

Islands Communities Impact Assessment

Pelagic Quota Cuts 2026 – Scottish Government Response

January 2026

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Name of Policy, Service or Strategy: Pelagic Quota Cuts 2026 – Scottish Government Response

Step One – Develop a Clear Understanding of Your Objectives

What are the objectives of the policy, strategy or service?

Following annual fisheries international negotiations, the UK has agreed significant quota reductions for 2026, including a 48% reduction in the North East Atlantic mackerel Total Allowable Catch (TAC) and a 22% reduction for herring. These reductions in available fishing opportunities are expected to reduce pelagic fishing activity and create material risk for Scottish processing factories and the wider supply chain.

In this context, the objective of the Scottish Government's intervention for 2026 is to help maintain the volume and regularity of pelagic fish landed into Scotland, thereby supporting the resilience of pelagic processing capacity and associated port and coastal economic activity during a period of exceptional quota constraint. This is intended to support the original aims of the amended economic link policy introduced from January 2023, namely to:

- support long-term, sustainable growth of local economies where fishing is a key driver by increasing the volume and regularity of fish landed and available for processing in Scotland;
- reduce supply chain risk to encourage investment and safeguard employment; and
- spread the economic and social benefits of Scotland's quota more widely through fishing communities.

The Scottish Government has therefore assessed whether additional measures for 2026 are necessary, proportionate and in the public interest. This includes weighing strong calls from processors and port interests for action to maintain domestic throughput, against strong opposition from some catcher interests—particularly independent operators—who emphasise market flexibility and concerns about price differentials.

Given the urgency, the evidence base has been informed by; landings and socioeconomic analysis in the BRIA and associated impact assessments; evidence from the amended economic link policy; and, accelerated stakeholder engagement (including 26 individual sessions with catching, processing and port interests and meetings with sector representative bodies).

The overarching outcome is an evidence-based decision on whether intervention is justified and, if so, what form it should take to maximise public benefit while minimising unintended consequences.

What are the intended impacts/ outcomes?

The intended impacts of this policy assessment are to support the resilience of Scotland’s pelagic sector in the face of the agreed quota reductions for 2026 while balancing economic and social considerations across the supply chain. These include:

- **Economic resilience:** Help maintain operational viability across both catching and processing sectors by limiting the scale of the reduction in domestic throughput during 2026, safeguarding employment and investment confidence in key coastal communities while taking account of the operational realities for catching businesses.
- **Balanced supply chain impacts:** Balanced supply chain impacts: protect downstream and supporting activity linked to pelagic landings and processing (including transport/logistics, engineering and other onshore services) by supporting the volume and regularity of landings into Scotland during a period of exceptional quota constraint.
- **Food security:** Food security and supply resilience: Improve the stability of pelagic product supply to Scottish and UK markets by supporting domestic processing throughput, reducing exposure to international supply volatility and strengthening resilience in the seafood supply chain.

How do these potentially differ across the islands?

Modelling demonstrates that the amendments will have the greatest impact on Scotland’s pelagic fleet which currently land significant volumes of mackerel and herring abroad. Scotland’s pelagic fleet is concentrated in the districts of Fraserburgh, Peterhead and Shetland.

Table 1. Total landings of mackerel and herring by pelagic sectoral fleet registered in Fraserburgh, Peterhead and Shetland to Scotland and outside of Scotland between 2020-2024.

	Into Scotland	Into Scotland	Outside Scotland	Outside Scotland	Total Landings	Total Landings
Port	Tonnes	Value (£)	Tonnes	Value (£)	Tonnes	Value (£)
Fraserburgh	291,708	300,005,643	204,614	232,929,251	496,322	532,934,893
Peterhead	193,670	211,343,627	28,229	81,401,882	221,899	292,745,509
Shetland	150,241	150,359,434	255,383	293,870,716	405,625	444,230,150
Grand Total	635,620	661,708,703	488,226	608,201,849	1,123,845	1,269,910,552

In addition to Table 1 (above), the tables below provide greater detail on landings by the pelagic fleet vessels into and outside Scotland.

Fraserburgh and Peterhead registered vessels (Scotland – mainland*):

Table 2. A breakdown of total value of mackerel and herring landings and number of pelagic fleet vessels registered in Fraserburgh and Peterhead to Scotland and outside of Scotland between 2020-2024.

Year	No of vessels	Landings value into Scotland	Landings value outside of Scotland	Total landings value
2020	12	£78,491,472	£41,991,225	£120,482,697
2021	12	£91,269,845	£38,339,154	£129,608,999
2022	13	£98,382,456	£45,031,690	£143,414,146
2023	13	£106,670,293	£58,021,161	£164,691,454
2024	12	£136,535,203	£130,947,903	£267,483,106

*Fraserburgh and Peterhead figures have been combined to protect business confidentiality.

Shetland registered vessels (Scotland – Island):

Table 3. A breakdown of total value of mackerel and herring landings and number of pelagic fleet registered in Shetland to Scotland and outside of Scotland between 2020-2024.

Year	No of vessels	Landings value into Scotland	Landings value outside of Scotland	Total landings value
2020	8	£16,294,059	£54,767,616	£71,064,674
2021	8	£23,053,568	£50,236,268	£73,289,736
2022	8	£25,827,455	£49,564,596	£75,392,051
2023	9	£37,455,922	£59,733,849	£97,189,771
2024	9	£47,722,357	£79,568,387	£127,290,942

Impact on pelagic vessels

Pelagic vessels which, prior to the introduction of the amended economic link policy in 2023, landed most of their catch abroad (whether registered in Fraserburgh, Peterhead or Shetland) have since increased the percentages of their catch into Scottish ports. This can be seen in the increase in the value of landings made into Scottish ports in 2023 and 2024, roughly 90% for the mainland vessels and 84% for the Shetland vessels.

The balance of the value landings, between those into Scotland and those outside of Scotland, has shifted from roughly 30:70% to 44:56% for mainland vessels and from 33:67% to 38:62% for Shetland vessels.

In the same period (2023-24) there has been a significant growth in the total value of landings (herring and mackerel) attributable to this fleet segment, roughly 86% for the mainland vessels and 68% for the Shetland vessels.

Impact on pelagic processors

The main pelagic processing plants are located near the Scottish ports where the Scottish pelagic fleet are based and land (Peterhead and Lerwick). These businesses have benefitted from increased landings of herring and mackerel by Scottish vessels.

The amended economic link policy intervention also protects downstream sectors such as secondary processors and logistics.

Summary

Modelling shows that the three landing districts are most impacted because they are the only districts which administer large pelagic vessels (ports at which vessels are registered). One of these three areas is the Shetland Isles. Though these vessels will be impacted, vessels will be similarly impacted as those based in Peterhead and Fraserburgh.

It is anticipated that the policy change will result in additional landings into Scotland which will benefit pelagic processors – particularly the four main pelagic processors (based in Peterhead and Lerwick).

Step Two – Gather Your Data and Identify Your Stakeholders

What data is available about the current situation in the islands?

All commercial fishing vessels are required to provide information to the Scottish Government on their fishing activities. This includes species caught, area of capture, type of fishing gear used, and port of landing. Given the number of vessels involved, this gives rise to a significant data set.

Below we present the total landings of the eight key species by vessels based in three island communities: Orkney, Shetland and the Western Isles that vary in terms of the landing destination: within Scotland and outside of Scotland between 2020-2024. These eight species include pelagic, demersal and Nephrops.

Table 4: Total landings of the eight key quota species* by vessels based in Orkney, Shetland and Western Isles (Stornoway) to Scotland and outside of Scotland between 2020-2024.

	Scotland	Scotland	Outside of Scotland	Outside of Scotland	Total Landings	Total Landings
Area	tonnes	value (£)	tonnes	values (£)	tonnes	values (£)
Orkney	14,345	30,246,519	102	244,452	14,447	30,490,970
Shetland	202,422	265,621,877	255,440	293,882,834	457,863	559,504,711
Western Isles	7,329	31,672,498	44	141,536	7,373	31,814,034
Total	224,096	327,540,89	255,587	294,268,821	479,683	621,809,715

Source: Marine Analytical Unit data: December 2025

*The eight key species include mackerel, herring, cod, haddock, monkfish, hake, whiting and Nephrops.

The figures above shows that vessels based in Shetland account for most landings from the three island areas assessed. In the period 2020–2024, Shetland-based vessels landed 202,422 tonnes into Scotland (around 90% of the 224,096 tonnes

landed into Scotland across Orkney, Shetland and the Western Isles) and 457,863 tonnes in total (around 95% of the total landings across the three areas).

This difference between volume and value reflects the species mix captured in the eight key stocks: mackerel and herring contribute high volumes but typically lower value per tonne relative to the other six species in the economic link basket (though in 2025 the position has changed markedly for mackerel), so areas with the greatest pelagic activity can account for a very large share of tonnage without accounting for an equivalent share of value.

The policy change will not directly impact any vessel based in Orkney or the Western Isles since no pelagic vessel, the fleet segment affected by the change, is based in either area.

Who are your key Stakeholders?

- Individual pelagic vessel owners
- Shetland Fish Producer Organisation
- Scottish Fishermen's Organisation
- Scottish Pelagic Fishermen's Association
- Scottish Pelagic Processors Association Ltd
- Shetland Fishermen's Association
- Denholm Fishselling
- Interfish
- International Fish Cannery
- Klondyke Group
- Lunar Group (Producer Organisation, Fishing and Processing)
- Pelagia Shetland
- Northbay Pelagic Ltd

How does any existing data differ between islands?

The data used in modelling is of the same standard for all islands.

Are there any existing design features or mitigations in place?

The Economic Link licence condition has an alternative method by which vessels can comply, rather than landing a fixed share of catch into Scotland. The alternative is that vessels may return quota to the Scottish Government in the following calendar year. The sum to be returned is assessed a portion (26%) of the value of the catch below the level which the vessel would have otherwise been required to have landed into Scotland to meet the landings threshold.

Step Three - Consultation

Is there any information already gathered through previous engagements?

Yes. There is extensive information gathered from a previous consultation exercise and subsequent policy reviews. This includes:

- Responses from the 2017 Scottish Government consultation on amending the economic link licence condition, which explored impacts on catching businesses, processors, ports, and island communities.
- Evidence compiled through Business and Regulatory Impact Assessment (BRIA) and Island Communities Impact Assessment undertaken as part of that process.
- Data analysis from the Marine Analytical Unit, including historical landings patterns and economic modelling.
- A review of the Amended Economic Link licence condition
- Engagement with industry stakeholders during the phased implementation of the amended economic link provisions (2023–2025).

This evidence base provides a strong foundation for the current assessment and ensures that stakeholder views and operational realities have been considered throughout policy development.

How will you carry out your consultation and in what timescales?

Public meetings/ Local Authorities/key Stakeholders

The consultation window has been limited due to the urgency created by the ICES-recommended quota reductions for 2026 and associated TAC restrictions. These proposed cuts—particularly in mackerel—pose immediate and significant risks to Scotland’s pelagic sector, requiring accelerated policy development to assess whether intervention is necessary and in the public interest.

Despite the compressed timeframe, engagement has taken place with key stakeholders to ensure views are captured:

- **Pelagic processors** – Direct discussions with major processing facilities in Peterhead, Fraserburgh, and Shetland to understand concerns about reduced throughput and potential impacts on jobs and investment.
- **Catching sector representatives** – Meetings with vessel owners and industry bodies to hear strong opposition from some businesses to any additional landing requirements, citing risks to operational flexibility and viability.
- **Ports** – Engagement on infrastructure capacity and potential bottlenecks if landings shift back to Scotland.

Step Four - Assessment

Does your assessment identify any unique impacts on island communities?

(Further detail in the Guidance):

- **Demographic**
- **Economic**
- **Gaelic**
- **Social**

Demographic:

No evidence was presented during the 2017 consultation, review or subsequent

stakeholder discussions to indicate unique demographic impacts. It is not anticipated that the policy will have any unique demographic effects specific to island communities.

Economic:

The policy change will affect pelagic vessels based in Shetland in the same way as those based in Peterhead. While additional landings into Shetland, following on from the amended economic link licence activity increases activity at the island's pelagic processing factory — improving local employment prospects — the anticipated impacts, both positive (for processors) and negative (for catching businesses), are expected to be broadly similar to those experienced in mainland communities.

Gaelic:

Not applicable. No Gaelic-related impacts have been identified.

Social:

The policy is not expected to have a unique social impact on island communities in terms of deprivation or social exclusion. Any changes in employment or economic activity would mirror those seen in other coastal communities.

Summary:

Overall, the assessment does not identify any significantly different effects on island communities compared to other coastal areas. While Shetland experienced positive economic effects through increased processing activity, these were not considered unique relative to mainland communities.

Does your assessment identify any potential barriers or wider impacts?

No additional barriers have been identified beyond those already considered. However, as noted above, pelagic fishermen have raised concerns about the lower prices typically received when landing into Scottish ports compared to processors based outside Scotland. These factors could influence vessel profitability and operational flexibility and have been considered when assessing whether intervention is in the public interest.

Are there mitigations already in place for these impacts raised?

As noted above, the amended economic link licence conditions introduced in January 2023 were phased in for mackerel and herring to allow industry time to adjust. The phased targets were set at 30% in 2023, 40% in 2024, and 55% in 2025, with the full requirement applying from 2025 onwards. This phasing-in period was primarily to allow for a period of adjustment for Scottish pelagic processing facilities, given concerns about processing capacity. Although the required landing percentage for mackerel and herring increases to 70% in 2026 (for each stock), the absolute volume available to be landed will fall sharply due to the agreed 2026 quota reductions, meaning total throughput at Scottish processing factories is still expected to decline significantly compared to 2023–2025.

To provide flexibility, the policy retains the option of quota gifting as an alternative compliance route. This means that vessels which wish to continue landing abroad—

whether for logistical reasons or to access higher market prices—can choose to transfer quota equivalent to 26% of the value of any shortfall in meeting the Scottish landings target. This mechanism ensures that vessels maintain compliance while preserving some operational choice, and it helps deliver economic benefit to Scotland through redistribution of quota to other parts of the fleet.

Is a Full Island Communities Impact Assessment required?

Are there mitigations in place for the impacts identified and noted above from stakeholders and community consultations? (If further ICIA action is not required, complete the section below and publish).

Yes. The economic link licence condition already contains an alternative compliance route (“quota gifting”), allowing vessels to comply without meeting the landings threshold by returning quota equivalent to 26% of the value of any shortfall. This provides operational flexibility for vessels that would otherwise face reduced flexibility or price impacts from landing requirements.

In addition, the proposed 2026 change is intended as an emergency, time-limited measure, and the policy is to be evaluated before 2027, which mitigates the risk of longer term, unintended consequences.

Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as levels of satisfaction, or different rates of participation)?

Engagement with industry, particularly the consultation, clearly shows that those associated with pelagic vessels which land large quantities of species abroad oppose the proposed changes – their views are consistent whether based on island or mainland communities. This ICIA and the one produced in 2022 set out how that the policy change affects Shetland-based pelagic vessels in the same way as mainland pelagic vessels, and that impacts are expected to be broadly similar across these communities.

There is broad support from other sections of the fishing industry, the processing sector and related industries for the proposed changes.

Are these different effects likely?

This policy change will have the greatest impact on the pelagic fleet landing mackerel and herring outside of Scotland and pelagic processors. The pelagic fleet are primarily registered in the Fraserburgh, Peterhead and Shetland districts as set out above. To a large degree, pelagic vessels impacted (and their representative bodies) have highlighted potential impacts on their businesses and their concerns over wider impact. We expect the impact on the pelagic fleet which lands abroad to be similar regardless of whether they are registered in Shetland, or the north east.

The same position is true for pelagic processors (which are based in Shetland, Fraserburgh and Peterhead) we would expect additional landings to these processors and the impacts to be similar regardless of location.

Are these effects significantly different?

No, whilst Shetland will be impacted to a greater extent (in relative terms of the number of vessels which land large volumes of pelagic stocks abroad), the impact on these businesses is consistent with equivalent businesses on the mainland.

Could the effect amount to a disadvantage for an island community compared to the mainland or between island groups?

As set out above we would not expect to see a significant disadvantage for Shetland based vessels relative to those in other communities which land large quantities of pelagic stocks abroad. We would expect to see benefits to the Shetland islands processing sector and port authority.

A full Islands Community Impact Assessment is NOT required

In preparing the ICIA, I have formed an opinion that our policy, strategy or service is **NOT** likely to have an effect on an island community which is significantly different from its effect on other communities (including other island communities). The reason for this is detailed below.

Having considered the responses to the existing evidence base, discussions with stakeholders likely to be affected by the policy change and available data, there is no evidence to suggest that the policy change will have an effect on an island community which is significantly different from its effect on other communities. Therefore, we do not consider that a full ICIA is required in relation to the emergency economic link amendment for 2026 as the policy change is unlikely to have an effect on an island community which is significantly different from its effect on other communities in Scotland.

Screening ICIA completed by (name): Malcolm MacLeod

Position: Team Leader

ICIA authorised by (we recommend DD level): Malcolm Pentland

Position: Deputy Director, Marine Economy and Communities

Signature: Malcolm Pentland

Date: 17 December 2025



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The Scottish Government
St Andrew's House
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ISBN: 978-1-80643-633-0 (web only)

Published by The Scottish Government, January 2026

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1693407 (01/26)

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