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Utilisation of 2019 European Union – Faroe Islands Bilateral Fisheries Agreement

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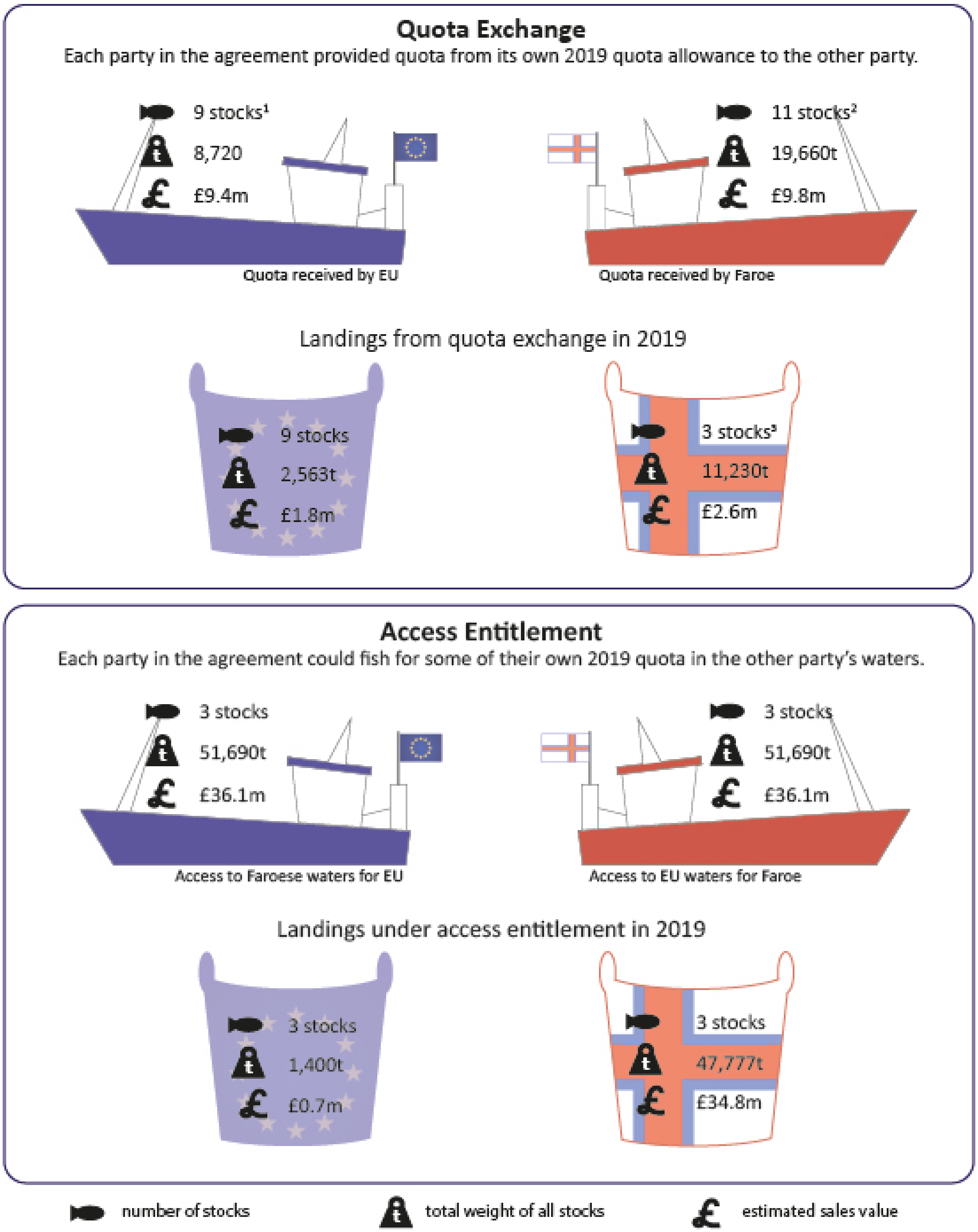
Overview of utilisation in 2019

The infographic below summarises the scope of, and landings under, the 2019 EU-Faroe fisheries bilateral agreement.



[1] The quota exchange agreement contains seven categories of stock. Two of these contain two quota stocks therefore the total number of stocks is nine, including an 'Others' stock.

[2] The quota exchange agreement contains 10 categories of stock. One of these contains two quota stocks therefore the total number of stocks is 11, including an 'Others' stock. Two of the 11 stocks are Greenland quota stocks.

[3] Landings by the Faroese fleet under quota exchange (excl. blue whiting) have been estimated using data from 2017 and 2018. Estimates were only applied where the landings pattern was consistent in 2017 and 2018.

Introduction

Seafish Pelagic Industry Issues Group (PIIG) requested analysis of the utilisation of the 2019 EU-Faroe fisheries bilateral agreement. The bilateral agreement provides a reciprocal exchange of fishing possibilities between the EU and Faroe. Similar reports on utilisation of the agreement in each year since 2014 have previously been published by Seafish. The report on utilisation in 2019 includes comparison of utilisation across all six years.

About the agreement

The EU-Faroe bilateral agreement is negotiated annually and includes:

- an exchange of quota between the two parties - both pelagic and demersal quota; and
- access entitlement, which enables each party to fish for some of its own quota for pelagic shared stocks in the other party's waters.

The content of the agreement is broadly similar from one-year to the next although it does reflect changes in annual TACs and may add or remove a stock. Although the negotiation is annual, the mackerel access entitlement is a percentage-based calculation that was fixed for five years from 2014 in a verbal agreement between the EU and Faroe. This agreement has rolled over until 2020.

Data sources

In previous annual analyses of the EU-Faroe bilateral agreement, data on landings by EU and Faroe fleets under the agreement were sourced from the European Commission. This was not possible for 2019. The data on Faroese catches in the report is primarily from NEAFC reports on coastal state catches of key pelagic stocks (mackerel, blue whiting and Atlanto Scandian herring). Estimates for other landings by the Faroese fleet are informed by the pattern of activity in 2017 and 2018.

The following sources are used in the analysis of utilisation of the bilateral agreement:

- Agreed Record of Fisheries Consultations between the European Union and the Faroe Islands for 2019, Brussels, 12 December 2018;
- EU TAC Regulation, Council Regulation (EU) 2019/124 of 30 January 2019;
- MMO data on UK quota use and the UK average sales value of fish species in 2019;
- EU FIDES (Fisheries Information Data Exchange System) data on quota use by the EU; and
- NEAFC (North-east Atlantic Fisheries Commission) monthly catch statistics, December 2019.

Further sources are referenced in the report where used.

Context

This section presents context on the EU-Faroe fisheries bilateral agreement, sources of concern for the UK pelagic industry and analysis of UK and Faroe mackerel quota and exports.

Purpose of the agreement

The EU-Faroe bilateral agreement exchanges fishing possibilities between the two parties. The incentives for the agreement are not detailed in the published documentation. However, since 2014, Faroese utilisation of the fishing possibilities provided by the agreement strongly indicates that the incentive for Faroe is to secure fishing possibilities for shared mackerel and blue whiting stocks in EU waters.

Representatives of the industry in Scotland have stated that the incentives for Faroe to fish in EU waters rather than Faroese waters include the higher quality of the mackerel stock and the improved catchability of blue whiting in EU waters. It is understood that when the mackerel stock is present in Faroese waters the fish are poorer quality due to the presence of stomach feed which makes the fish soft and oily. Therefore, mackerel caught in Faroese waters tends to be of lower value per tonne than mackerel caught in EU waters. When blue whiting is present in Faroese waters the shoals are dispersed making the fishing operation less efficient due to lower stock density. Thus, there are likely to be higher costs and lower profits from fishing blue whiting in Faroese waters compared to fishing in EU waters.

The incentive for the EU to participate in the agreement is less clear from its uptake of the fishing possibilities. Since the first analysis was conducted in 2015, consultations and discussions with industry and Scottish Government representatives suggest that the primary incentive for the EU's engagement in the bilateral agreement was the role of the agreement in securing Faroese engagement in the multilateral negotiations on the management of Northeast Atlantic mackerel conducted by the Coastal States.

Changes to the agreement since 2014

Although the negotiation between the EU and Faroe is annual, the changes from one year to the next are relatively modest and are likely to reflect changes in TAC, rather than significant changes in the negotiated position of either party. The most notable differences since 2014 have been:

- In 2016, sprat quota was added to the quota exchange provided by the EU to Faroe.
- In 2015, Atlanto-Scandian herring was added to the access element of the agreement part-way through the year. Consultees stated that this was at the request of the EU because no agreement for Atlanto-Scandian herring was reached between the EU and Norway for 2015. The access entitlement has remained in subsequent annual agreements despite there being an agreement on Atlanto-Scandian herring between the EU and Norway in 2016 and 2017.
- In 2015, the access entitlement for blue whiting increased for one year. Consultees stated this was at the request of Faroe and in response to the EU's request for Atlanto-Scandian herring access.
- In 2017, herring 4a (North Sea herring) was included for the first time in the quota exchange provided by the EU to Faroe. The amount of herring 4a quota provided corresponds with a reduction in the Skaggerak herring quota also provided by the EU to Faroe in 2017. In 2019, only herring 4a was included and quota for Skaggerak herring was not provided.

Concerns about the agreement

The concerns around the agreement have been detailed in previous reports[1]. In summary, representatives of the pelagic fleet and pelagic processing sector in Scotland believe that too high a price is paid by the EU for the benefits received. The following bullet points summarise their key concerns:

- The management of Faroese fisheries effectively requires Faroese vessels to land their catch in Faroe. This means Faroese processors are guaranteed access to all the landings from the quota secured by the Government of the Faroe Islands and a competitive advantage may be gained by the processors because they do not have to compete internationally for supply.
- Faroe benefits from being outside of the EU and this enables its processors to export their product to Russia, a market not currently available to EU processors. Faroe also has a bilateral trade agreement with the EU which means that customs duties are not applied to imports/exports between the two parties. Whilst reference ceilings[2] exist for some fish products they do not exist for frozen whole mackerel. This means that EU and Faroese processors compete on a relatively level playing field in EU markets.
- Industry representatives in Scotland also express concerns around whether the Faroese fleet would be able to catch the mackerel quota they are allocated if it were not for access to EU waters. This concern feeds questions about the fairness of the agreement.

However, it is recognised that the fishing possibilities in Faroese waters have provided a vital supplement to the fishing opportunities available to a small number of demersal vessels from West of Scotland, although uptake has been variable across the years.

Mackerel quota and exports

The most important stock in the agreement is viewed as mackerel. Table 1 presents the allocations of the Northeast Atlantic mackerel TAC to coastal states in 2019. Under current arrangements, the EU is allocated 49.3% of the TAC, which in 2019 was over 322,000t. The UK is allocated 47.6% of the EU quota, representing over 153,000t. Faroe is allocated 12.6% of the TAC, which in 2019 was over 82,000t of quota.

Table 1: Northeast Atlantic mackerel TAC and quotas in 2019

Recipients of quota shares	Quota share (t)	UK quota share (t)
EU	322,077	153,358
Faroe	82,399	
Norway	147,085	
Other Coastal States and fishing Parties	101,877	
Total TAC for Northeast Atlantic mackerel	653,438	

Sources: Agreed Record of Conclusions of Fisheries Consultations between Norway, the European Union and the Faroe Islands on the Management of Mackerel in the Northeast Atlantic for 2019 and EU TAC Regulation, Council Regulation (EU) 2019/124 of 30 January 2019.

In 2019, the UK exported approximately 44,400 tonnes of mackerel and Faroe exported 82,700t.

[1] *Previous reports can be found at www.seafish.org*

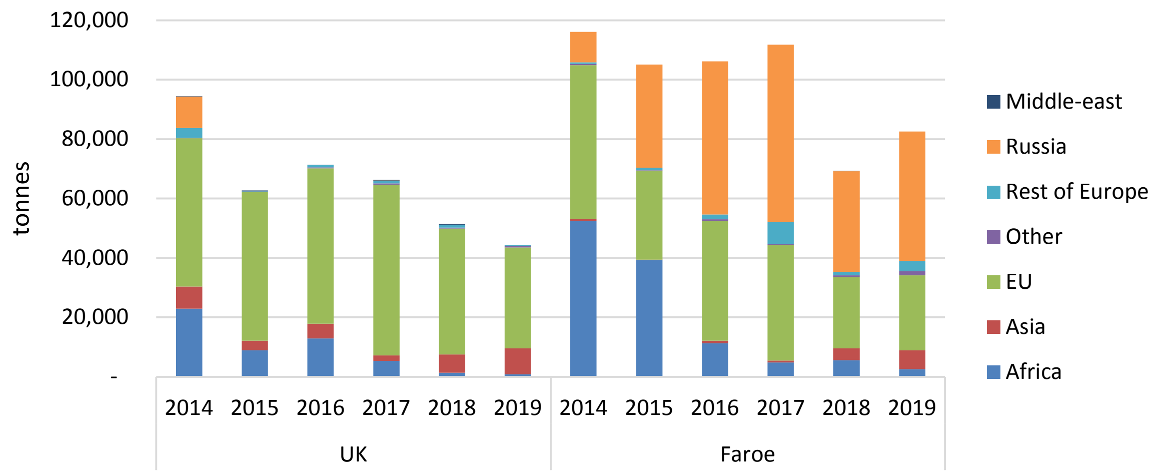
[2] *Reference ceilings limit the amount of imports to the EU. If imports to the EU exceed the reference ceiling the EU may introduce full customs duties on the product.*

Figure 1 presents all export destinations to which the UK and Faroe exported frozen whole mackerel in the six years to 2019, aggregated into international groupings including Asia, EU and rest of Europe.

The following observations are made:

- in 2019, the Russian market represented 53% of all Faroese exports;
- in 2019, the EU market represented 31% of Faroese exports and 76% of UK exports;
- both Faroe and the UK have been increasing their exports to Asia since 2017; and
- total mackerel exports from the UK has declined year on year since 2016.

Figure 1: Exports of frozen whole mackerel from UK and Faroe by destination in 2014-2019 (tonnes)



Sources: Seafish Trade and Tariff Tool and www.hagstova.fo

The Rotterdam effect[3] may exaggerate exports to the EU and underestimate exports to elsewhere.

Further detail on the destination of mackerel exports from the UK and Faroe is provided in Appendix B.

[3] The Rotterdam effect recognises the role of the Port of Rotterdam as a global distribution hub.

Utilisation of fishing possibilities

There are two types of fishing possibility agreed under the EU-Faroe bilateral agreement:

- *Quota exchange* – an exchange of quota between the two parties - both pelagic and demersal quota; and
- *Access entitlement* – which enables each party to fish for some of its own pelagic quota in the other party's waters.

The report provides analysis of utilisation of both types of fishing possibility by the UK and the rest of EU in 2019 and provides a comparison of utilisation for the years 2014-2019. The report also presents known utilisation of access entitlement by the Faroe Islands and provides a figure for the Faroe Islands utilisation of quota exchange based on a combination of data and estimates.

Quota Exchange

The quota exchange element of the agreement involves a swap of fishing rights between the EU and Faroe. In the absence of the bilateral agreement, the quota provided under the exchange element of the agreement to the other party would have been available to be fished by the fleet of the quota provider. Therefore, it is assumed that the incentive for quota exchange is to better match the availability of quota to the interests of each party's fleet.

In 2019, the EU received quota under seven stock categories from Faroe, representing a total of eight quota stocks and an 'others' quota. Some stocks were combined into a single quota for the quota exchange: cod and haddock were combined, and ling and blue ling were combined. Quota received by the EU was then distributed to Member States, including the UK.

In 2019, Faroe received quota under ten stock categories from the EU, representing a total of 10 quota stocks and an 'others' quota. Ling and tusk were combined into a single quota. Two of the quota stocks provided to Faroe were for Greenland waters.

Greenland quota

Since 2014, the EU has provided Faroe with quota stocks in EU waters and in Greenland waters. Greenland quota is available to the EU through the Sustainable Fisheries Partnership Agreement (SFPA) between the EU and Greenland. However, data on Faroese catches against these exchanged Greenland quotas has not been available in the six years to 2019.

Utilisation of quota exchange possibilities by UK and EU in 2019

The UK demersal fleet benefits from the quota provided by Faroe to the EU under the quota exchange element of the bilateral agreement. In 2019 the UK fleet landed 603t under the quota exchange agreement, approximately 400t less than in 2018. The majority of landings (470t) was the combined quota of cod and haddock. UK POs are also assumed to have benefitted from quota exchange as they traded just over 800t of blue whiting quota provided via quota exchange to POs in France and Germany, presumably in some form of reciprocal trade.

The UK vessels which fish in Faroese waters are Scottish vessels primarily fishing on the West of Scotland. The Scottish vessels fish in Faroese waters in the latter part of the year, September to November, and may make three trips of 8-10 days per month.

Since 2014, utilisation by the rest of the EU fleet has largely focused on blue whiting. In 2019, vessels from the rest of the EU landed just over 1,893t of blue whiting from Faroese waters.

Utilisation of quota exchange possibilities by Faroe in 2019

The utilisation of quota exchange possibilities by the Faroe fleet in 2019 is based on NEAFC data for blue whiting and estimates for all other stocks. Estimates were generated for two stocks: sprat and North Sea herring. Estimates were only generated for a stock if uptake of the quota by the Faroese fleet was consistent in percentage terms in 2017 and 2018. The estimates for 2019 use the combined average percentage uptake from 2017 and 2018.

The estimates generated propose that the Faroese fleet landed 980t of sprat and 250t of North Sea herring. NEAFC data shows the Faroe fleet caught 31,105t of blue whiting in EU waters. The Faroe fleet can catch blue whiting in EU waters under both quota exchange and access fishing possibilities. The analysis assumes the quota exchange possibility is utilised first because the quota must be caught in EU waters. Therefore, 10,000t of the 31,105t of blue whiting landings is assumed to be caught under the quota exchange possibilities.

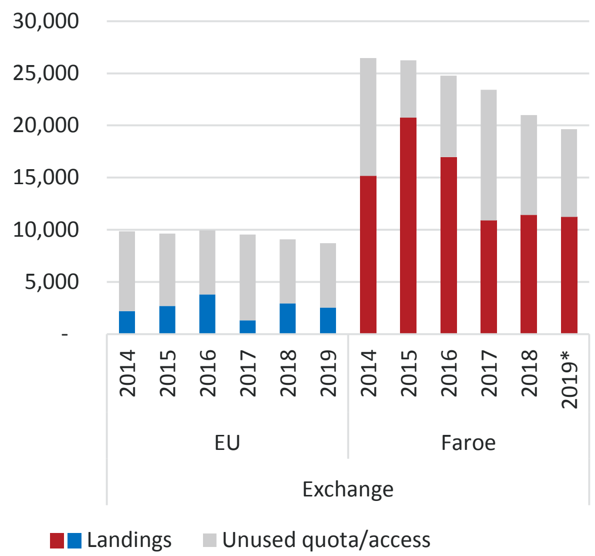
Utilisation of quota exchange by the EU and Faroe in 2014-2019

In 2019, the EU fleet (including UK) landed 29% of the quota exchange fishing possibilities available in Faroese waters. Since 2014 uptake by the EU fleet has varied from between 14% (2017) and 38% (2016). (Figure 2)

In 2019, it is estimated that the Faroese fleet landed 57% of the quota exchange fishing possibilities available in EU and Greenland waters. Since 2014, uptake has varied between 49% (2017) and 84% (2015).

The next two pages provide graphs, data and observations on uptake of quota exchange possibilities at a stock level in 2019, and a comparison of uptake in the period 2014-2019.

Figure 2: Uptake of quota exchange possibilities by EU and Faroe, 2014-2019 (tonnes)



**includes estimates for Faroese catch of sprat and North Sea herring (herring 4a)*

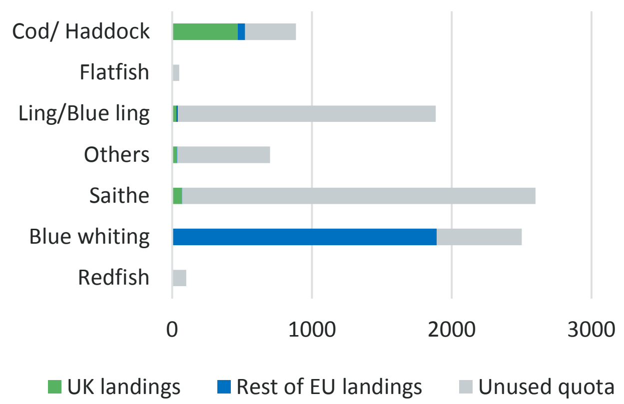
UK and rest of EU utilisation of quota exchange fishing possibilities by stock

Utilisation in 2019

In 2019, the UK fleet landed 603t of demersal quota stocks from Faroese waters. The stocks of most significance were cod/haddock. The rest of the EU (REU) fleet landed 1,960t in 2019, largely consisting of blue whiting.

Of the quota received by the EU for Faroese waters in 2019, 6,157t or 71% was not caught, the majority of which was saithe and ling/blue ling (Figure 3).

Figure 3: UK and Rest of EU (REU) utilisation of quota exchange fishing possibilities in 2019 (tonnage landed from Faroese waters and, in table, tonnage landed as % of quota for each stock provided to EU)



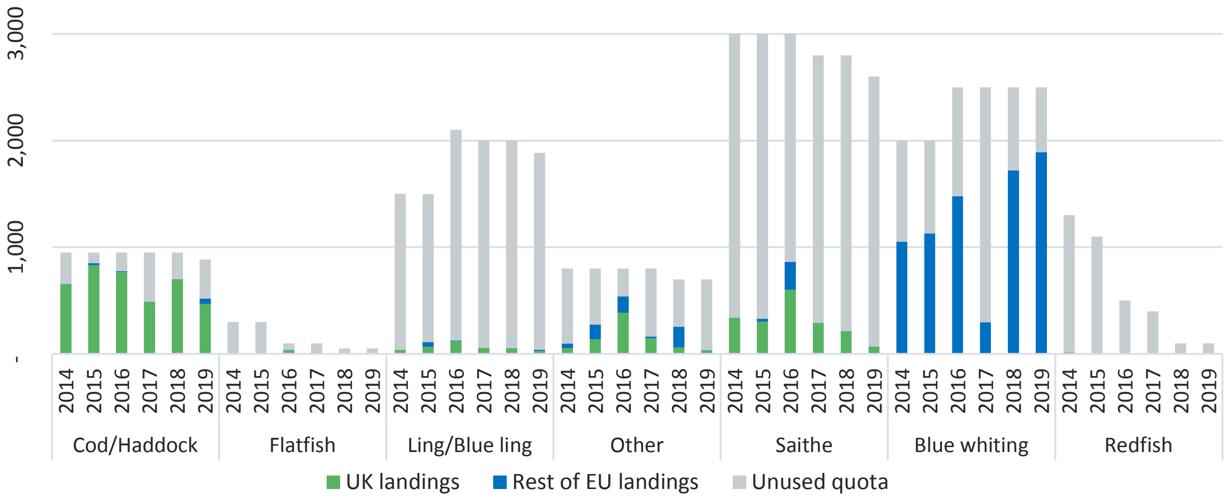
	UK landings (t & % of EU t)		REU landings (t & % of EU t)		Unused quota (t)
Cod/ Haddock	469	53%	52	6%	365
Flatfish	2	5%	0	1%	47
Ling/Blue ling	28	2%	12	1%	1,845
Others	32	5%	4	1%	664
Saithe	71	3%	0	0%	2,529
Blue whiting	0	0%	1,893	76%	607
Redfish	1	1%	0	0%	99
Total	603	7%	1,960	22%	6,157

Utilisation in 2014-2019

UK fleet landings of Faroese quota were lower in 2019 (603t) than in previous years, the highest was 2016 (1,919t).

Landings of blue whiting by the rest of EU fleet were higher in 2019 than in previous years. Landings of blue whiting reduced in 2017 because the Danish fleet did not utilise the possibility for the first time since 2014.

Figure 4: UK and EU utilisation of quota exchange fishing possibilities from Faroe, 2014-2019



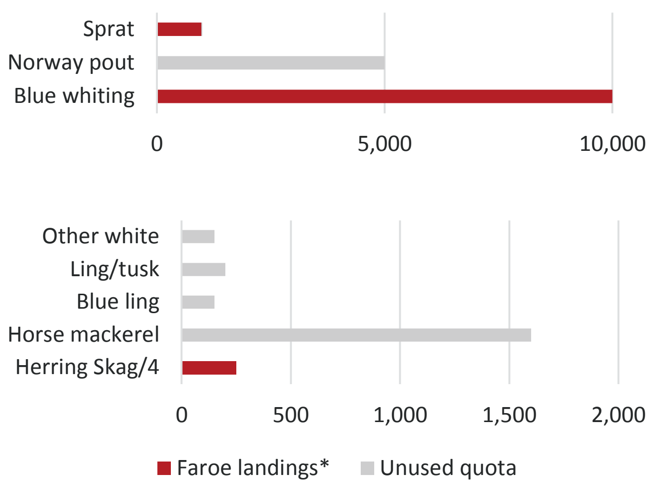
Faroe utilisation of quota exchange fishing possibilities by stock

Utilisation in 2019 (excluding Greenland stocks)

The calculation of blue whiting landings is based on NEAFC data and assumes that quota exchange possibilities for blue whiting are used before access entitlements. The landings of other exchange stocks are estimates. Estimates are applied if the Faroese fleet landed a stock in both 2017 and 2018. Estimates are based on average uptake across both years. It is estimated that the Faroese fleet landed 11,230t under quota exchange possibilities. The estimates suggests that 7,120t or 42% of the quota exchange element was not caught. Greenland stocks are excluded from the analysis.

High tonnage stocks, blue whiting, Norway pout and sprat, are shown separately in the graphs below.

Figure 5: Faroe utilisation of quota exchange fishing possibilities in 2019 (t) (tonnage landed from EU waters and, in table, tonnage landed as % of quota provided to Faroe)



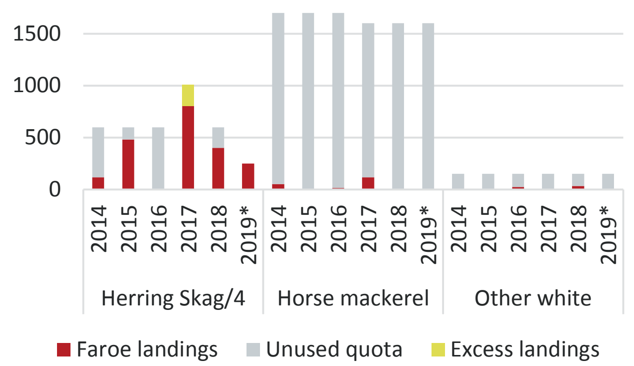
	Faroe landings (t)	Landings as % of quota avail.	Unused quota (t)
Blue whiting	10,000	100%	-
Norway pout*	-	-	5,000
Sprat*	980	98%	20
Herring 4a/Skag*	250	100%	0
Horse mackerel*	-	-	1,600
Blue ling*	-	-	150
Ling/tusk*	-	-	200
Other white*	-	-	150
Total	11,230	58%	7,120

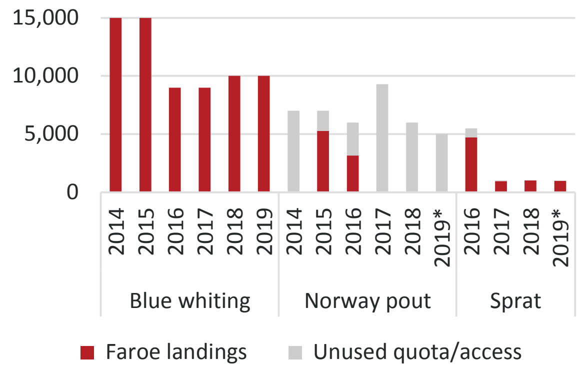
**Landings in 2019 estimated using data from 2017 and 2018*

Utilisation in 2014-2019 (excluding Greenland stocks)

Faroese uptake of blue whiting exchange possibilities is 100% in all six years. Other stocks with notable uptake of fishing possibilities include sprat, Norway pout in 2015 and 2016 and herring in all years apart from 2016. Uptake of blue ling and ling/tusk are not shown in the graphs and has been zero (ling) or very low (60t in 2016 and 5t in 2017) across all six years.

Figure 6: Faroe utilisation of quota exchange fishing possibilities from the EU, 2014-2019





**estimated landings based on 2017 and 2018 data*

Access entitlements

Access entitlements do not change the size of fishing opportunity available to the recipient, instead the access entitlement provides the recipient with an option to fish for its own quota in the waters of the other party. There is no transfer of quota. The bilateral agreement provides equal reciprocal access to both parties, i.e. the tonnages available to each party are the same. The three stocks for which access entitlements are provided are the pelagic shared stocks of mackerel, blue whiting and Atlanto-Scandian herring.

Utilisation of access entitlements by the EU and Faroe in 2019

The UK fleet did not catch against any of the access entitlements available to it in 2019. However, UK POs did trade a proportion of the access possibilities received for Atlanto-Scandian herring in Faroese waters, and will presumably have received a benefit in return. Utilisation by rest of EU fleet focused on Atlanto-Scandian herring. Landings by the EU fleet across all three access stocks of 1,400t represented 3% of the access entitlement available. Uptake by the EU fleet was notably lower in 2019 compared to 2018.

Faroe landed all three stocks under the access entitlements in the 2019 agreement, landing a total of 47,777 which represented 92% of the access available, up from 79% in 2018[4].

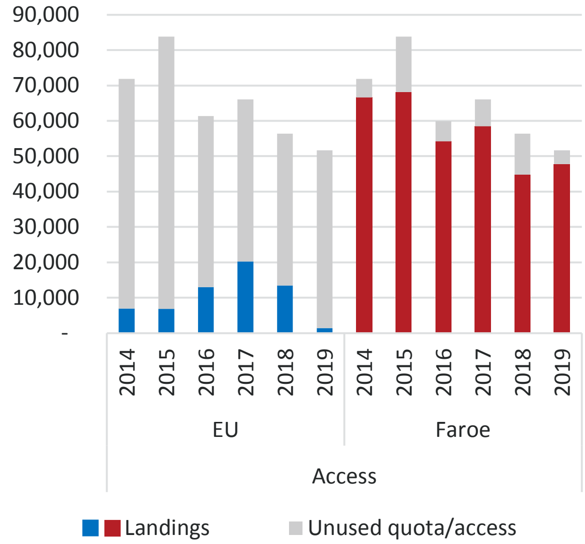
Utilisation of access entitlements by the EU and Faroe in 2014-2019

In 2019, the EU fleet (including UK) landed 3% of the access fishing possibilities available in Faroese waters. Since 2014 uptake by the EU fleet has varied from between 3% (2019) and 31% (2017) (Figure 7).

In 2019, the Faroese fleet landed 92% of the access fishing possibilities available in EU waters. Since 2014, uptake has varied between 79% (2018) and 93% (2014).

The next two pages provide graphs, data and observations on uptake of access possibilities at a stock level in 2019, and a comparison of uptake in the period 2014-2019.

Figure 7: Uptake of access entitlements by EU and Faroe, 2014-2019 (tonnes)



[4] *The data for Faroe landings in 2015-2018 was taken from Commission reports on utilisation, data on uptake in 2019 is taken from NEAFC monthly catch statistics.*

UK and rest of EU utilisation of access entitlements by stock

UK and REU utilisation of access entitlements in 2019

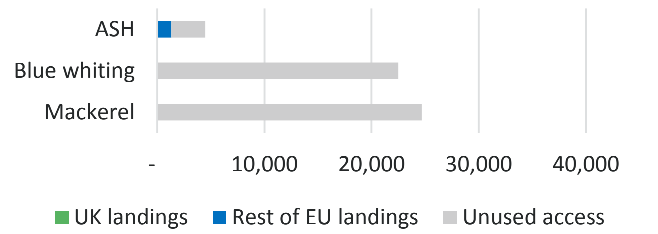
The EU fleet utilised 3% of the access fishing possibilities available to it in 2019.

Atlanto-Scandian herring (ASH) was included in the access possibilities from 2015 at the request of the EU, and in 2019 the EU fleet utilised 29% of the entitlement (Figure 8).

In 2019, 2t, less than one percent, of the mackerel access entitlement was used by the EU fleet.

The UK fleet did not utilise any of the access entitlements available to it in 2019 although it did trade Atlanto-Scandian herring entitlements.

Figure 8: UK and Rest of EU (REU) utilisation of access fishing possibilities in 2019 (tonnage landed from Faroese waters and, shown in table, tonnage landed as % of access for each stock available to EU)



	UK landings (t & % of EU t)		REU landings (t & % of EU t)		Unused access (t)
Atlanto-Scandian herring (ASH)	0	0%	1,327	29%	3,173
Blue whiting	0	0%	71	0%	22,429
Mackerel	0	0%	2	0%	24,688
Total	0	0%	1,400	3%	50,290

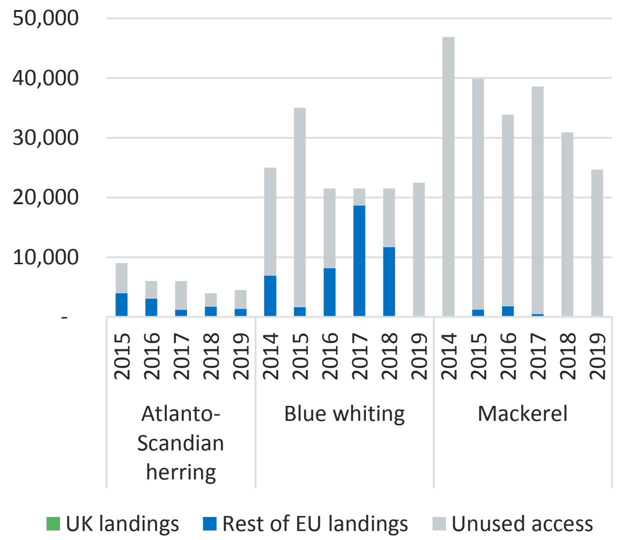
UK and REU utilisation of access entitlements in 2014-2019

Figure 9 presents EU use of the possibility to fish for EU quota in Faroese waters across the six years to 2019.

In 2019, EU fleet landings from access entitlements was the lowest tonnage since the agreement began in 2014, with 1,400t of landings. The next lowest tonnage of 6,870t was in 2015. Uptake by the EU is determined by the extent to which the blue whiting access is used.

The landings of blue whiting by the EU fleet under the access entitlement more than doubled in 2017 compared to 2016 but reduced again in 2018 and were relatively negligible in 2019. In 2019, 70t of blue whiting landings was reported as catch from Faroese waters.

Figure 9: UK and Rest of EU (REU) utilisation of access fishing possibilities in 2014-2019 (tonnage landed from Faroese waters)

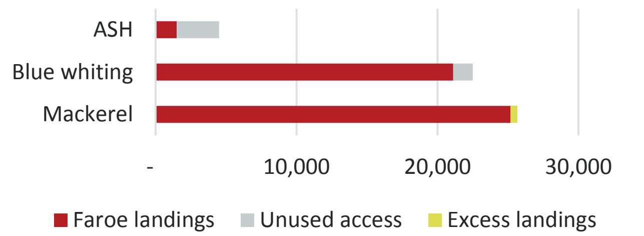


Faroe utilisation of access entitlements by stock

Faroe utilisation of access entitlements in 2019

According to NEAFC data, in 2019 47,777 tonnes of Faroese pelagic quota were landed from EU waters, this equates to 93% of the total access entitlement (Figure 10). The Faroese fleet utilised 94% of the blue whiting access entitlement, and according to the data available, exceeded its access entitlement for mackerel by 488t, landing 102% of the tonnage agreed.

Figure 10: Faroe utilisation of access fishing possibilities in 2019 (tonnage landed from EU waters and, shown in table, tonnage landed as % of access for each stock available to Faroe)



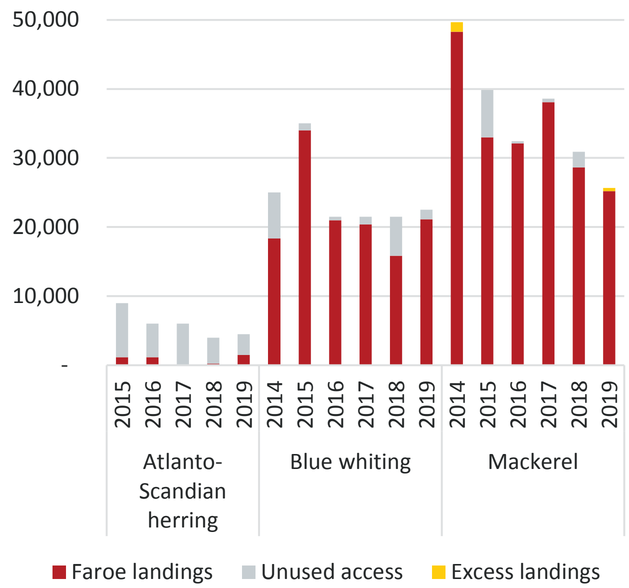
	Faroe landings (t)	Landings as % of access	Unused access (t)
Atlanto-Scandian herring (ASH)	1,494	33%	3,006
Blue whiting	21,105	94%	1,395
Mackerel	25,178	102%	-(488)
Total	47,777	93%	4,401 (minus 488)

Faroe utilisation of access entitlements in 2014-2019

Faroese utilisation of access possibilities has remained high in the six years to 2019. In 2016, 2017 and 2019 utilisation of mackerel and blue whiting access was close to 100% for both stocks (Figure 11).

Excess landings of mackerel were also reported in 2014, and this was deducted from the access entitlement available to Faroe in 2016.

Figure 11: Faroe utilisation of access fishing possibilities in 2014-2019 (tonnage landed from EU waters)



Sales value of landings made under the 2019 agreement

The value estimates provided are based on the UK sales value of the fish that could potentially have been landed, and the fish that was landed, from the fishing possibilities agreed in the bilateral agreement. Where a UK sales value is not yet available for 2019[5], the sales value for 2018 has been used or where a UK sales value may not present a reliable proxy for the stock, an alternative value is used. This is done for the sales value of Norway pout which is taken from Norwegian data. All values are presented in pounds.

The estimated potential value of the quota exchange fishing possibilities to the EU, from the quota provided by Faroe, in 2019 is £9.4 million; and the estimated potential value to Faroe, from the quota provided by the EU, is £9.8 million.

The estimated sales values of landings made by the UK, EU and Faroese fleets from the quota exchange element of the agreement in 2019 are as follows:

- the EU fleet landed stocks worth £1.8 million from Faroese waters, of which £1.2 million was landed by the UK fleet; and
- the Faroese fleet landed stocks worth £2.6 million EU waters. This figure includes estimates of utilisation and excludes any landings made by the Faroese fleet from Greenland waters under the quota exchange agreement as uptake of this possibility is not known.

The access entitlement enables each party to catch their own quota in the other party's waters. The potential value of the landings that could be taken from the other party's waters is estimated as £36.1 million.

The estimated sales values of landings under access entitlements are as follows:

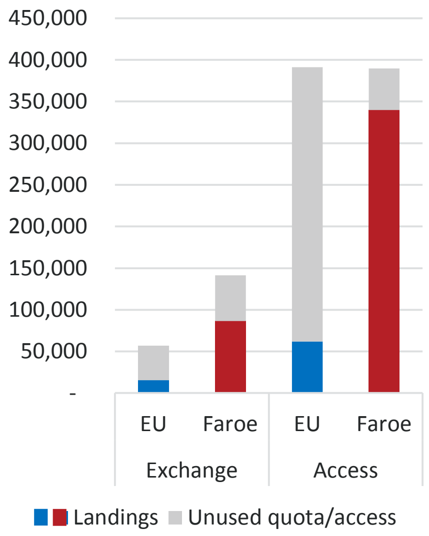
- the EU fleet landed pelagic stocks worth £719,000 from its access to Faroese waters in 2019; and
- the Faroese fleet landed pelagic stocks worth £34.8 million from its access to EU waters in 2019.

Further detail on the calculation of sales value is provided in Appendix A.

[5] *The UK sea fisheries annual statistics publication by MMO is the source of sales values for some of the less common stocks but the report for 2019 had not been published at time of analysis. Therefore, the 2018 value of Greenland halibut, Greenland prawns, sprat, blue ling and redfish was used to value the fishing opportunities provided in the agreement.*

Summary of utilisation, 2014-2019

Figure 12: Landings by EU and Faroe, 2014-2019 (tonnes)



Quota exchange

In the six years to 2019, in total the EU fleet has utilised 27% of the quota provided by Faroe, with landings of 15,600t from total quota exchange of 56,820 (first column, figure 12).

In the six years to 2019, in total the Faroese fleet has utilised 61% of the EU quota provided to Faroe, with total landings of 86,459t[6] from quota of 141,560 (second column, figure 12). The findings exclude any catch of Greenland stocks provided to Faroe by the EU.

Access entitlements

In the six years to 2019, in total the EU fleet has utilised 16% of access entitlements available to it, with total landings of 61,912t from a total potential access entitlement across the six years of 391,167 (third column, figure 12).

In the six years to 2019, in total the Faroese fleet has utilised 87% of the access entitlements available to it, with total landings of 339,938t from a total potential access entitlement across the five years of 389,763 (fourth column, figure 12). The access entitlement not utilised by Faroe was largely unused access to EU waters for Atlanto-Scandian herring.

Value

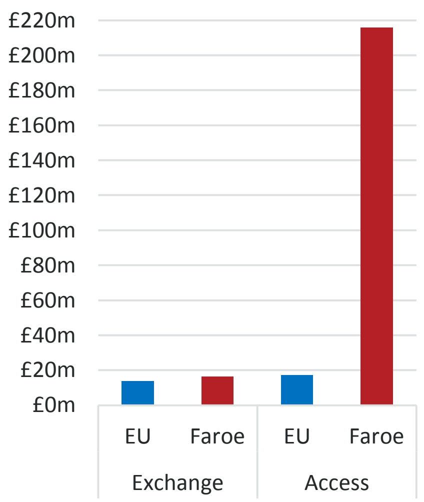
The estimated value[7] of the landings made in the six years to 2019 under each element of the agreement is shown in Figure 4-2. In the six years to 2019, the estimated value of landings under quota exchange is as follows:

- the EU fleet landed an estimated £14 million of landings using quota provided by Faroe under quota exchange (first column, figure 13); and
- the Faroese fleet landed an estimated £16 million of landings using quota provided by the EU under quota exchange (second column, figure 13).

The estimated value of landings under access entitlements is as follows:

- the EU fleet landed an estimated £17 million of landings under its own quota from Faroese waters (third column, figure 13); and
- the Faroese fleet landed an estimated £216 million of landings under its own quota from EU waters (fourth column, figure 13).

Figure 13: Estimated value of landings by EU and Faroe, 2014-2019 (tonnes)



[6] This figure includes estimates for landings in 2019.

[7] The estimated value of landings is based on UK price and is assumed to be representative of market value.

In the six years to 2019, the estimated value of landings to each party is relatively balanced under quota exchange, with landings by the Faroese fleet £2 million higher than landings by the EU fleet.

The difference in the value of landings by each party under access entitlement in the six years to 2019 is more substantial, with the Faroese fleet estimated to have made landings valued at £199 million more than the £17 million of landings made by the EU fleet.

The analysis of the EU-Fisheries bilateral agreement shows that the Faroese fleet makes significantly more use of the fishing possibilities provided under the agreement than the EU fleet does. However, the demersal fishing possibilities in Faroese waters provided via quota exchange have been of value to the UK.

Although the agreement is reciprocal, the fishing possibilities provided are more attractive to Faroe than they are to the EU. Of greatest importance to the Faroese fleet is the pelagic fishing possibilities in EU waters provided under both the quota exchange and access entitlement elements of the agreement. The access entitlements and some quota exchange provide the Faroese fleet with either access to higher quality catch (mackerel) or better catchability (blue whiting). This can be expected to improve the profit margin for the fleet which means the vessels are prepared to travel to EU waters to fish.

In contrast, the benefit to the EU fleet from fishing for its own quota in Faroese waters is less clear. This is reflected in the EU fleet's relatively low utilisation of the access entitlements provided in the EU-Faroe fisheries bilateral agreement across the six years to 2019.

Appendix A: Utilisation and value by stock

2019 EU-Faroe Bilateral Fisheries Agreement: Quota Exchange Analysis

Bilateral Agreement				Landings by EU and Faroe		UK Quota and Landings			Sales Value of Landings[8]			
Benefic-iary Party	**Agreement**	**Species**	**Agreed quota 2019 (t)**	**Landings 2019 (t)**	**Landings as % of agreed quota**	**End of year UK quota 2019 (t)**	**UK landings 2019 (t)**	**UK landings as % of UK quota**	**Sales price per tonne of landings in 2019 (£)**	**Potential sales value of quota exchange to EU and Faroe (£'000s)**	**Estimated sales value of actual landings from other party's waters (£'000s)**	**Estimated sales value of UK landings (£'000s)**
EU	Exchange	Cod and haddock	885	520.33	59%	779.00	468.80	60%	£2,217	£1,962	£1,154	£1,039
EU	Exchange	Saithe	2,600	70.74	3%	775.00	70.60	9%	£970	£2,522	£69	£68
EU	Exchange	Redfish	100	0.64	1%	93.00	0.60	1%	£929	£93	£1	£1
EU	Exchange	Ling and blue ling	1,885	40.48	2%	585.00	28.40	5%	£1,498	£2,824	£61	£43
EU	Exchange	Flatfish	50	2.68	5%	42.50	2.40	6%	£1,731	£87	£5	£4
EU	Exchange	Blue whiting	2,500	1,892.53	76%	299.00	-	0%	£219	£548	£414	£
EU	Exchange	Others	700	35.95	5%	372.00	32.40	9%	£1,960	£1,372	£70	£64
Total			**8,720**	**2,563.35**	**29%**	**2,945.50**	**603.20**	**20%**		**£9,407**	**£1,773**	**£1,219**
Faroe	Exchange	Ling and tusk	200		0%				£1,498	£300	-	
Faroe	Exchange	Blue ling	150		0%				£916	£137	-	
Faroe	Exchange	Horse mackerel	1,600		0%				£767	£1,227	-	
Faroe	Exchange	Norway pout	5,000		0%				£269	£1,345	-	
Faroe	Exchange	Sprat	1,000	980.25**	98%				£242	£242	£237	
Faroe	Exchange	Blue whiting	10,000	10,000.00	100%				£219	£2,190	£2,190	
Faroe	Exchange	Other white	150		0%				£1,960	£294	-	
Faroe	Exchange	Herring 4a	250	250.00**	100%				£528	£132	£132	
Faroe	Exchange	Northern deep prawns*	1,200		0%				£3,001	£3,601	-	
Faroe	Exchange	Greenland halibut*	110		0%				£2,836	£312	-	
Total			**19,660**	**11,230.25**	**57%**					**£9,780**	**£2,559**	

**Quota stocks in Greenland waters. **Estimated landings based on average percentage uptake of these possibilities by Faroe in 2017 and 2018.*

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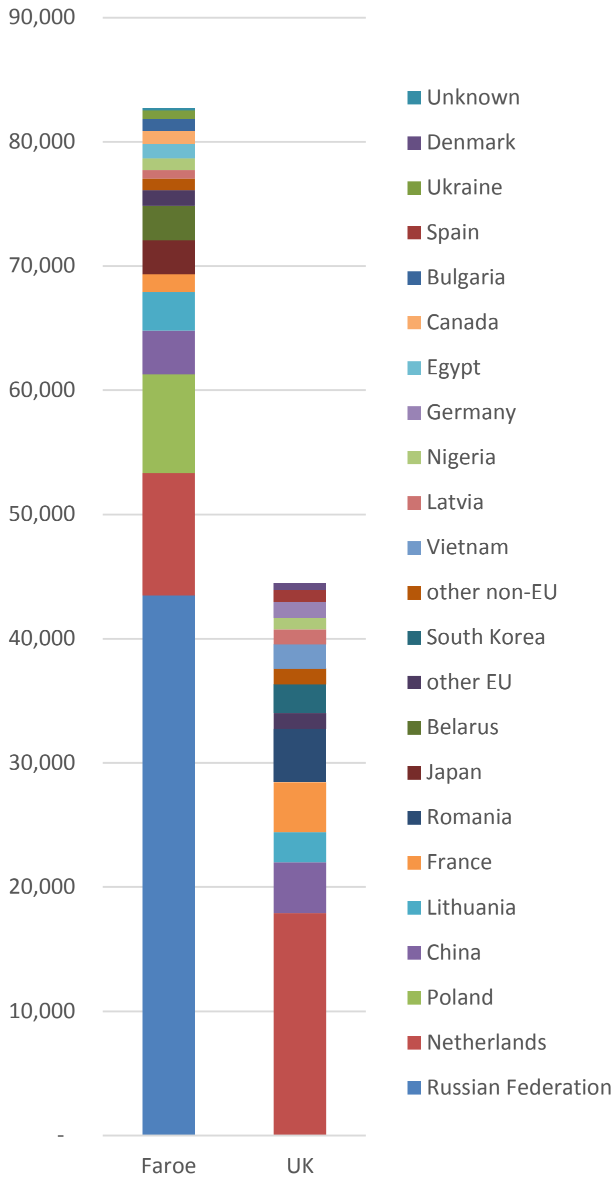
[8] *Where available, all estimated sales values are based on the average price of landings for each species in the UK in 2019. Where not available the price for 2018 is used. The price of Norway pout is from https://www.ssb.no/en/jord-skog-jakt-og-fiskeri/statistikker/fiskeri/aar-forelopige and the average exchange rate for 2019 applied.*

2019 EU-Faroe Bilateral Fisheries Agreement: Access Entitlement Analysis												
Bilateral Agreement				Landings by EU and Faroe		UK Access and Landings			Sales Value of Landings[9]			
Beneficiary party	Agreement	Species	Agreed access 2019 (t)	Landings 2019 (t)	Landings as % of agreed access	UK access 2019 (t)	UK landings 2019 (t)	UK landings as % of UK access	Sales price per tonne of landings in 2019 (£)	Potential sales value of access entitlement (£'000s)	Estimated sales value of actual landings from other party's waters (£'000s)	Estimated sales value of UK landings (£'000s)
EU	Access	Atlanto-Scandian herring	4,500	1,327.21	29%	986.00	-	0%	£528	£2,376	£701	-
EU	Access	Mackerel	24,690	2.02	0%	12,779.00	-	0%	£1,166	£28,789	£2	-
EU	Access	Blue whiting	22,500	70.61	0%	4,434.00	-	0%	£219	£4,928	£15	-
Total			**51,690**	**1,399.83**	**3%**	**18,199**	**-**	**0%**		**£36,092**	**£719**	**£0**
Faroe	Access	Atlanto-Scandian herring	4,500	1,494.00	33%				£528	£2,376	£789	
Faroe	Access	Mackerel	24,690	25,178.00	102%				£1,166	£28,789	£29,358	
Faroe	Access	Blue whiting	22,500	21,105.00	94%				£219	£4,928	£4,622	
Total			**51,690**	**47,777.00**	**93%**					**£36,092**	**£34,768**	

[9] *All estimated sales values of pelagic stocks included in access entitlements are based on the average price of landings for each stock in the UK in 2019.*

Appendix B: Exports of mackerel by Faroe and UK in 2019

Figure B-1: Destination of frozen whole mackerel exports from Faroe and UK in 2019 (tonnes)



Destination of mackerel exports	Faroe exports 2019 (t)	UK exports 2019 (t)
Russian Federation	43,482	
Netherlands	9,869	17,899
Poland	7,917	
China	3,529	4,085
Lithuania	3,129	2,423
France	1,409	4,030
Romania		4,302
Japan	2,759	
Belarus	2,743	
South Korea		2,329
Vietnam		1,943
Latvia	699	1,209
Nigeria	929	893
Germany		1,352
Egypt	1,155	
Canada	1,087	
Bulgaria	947	
Spain		935
Ukraine	695	
Denmark		519
other EU	1,272	1,248
other non-EU	934	1,277
Unknown	184	

Countries which imported less than 500 tonnes are grouped under 'other EU' or 'other non-EU'.

Sources:
Seafish Trade and Tarriff Tool found here
www.hagstova.fo

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