the case for scientifically-based TACs?
- Does to UK have the resource to police our seas out to 200 nm?

8. AOB and future of this group going forward

There has been a fantastic turn-out from the processing sector but due to the timing there have not been any representatives from the catching sector. There was also some discussion as to whether the catching sector may have felt overpowered by the processor representation. Going forward we should try to:

- Make sure the catching sector is represented.
- We should urge everyone who is invited to send a colleague if they can't personally make it.
- It would be very welcome if Steve Mackinson could attend the next meeting in person.
- Could the science be distilled even more to be self-explanatory for a layman specifically looking at long-term trends?
- We should invite representatives from the POs to the next meeting and add them to the mailing list incl SFO, Shetland, Klondyke and Lunar.

There was mention of the Aberdeen Learning Festival in February 2017 as an opportunity to showcase the fishing and processing industries.

9. Date of the next meeting

The date for the next meeting was not set but is likely to be in October 2017. Whilst October is a busy month for the pelagic sector it was still viewed to be the best month to hold the meeting, however we should wait until after the Coastal States meetings etc have been scheduled before setting the date. We will stick to one regular meeting a year but can hold additional adhoc meetings if necessary.