

Consultation on the Allocation of Additional Quota for 2021

December 2020

1. Introduction

From 1 January 2021, the UK will be an independent Coastal State. Negotiations with the EU and other Coastal States on fishing opportunities for 2021 are ongoing. In these negotiations the UK aims to secure Additional Quota – that is quota over and above the share which the UK received as an EU member state under the Common Fisheries Policy.

On 13 October 2020, the UK Government issued a consultation¹ on how any Additional Quota the UK secures in negotiations should be apportioned between the four UK Fisheries Administrations. The Scottish Government, along with the other UK Fisheries Administrations, has been working closely with DEFRA on this consultation.

In our Future of Fisheries Management Policy Intent Paper² we set out our intention to allocate additional fishing opportunities differently to the method currently used. **The purpose of this consultation is to seek your views on how Additional Quota apportioned to Scotland should be allocated by the Scottish Government for 2021 only.**

We anticipate that our approach to the allocation of any Additional Quota will change in future years, as a result of the Future of Fisheries Management work, learning through the allocation of Additional Quota in 2021 and the level of potential increases in Scotland's apportionment of Additional Quota. Future arrangements will be the subject of a fuller consultation next year.

It is important to note that at the time of writing we do not know the additional stocks and tonnages that will be available for 2021. Despite this uncertainty, we are using this opportunity to prepare for the allocation of Additional Quota in Scotland next year, however, as a consequence the options explored in the consultation and its duration are limited.

It is also important to note that the UK's quota share arising from independent Coastal State status may increase in future years.

This consultation will run from 17 December 2020 until 15 January 2021.

¹ <https://consult.defra.gov.uk/fisheries/apportioning-additional-quota-between-the-uk-admin/>

² <https://www.gov.scot/publications/future-fisheries-management-policy-intent-paper/>

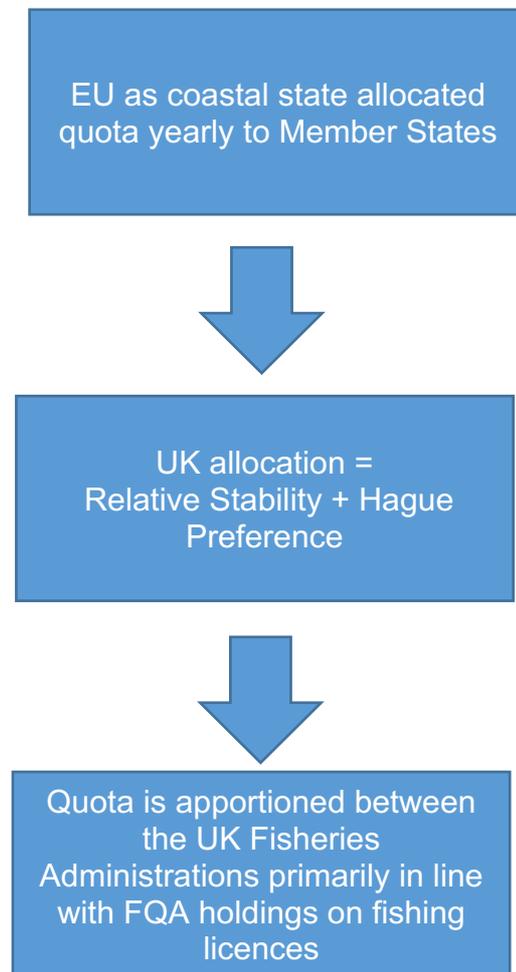
2. Background on quota allocation

2.1 Existing Quota Allocation System

While a member of the EU and during the transition period, the UK was apportioned quota from the EU at the start of each year. The UK's share of quota was based on the Common Fisheries Policy's relative stability key and, for some stocks, quota was gained through Hague Preference³. The quota currently allocated to the UK is apportioned between the UK Fisheries Administrations in line with the Fisheries Concordat⁴ and the UK Quota Management Rules⁵. Please see Figure 1 below.

Figure 1 – Quota apportionment whilst an EU member state and during the transition period for Brexit

The figure below shows the method of allocating quota while the UK was an EU member state and during the transition period (until 31 December 2020).



³ A mechanism designed to adjust national fish quota allocations to take account of the needs of certain fisheries-dependent areas in northern parts of the UK and in the Republic of Ireland. These arrangements can provide additional fishing opportunities to the UK and the Republic of Ireland, at the expense of other Member States when quotas for certain stocks fall below determined trigger levels.

⁴ <https://www2.gov.scot/Topics/marine/Sea-Fisheries/context/Concordat/2012concordat>

⁵ <https://www.gov.scot/publications/uk-quota-management-rules-2020/>

2.2 The Fixed Quota Allocation (FQA) system

The present system of quota allocation is largely based on the FQA system, which has applied in Scotland and across the UK since 1999. In 1999, FQA units were distributed to commercial fishing licences based on recorded catches between 1994-1996.

Each year, Scottish Ministers, acting through the Scottish Government directorate Marine Scotland, allocate quota based on the FQA holdings of Scottish licences as at 1 January of that particular year. There are occasions when Marine Scotland does allocate a share of the quota differently, particularly to allow additional opportunities for small scale fishers (e.g. the Scottish under 10 handline mackerel fishery). However, the majority of quota is allocated based on FQA holdings. Details of how quota is allocated in Scotland can be found in the Scottish Quota Management Rules⁶.

2.3 Allocating Additional Quota Differently

When the UK becomes an independent Coastal State, we expect to secure quota in addition to the fixed share received while a member of the EU. As previously set out in our Future of Fisheries Management work, the Scottish Government, in line with other UK Fisheries Administrations, recognises that this Additional Quota is distinct from the fixed share which the UK received while a Member State of the EU.

2.4 Existing Quota Share

“**Existing Quota**” means the share of quota received by the UK under the Common Fisheries Policy’s relative stability key, plus quota regularly gained due to invocation of Hague Preference.

2.5 Additional Quota

“**Additional Quota**” means the extra quota the UK secures as an independent Coastal State. It is defined as anything above the UK’s existing share of quota (see 2.4 above).

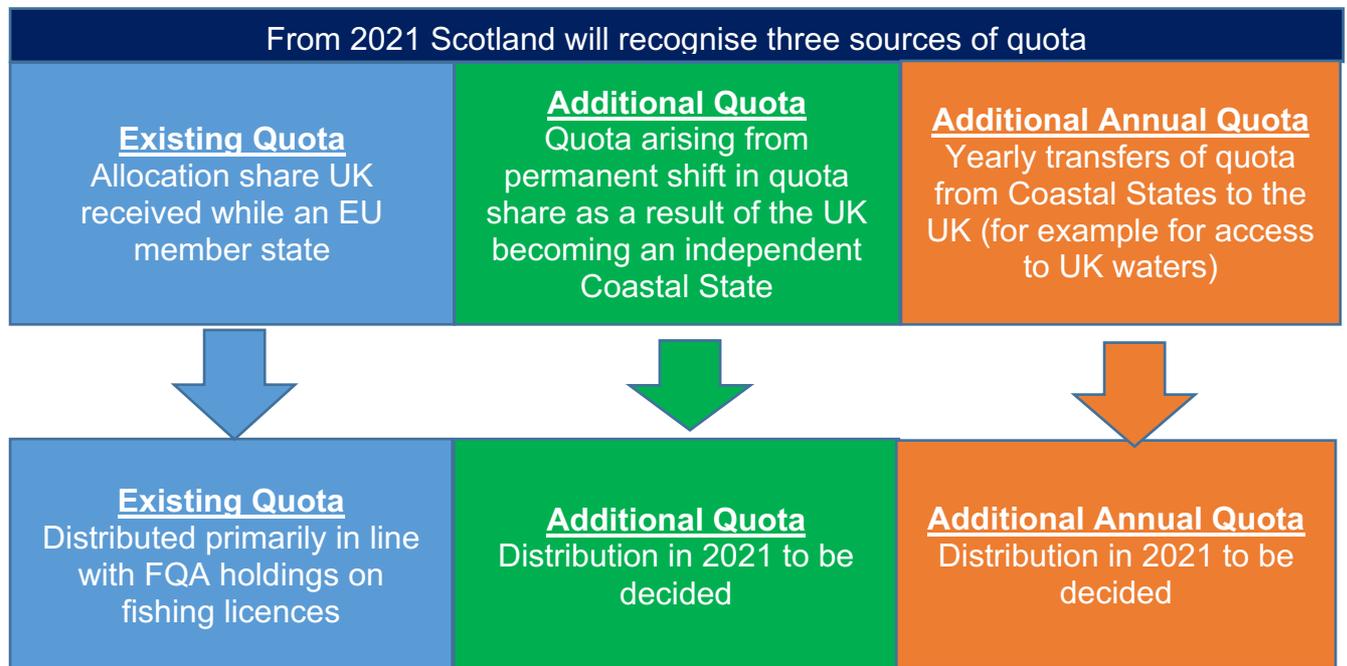
It is important to note that Additional Quota may come from two sources:

- (i) A change to the UK’s permanent share of quota. That is: the share of quota assigned to the UK as an independent Coastal State;
- (ii) Gains from transfers of quota to the UK from other Coastal States (for example, transfers of quota from other Coastal States for access to UK waters). These transfers will arise through yearly negotiations, are not permanent and may fluctuate from year to year.

⁶ <https://www.gov.scot/publications/scottish-quota-management-rules-2020/>

Figure 2 below outlines these three distinct sources of quota which we anticipate receiving for 2021.

Figure 2 – Quota sources for 2021



Marine Scotland’s commitment to the FQA system as the main means of allocating fishing opportunities was reaffirmed in the Future of Fisheries Management Discussion Document published in 2019 (see Section 3 below). The FQA system has helped provide a degree of economic stability and certainty since its introduction. Marine Scotland does not propose any change to the allocation of Scotland’s Existing Quota share - Existing Quota will continue to be allocated primarily via FQA holdings as per the UK and Scottish Quota Management Rules.

3. Future of Fisheries Management

Through the Future of Fisheries Management initiative, the Scottish Government is setting out its approach for the management of sea fisheries. This work has already seen the publication of a Future of Fisheries Management Discussion Document in March 2019, a subsequent summary of stakeholder responses, Policy Intent Paper and Strategy Document which sets out our vision for delivering responsible and sustainable fisheries management.

In the Future of Fisheries Management Discussion Document, we stated that at least 50% of Additional Quota should be distributed via a different mechanism than FQA units. In stakeholder responses received, though there was no agreement on the proportion of Additional Quota to be allocated outside of the FQA system, there was agreement that a proportion should be allocated differently in order to support key priorities⁷.

⁷ <https://www.gov.scot/publications/future-fisheries-management-discussion-paper-analysis-report/>

Our Policy Intent Paper states that we will work with stakeholders to develop options for allocating Additional Quota opportunities differently. This includes focusing on the active fishing fleet and issuing calls for quota which would be considered on a case-by-case basis.

Due to the significant uncertainty over the UK's quota share for 2021, and limited time available, we have set out specific arrangements for 2021 only in this consultation, with a view to consult fully next year on allocation options for subsequent years. Quota will continue to be either allocated by Marine Scotland to Producer Organisations or Scottish Quota Management Groups (so-called "Sectoral Groups") at the beginning of the quota management year and the uptake managed by Sectoral Groups or, for the remaining vessels, the allocation and uptake of quota will continue to be managed by Marine Scotland (through so-called non-sector pools).

Further work on the examination of quota holdings and quota utilisation will follow during the course of next year, which will help inform longer term allocations of Additional Quota.

4. Guiding Principles

Fish are a public resource and the economic and social benefits that flow from fishing should be shared widely across the nation. Stakeholders strongly support this principle, and it should therefore influence the way we allocate any Additional Quota opportunities in future years. The following guiding principles have helped inform our proposal to allocate additional fishing opportunities for 2021. In allocating Additional Quota we aim to:

- Be consistent with Marine Scotland's developing future fisheries policy and developing Blue Economy Action Plan.
- Support the active fishing fleet and help reduce their business costs.
- Help businesses with diversification of fishing operations through access to new fishing opportunities.

In line with the UK Fisheries Act 2020, Additional Quota will be distributed based on criteria that:

- Are transparent and objective; and
- Include criteria relating to environmental, social and economic factors.

5. Allocation of Additional Quota for 2021

Below we set out proposed options for distributing Additional Quota in 2021. The eventual methodology could be one of the options or a combination of two or more.

In paragraph 2.5 above, we set out that Additional Quota may arise from (i) a change in the UK's share of quota as a result of being an independent Coastal State and/or (ii) yearly transfers of quota from other Coastal States to the UK. Marine Scotland may choose to allocate the quota arising from these two different sources of quota separately.

5.1 Option 1: Track Record (history of landings)

One of the most common ways of allocating fishing opportunities is to allocate based on a demonstrable record of activity in the fishery/fisheries. For example, the FQA system is based on historical fishing activity of vessels during the fixed period 1994-96.

The track record approach would base Additional Quota allocations on average landings by vessels over a certain period of time for each fish stock. In other words, for each fish stock for which there is Additional Quota to allocate, the share of Additional Quota that a vessel receives would be based on the vessel's demonstrable track record of landings of that stock for the identified period.

Basing allocation of Additional Quota on the track record of vessels over a recent period would increase allocations to vessels that have targeted those quota species in the recent past. This would take account of quota adaptations in the course of recent quota management years where licence holders have acquired or transferred additional fishing opportunities through quota trading (swaps with other licence holders, leasing or otherwise).

Allocating Additional Quota on the basis of recent track records of active vessels therefore has the potential of reducing costs for active fishing businesses as they would receive the Additional Quota directly, potentially reducing the requirement to acquire quota from FQA holding businesses. It would also take into consideration the capacity and capability of vessels to fish for the relevant species.

The use of a track record-based approach could, however, be seen as not recognising those vessels that were unable to access certain quota stocks in the past, and were therefore unable to build a track record, due to barriers such as lease or other costs.

For the purposes of 2021, under this track record-based option, we propose to use the five year track record period 2015-2019. So, a vessel's average history of demonstrable landing during that time period for each quota stock would determine the percentage share of any Additional Quota for 2021 to be allocated to that vessel. We believe that a five year track record would be fairer than a shorter track record period as it takes better account of yearly changes in fishing activity (for example, a vessel may not have been active in the fishery for one year, or, the fishing activity for vessels may vary year on year).

There are alternative track record periods that could be used: a three year track record (2017-2019) or an eight year track record (2013-2019).

A three year track record (2017-2019) would take better account of fishing activity by vessels in recent years. However, the shorter the reference period is, the more it would proportionally reduce the allocation of Additional Quota to vessels which were not able to fish for a period of time during those years.

An eight year track record (2013-2019) may provide fairer average landing figures for some vessels, but it may not achieve the aim of supporting the active fishing fleet to the same degree - as fishing activity at the start of the period may have changed considerably towards the end of the reference period.

QUESTION 1 – What are your views on the use of recent track record as a basis for allocating Additional Quota in 2021?

QUESTION 2 – Do you think the track record period should be 2015-2019 (Marine Scotland’s preferred option)?

QUESTION 3 – Do you think the track record period should be 2017-2019?

QUESTION 4 – Do you think the track record period should be 2013-2019?

5.2 Option 2: Allocating Additional Quota to Non-Sector Vessels

Though the vast majority of quota is currently allocated via FQA holdings associated with individual licences, Marine Scotland (and other UK Fisheries Administrations) does allocate a proportion of quota outside of the FQA system for use by non-sector vessels.

Non-sector vessels are vessels which operate outside a Fish Producer Organisation or a Scottish Quota Management Group (so-called Sectoral Groups). They are (i) Scottish registered vessels in the 10 metre and under pool; and (ii) Scottish registered vessels in the over 10 metre pool. The vessels from these two pools primarily target shellfish though opportunities for demersal and pelagic species are made available.

For example, currently Marine Scotland annually allocates 50 tonnes of North Sea cod to the 10 metre and under pool (over and above the amount that the 10 metre and under pool would get based on the FQA system). The 50 tonnes (which Marine Scotland routinely seeks to increase by engaging in quota swaps) offers the opportunity for smaller vessels to diversify away from shellfish and reduce the pressure on these stocks.

The same applies for mackerel where each year Marine Scotland allocates mackerel quota outside the FQA system (to be caught by handline) to the 10 metre and under pool for specified areas (see section 2.7 of the Scottish Quota Management Rules). Throughout the quota management year, if Marine Scotland predicts that 10 metre and under vessels are unlikely to catch the quota stocks allocated through this method before the end of the year, we would routinely reallocate the quota to Sectoral Groups to ensure this fishing opportunity is taken up.

An option is for Marine Scotland to retain a proportion of Additional Quota for certain stocks for 2021 and to work with the fishing industry to allocate these fishing opportunities to non-sector vessels meeting certain criteria. The proposed criteria are:

- Capacity and capability to catch the quota in 2021.
- Availability of market for the catch of Additional Quota when landed.

- The allocation of Additional Quota to the non-sector vessel would incentivise good practice (for example a reduced environmental impact through method of capture (such as through the use of lines)).
- Ability for the non-sector vessel to diversify their fishery.

The stocks and quantity of quota to be retained by Marine Scotland would depend on the additional fishing opportunities that the UK can secure for 2021.

The allocation of a relatively small amount of quota to the 10 metre and under sector helps to increase the number of fishers able to benefit from the fishing opportunities. The handline mackerel and cod examples highlighted above have spread the socio-economic benefit of Scotland's allocation for these stocks.

To illustrate this: in 2019, 329 under 10 metre vessels recorded landings of 1258 tonnes of mackerel and for North Sea cod 151 tonnes of cod were caught by 91 vessels.

A disadvantage of allocating quota to the 10 metre and under sector is that vessels may not have the necessary equipment, knowledge or inclination to fish for new fish stocks.

QUESTION 5 - What are your views on retaining a proportion of Additional Quota for allocation to non-sector vessels subject to the proposed criteria?

QUESTION 6 – Which quota stocks would, in your view, be most suitable to be allocated to non-sector vessels through this method and why?

5.3 Option 3: Allocate via FQA units

One option would be to allocate some or all of the Additional Quota for 2021 using the existing system of FQA units. Marine Scotland has set out its intention to allocate Additional Quota in a different way to the current system. However, we wish to hear your views on allocating in this manner for 2021.

FQA units are an abstract unit of measurement used as an administrative tool. They represent historic fishing activity by a British fishing vessel, based on historic catches – for most stocks this is the period from 1994 to 1996. FQA units themselves do not remain permanently associated with a particular vessel / licence. Since 1999, UK Fisheries Administrations have permitted transfers of FQA units between licences in certain circumstances. It is also possible for FQA units to be associated with persons other than those with an active licence and fishing vessel. Allocation through this option would be on the basis of FQA units officially associated with licences issued by Scottish Ministers at the beginning of each year thus taking account of movements of FQA units between vessels. Allocating Additional Quota based on this method thus means that those who hold more FQA units would benefit more from Additional Quota.

Though quota is allocated each year based on FQA holdings, the quota arising from FQA holdings may end up being fished by vessels distinct from those initially benefiting from the allocation. Each year there are routinely over two thousand UK

swaps between those who hold fishing opportunities and those who wish to gain (additional) access to fishing opportunities.

The main advantage for allocating Additional Quota via the FQA system for 2021 is the stability of the system which the fishing industry has adapted to over the past two decades. It would also reflect the investment made in FQA units.

Allocating via the FQA mechanism would benefit those that hold FQA units - not necessarily active fishers. Seventeen percent of Scottish FQA units are not directly attributable to licences of active fishing vessels and, as noted above, each year there are thousands of swaps of quota between those holding quota and those seeking to obtain quota. Therefore, allocating Additional Quota via FQA units would not necessarily directly benefit active fishers only and it would continue the imbalances in the current system. This method of allocation would also limit the potential for diversification of fishing opportunities or new entrants into a fishery due to costs associated with obtaining quota on the market.

QUESTION 7 – What are your views on using FQA holdings as a basis for allocating Additional Quota for 2021?

5.4 Other Allocation Options

Set out above are our proposed allocation options of Additional Quota for 2021. We have, however, considered a range of other options to allocate Additional Quota, including:

- The geographical location of stocks (allocation based on where stocks are located).
- Developing a system where industry could apply to Marine Scotland with a proposal in order to be awarded Additional Quota.
- How Additional Quota could be used to help deal with the consequences of the landings obligation, for example in relation to retention of unwanted catch and choke species.
- Linking the allocation of Additional Quota to benefits accruing to the local economy (for example, linking the allocation of Additional Quota to landings into Scottish ports).
- Vessel capacity (for example using engine power or gross vessel tonnage).
- A hybrid approach based on combination of above.

Given the current uncertainty, our intention is to review methods for allocating Additional Quota and consult on options in the second half of 2021, for allocations in 2022 and beyond.

QUESTION 8 – What are your views on alternative options for allocating Additional Quota?

The future allocation methods will be guided by the principles set out in the Future of Fisheries Management work and the allocation criteria contained in the Fisheries Act 2020. For example, we will seek to develop options to allocate Additional Quota to:

- Incentivise fishing methods which reduce environmental impact.

- Broaden the societal benefits by distributing fishing opportunities more widely.
- Maximise economic returns to the local economy through, for example, linking the allocation of Additional Quota to landings into Scottish ports.

6. Responding to the Consultation

Responding to this consultation

We are inviting responses to this consultation by 15 January 2021.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). Access and respond to this consultation online at: <https://consult.gov.scot/marine-scotland/sea-fisheries-quota-apportioned-to-scotland-2021>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of Friday 15 January 2021.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form and return to:

Email: quotaallocation@gov.scot

Or

Quota Allocation Consultation
Scottish Government
Victoria Quay
Area 1B North
Edinburgh
EH6 6QQ

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://www.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at quotaallocation@gov.scot.

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



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