

Note of Pelagic Industry Issues Group meeting held at the Doubletree Hotel, Aberdeen. Monday 16 February 2015

1. Welcome, introductions and apologies

John Goodlad welcomed everyone to the meeting.

Attendees

Alex Wiseman	Scottish Pelagic Fishermen's Association
Chris Anderson	Northbay Pelagic
Colin Anderson	Northbay Pelagic
Francis Clark	Nor Sea Foods
George West	Scottish Pelagic Fishermen's Association
Graham Young	Seafood Scotland
Ian Gatt	Scottish Pelagic Fishermen's Association
Ian McFadden	Scottish Pelagic Processors Association
John Goodlad	CIM (Chair)
Karen Green	Seafish (Minutes)
Malcolm Large	Seafish
Michael Clark	International Fish Cannery
Panos Pliatsikas	Aberdeenshire Council
Robert Duthie	Denholm Seafoods
Sarah Holmyard	Interfish
Simon Leiper	Shetland Catch Ltd

Apologies were received from:

Andrew Pillar Interfish

2. Minutes of last meeting. John Goodlad, Seafish.

The minutes of the last meeting on 11 March 2014 were accepted as an accurate record of the meeting. The spelling of Andrew Pillar's name needs amending.

Matters arising

- The Seafish Corporate Plan is on agenda.
- It was suggested at the last meeting that the Marine Management Organisation (MMO) were insisting on bespoke catch certificates to accompany all export assignments to China. A letter was sent to the MMO. This issue appears to be sorted.

3. Seafish Corporate Plan 2015-2018. Malcolm Large, Seafish.

The next Seafish Corporate Plan, for 2015-2018, will be the second under the new system. Under this new system three industry panels meet to discuss plan and suggest the direction of work for Seafish over the three year period starting 1 April 2015 and running to 31 March 2018. This second plan has been through the panel process, and a number of panel participants are here today. The Plan is now with the Devolved Administrations and Seafish has been assured that it will be signed off. The new Corporate Plan will be officially launched in April with a series of events around the country. Each panel put forward their own priorities and recommendations. There was significant commonality between the three panels and this new Plan is, as would be expected, very similar to previous Plans in terms of its key priorities. It is worth noting that:

- Under the current Plan Seafish has a contingency fund, which is used at the discretion and management of the Chief Executive. Under the new Plan this fund has been replaced with a new Strategic Investment Fund of £800,000 over three years. Strategic investment funds will be open to external submissions and Seafish will consider any projects that can be evidenced to deliver a timely, relevant and viable return on investment. Priority will be given to submissions that address gaps in our knowledge and build our 'authority' status. The Strategic Investment programme allows Seafish to target resources where they can be used most effectively and offers greater flexibility whilst ensuring commissioned work is fully aligned with Seafish Corporate Plan delivery.
- The Seafish export support programme will assist UK seafood exporting companies in accessing export market data and information and assist them in meeting buyers and regulators in key export markets. The budget for export assistance has increased from £60,000 to £200,000 per year. Within this programme, Seafish will maintain a library of export guides providing market and trade information to key export markets and establish a mailing list of UK seafood exporting companies to ensure that they are kept fully informed of Seafish export assistance and any other relevant work being undertaken by partner organisations such as UKTI. UK seafood will be supported at international exhibitions through provision of UK seafood pavilions, allowing companies the advantage of taking bespoke stand space. The quality of seafood from the UK will be demonstrated at Seafish organised receptions where buyers will be invited to witness preparation methods, taste the product and meet the suppliers. To assist SMEs in the sector, Seafish will provide an information stand/meeting facility at four selected international seafood exhibitions per year. This service will allow UK visitors to have a base at which they can book time to conduct meetings.
- The Corporate Plan covers a number of key areas of particular interest to the pelagic sector including: export assistance; reputation management (particularly during the MSC suspension); promotional support including more emphasis on mackerel within the Seafish Omega-3 campaign.

Discussion

- Q. Of the £200,000 mentioned for export assistance how much will be reserved for the pelagic sector? Answer. This has not been defined. (Further information under item 10.)
- Q. In percentage terms this is only a small percentage. When will you be able to say exactly how much will be used to support the pelagic sector? Answer. This budget is significantly larger than previously. However we do have to ensure our activities benefit all sectors of the industry. We believe information stands at seafood exhibitions will benefit the whole industry.
- I see it as a good thing that the budget has not been divided or allocated by sector, however it has been noted that this is a small percentage relative to the overall levy.
- Q. Is there any cost capping planned within Seafish? The overall budget seems to include disproportionately high administration costs. These costs seem far too high so are there plans to cut operating costs? Answer. There is a drive to reduce overhead costs. These costs reflect the fact a lot of work is carried out internally by Seafish staff.
- To reinforce the point above a comparison was made between Seafish, which (it was reported) employs 98 Seafish staff and has a budget of £7 million, and the Norwegian Seafood Council which employs 63 staff, and has a budget of £52 million.
- Comments were made about the Shetland visit made by Seafish staff and the money spent on advertising in the UK (in response to the Russian ban). This was felt to be the wrong approach. Response. Seafish reacted quickly and diverted money that was being used for UK consumer promotional support, at the same time as providing

funds for overseas promotion and assistance with sales missions. The pelagic industry requested these funds be used for continued support from Seafish at the Tokyo Seafood Show and for marketing strategies to be identified in South Korea.

- Q. It is reported that Seafish has a surplus of £1.6 million. How is that going to be used? Answer. There is a legal obligation on Seafish to collect levy. Paul Williams made a recommendation to the Devolved Administrations suggesting Seafish could offer a one-off general rebate of 10%. This would have to be sanctioned by all four administrations. That agreement was not given and the proposal was blocked.
- There was an enquiry as to who blocked this proposal for a general rebate. It was not clear if this information was confidential. A rebate for the pelagic sector specifically is a completely different issue and could not be requested on the basis that the sector is suffering. The new Strategic Investment Fund could be the best way forward.

Key points from the Chair

- The additional money that has been allocated to the pelagic export programme is to be welcomed however it is a very small sum relative to the levy collected from the pelagic sector.
- The budget for export assistance is very small compared to the funds available to the Norwegian pelagic sector.
- It was felt that a disproportionate amount is being spent on administration within Seafish.

4. Economic evaluation of the EU/Faroe Islands bi-lateral agreement. Ian Gatt, Scottish Pelagic Fishermen's Association (SPFA).

The EU Faroe Islands bi-lateral agreement ceased in 2011, following the decision by the Faroe Islands to leave the mackerel agreement. There was no bi-lateral agreement between the two parties between 2011 and 2013. Following agreement on mackerel shares in March 2014 the EU and Faroe Islands re-established a bi-lateral agreement. Industry were excluded from the bi-lateral negotiations and were taken aback by the outcome under which the bi-lateral exchange of quotas agreed were broadly in line with traditional levels, but that mackerel access has increased fivefold in tonnage terms.

Under the agreement the Parties agreed on an exchange of fishing quotas; an access arrangement which permits a specified amount of quota to be fished in each other's zone (mackerel and blue whiting for this agreement); and technical measures related to licensing, catch stats, vessel monitoring systems, electronic reporting and control measures. This agreement was felt to benefit the Faroe Islands and Ian Gatt presented provisional figures to support this. The SPFA had asked Seafish to undertake an independent evaluation of the agreement. This was not felt to be a large piece of work. Seafish response has asked what the industry were prepared to pay for this work and who would benefit? The Seafish response was that the data was available and an analysis could be done, but that the economics team did not have the manpower or budget, and that this type of work was not included in the Seafish Corporate Plan.

Discussion

- This is very clear and the figures are shocking. This needs to be independently verified and shared with policy makers. This looks like a massive advantage. The beneficiaries of the agreement seem to be a small number of Faroe vessels.
- A lack of manpower is not a reason not to do it. This may or may not be within remit of the Corporate Plan but it is adversely affecting the cost and earnings of the pelagic fleet. This is not a large job and this is the least that Seafish should do. The industry does not accept the Seafish staff question. Seafish should be considering this.
- The way this works has to change. Industry should be able to ask for this sort of work.

Key points from the Chair

- There was unanimous agreement that this work should be done. This is an issue of massive importance for the whole industry including processing.
- The figures are astonishing and must be presented independently
- John Goodlad to speak to Paul Williams to accelerate the work.

5. Discard ban discussion. Karen Green, Seafish.

Comments were encouraged on how the pelagic discard ban, which came into effect on 1 January 2015, was working.

Discussion

- There is very little to report at this point.
- No major problems have been detected so far.
- There were comments that the guidance notes issued by the different Devolved Administrations varied and offered contradictory guidance.
- There had been the issue of a split net – classed as a Force Majeure – not clear why. This was not taken off the vessel quota.
- The size of fish landed has remained fairly consistent. Not smaller.
- How to monitor implementation of the landing obligation does vary with some favouring CCTV cameras. It is important we have a level playing field across Member States.
- It is amazing how little discussion there has been with Norway over the whole issue.
- There are flexibilities in the agreement but this is not completely sorted yet.
- Overall the pelagic landing obligation seems to have happened with no major impact in this initial stage.

6. Fishing opportunities. Ian Gatt, Scottish Pelagic Fishermen's Association (SPFA).

6.1. Blue whiting

The TAC for blue whiting could go up from 1.3m t to 1.7t. Every quota is contested but there is a market for blue whiting. The fishmeal market has made it very uncompetitive. This is a marginal species and the human consumption market is limited.

6.2 Western herring benchmark

Since 1982 ICES have provided stock advice for V1a N as one unit and V1aS and V11b.c as another unit. The EC adopted the advice in 1982 and have managed western herring on that basis. During the last two decades ICES has stated there is a complex stock mixing in the western area, and in the North Sea. An EC project called Westher studied herring mixing from 2003-2006. The evidence suggested significant mixing of herring in different spawning areas, especially to and from feeding grounds but the Westher study could not establish the extent of the mixing or the boundaries. ICES have been unable to unravel the mixing issue and individual stock identity, therefore, ICES have decided they cannot provide stock advice on the individual units. From 2015 the V1a N – V1aS and V11b,c will now be assessed as one unit. There will be a full assessment for the combined unit, with biological reference points still to be finalised

Managing the fishery going forward will be different. Dividing up the TAC will probably involve intense negotiations among the relevant Member States. This will be the first time the principle of relative stability will be taken apart and put back together again.

Action: Progress to be monitored.

7. Mackerel briefing note. Karen Green, Seafish.

A mackerel briefing note was tabled. This summarises the latest stock status reports and documents the history of the recent disputes over the mackerel quota and the sharing arrangements.

Discussion

- This note was welcomed by the group as an independent assessment.
- There is a pretty settled picture for 2015. There is a Coastal States meeting in March. It is foreseen it may take a long time to reach agreement on a long-term plan.

Action plan: The briefing note to be circulated for comment.

8. MSC re-certification of mackerel. Ian Gatt, SPFA.

In April 2014 MINSA (Mackerel Industry Northern Sustainability Alliance) asked the Marine Stewardship Council for a further 12 month extension to the mackerel suspension, and for MSC certificates to be extended to July 2015. The MSC agreed but on the condition that MINSA re-entered the mackerel fishery for full MSC assessment. MINSA members decided there was little option but to go for full assessment if they were to retain a differential between MINSA caught mackerel and Icelandic/Faroese. MINSA members asked SPFG to undertake the coordinators role for this assessment. Following a tendering process FCI (Food Certification International) were appointed as the certifying body for the mackerel assessment. The assessment process began in July 2014. FCI decided to hold two site visits during November 2014 – one in Bergen, Norway and the other in Imjuiden, Holland. From November to February the FCI assessment team have been compiling the Preliminary Draft Report. The Preliminary Draft Report has just been sent to MINSA clients. FCI have not finalised the scoring of the fishery as they require some further information from the clients

Discussion

- Q. Can the eligibility date be back tracked? Answer. There has been a request for back tracking to January 2015.
- MSC certification is important to processors but actually in marketing terms this has not made any difference. Retailers have still continued buying. An advantage of working of together has been that retailers have not been able to source MSC mackerel from elsewhere.
- MSC certification does not mean a higher price but it might mean getting access to a market you would not be able to access otherwise.
- There has been a big advantage for the pelagic sector in terms of improved credibility after the black fish issues. MSC certification is a big plus and does bring benefits. MSC certifies the fishery not the company. MSC is now seen as fishing friendly. RFS is another approach – but a different approach. Supply chain is Chain of Custody.

9. Consider merger of fishmeal and pelagic issues groups. Karen Green, Seafish.

Seafish runs a number of issues groups to share inform and encourage dialogue on a number of topics. All these groups receive news bulletins and most of them meet on a regular basis. The fishmeal group (mailing list is 75) receives a monthly news alert but the group does not meet. After some discussion it was felt that there would be no benefit to the pelagic group to invite fishmeal people to this meeting, but it was agreed that those on the mailing list for the Pelagic Industry Issues Group should be added to the fishmeal mailing list.

Action: Add PIIG names to the fishmeal mailing list.

10. Export support

There was some discussion as to how Seafish could assist pelagic processors in their export sectors. It was agreed that Asia was a key target market for export with a Pavilion at the Tokyo Seafood Show in August planned. There was debate over a stand at the South Korea Seoul Seafood Show in April 2015, as it was felt to be too close to the Brussels show. Guidance would be sought as to whether to take a stand at ESE.

There was some debate over the issue of State Aid and the rules governing this, namely that under diminimis rules a maximum of 30,000 euros over any three year rolling period is applicable per company. The money Seafish spends on taking Pavilions at exhibitions in China, Brussels and Tokyo counts as state aid, but if Seafish takes a generic information stand and has meeting areas then the funding is not allocated to a particular company, and no state aid applies. There was a request for a copy of the legal response re State Aid to be sent to the group.

Actions

10.1. It is clear that the State Aid issue is a problem and so a different approach is needed. Different funding sources are needed to compliment what Seafish is doing. Need to be innovative. Information stands can go ahead as planned.

10.2. Grants of up to £1,000 can be awarded for sales missions. Malcolm Large to re-send the email.

10.3. Seafish needs guidance on which are the most important shows.

- Tokyo, 19-21 August 2015
- Asia Seafood Expo 8-10 September 2015
- Seafood Expo, Dubai 28-30 September 2015
- Vigo Seafood Show, 5-7 October 2015
- China Fisheries and Seafood Expo, 4-6 November 2015
- Boston Seafood Show, March 2016

Seafood Scotland will partner on the above events and could provide more funding.

11. Any other business

To look at dates in October for the next meeting. To check whether Cefas could attend and provide a summary of the latest ICES advice.