Note of Pelagic Industry Issues Group meeting held at the Aberdeen Skyway Hotel Argyll Road, Aberdeen AB21 0A. Friday 9 October 2015.

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

Attendees

Andrew Pillar	Interfish
Chris Anderson	Northbay Pelagic
Colin Anderson	Northbay Pelagic
Derek McDonald	Aberdeenshire Council
Francis Clark	Nor Sea Foods
Ian Gatt	Scottish Pelagic Fishermen's Association
Ian McFadden	Scottish Pelagic Processors Association
Jennifer Russell	Anderson Solutions
Karen Green	Seafish (Minutes)
John Goodlad	Seafish Domestic and Export Panel Chair (Chair)
Malcolm Large	Seafish
Nick Bailey	Marine Scotland
Sinclair Banks	Lunar Freezing
Simon Leiper	Shetland Catch Ltd

Apologies

Dominic Collins	Youngs Seafoods
Lynne Forman	Youngs Seafoods
Michael Clark	International Fish Canners
Panos Pliatsikas	Aberdeenshire Council
Robert Duthie	Denholm Seafoods

2. Minutes of last meeting.
The minutes of the last meeting on 16 February 2015 were accepted as an accurate record of the meeting.
Actions arising from the last meeting

- The mackerel briefing note, tabled at the last meeting, was circulated for comment after the meeting and added to the website.
- The names of all the members of the PIIG were been added to the mailing list for the monthly fishmeal and feed fish news alert.
- It was mentioned at the meeting that grants of up to £1,000 could be awarded for sales missions. A follow up email confirmed these grants stop at the end of March 2015 i.e. trips must have been made and claims submitted by 31st March. There is no provision for these grants in the new budget.
- The Scottish Pelagic Fishermen's Association (SPFA) had asked Seafish to undertake an independent economic evaluation of the EU/Faroe Islands bi-lateral agreement. This has been completed and is on the agenda.
- There was a request at the meeting for guidance from the group on which are the most important overseas shows. A list was provided which covered: 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. Malcolm received clear guidance back.

3. ICES advice on widely distributed fish stocks (EU and NEAFC)/Revised long-term management strategy for blue whiting (NEAFC)/Advice on the management of mackerel. Nick Bailey, Marine Scotland.
http://www.seafish.org/media/1458604/piig_oct2015_icesadvice_marinescotland.pdf

Mackerel
The assessment this year is not an easy one. The assessment is unstable and perceptions have been revised. The spawning stock biomass has increased and there have been good recruitments in 2002, 2006 and 2011, but there was low recruitment in 2013. The assessment uses catch data, tag data and egg, IBTS and IESSNS surveys. There were numerous revisions to these series and a simple update assessment was rejected. The 2014 assessment was the first one to use the results of the Nordic survey which resulted in a perception of increase stock size. This years' assessment is not as optimistic as the one for last year and there have been concerns about the very short time series of the Nordic ecosystem survey. The 2016 egg survey will, again, be very important.
Discussion

- **Q.** The Nordic survey previously appeared to indicate a healthy stock. Is this the case? **Answer.** Every year the perception will change. There is scepticism about whether the results of a survey, which covers a small area, can be applied to a much larger area. The Nordic survey has not painted as positive a picture this year.
- **Comment.** For a long time industry has argued against fluctuations in stock status. **Answer.** We would all prefer a flatter picture. You don't see these fluctuations in demersal species but with pelagic there will be fluctuations and the recognition that the stock has moved in its range.
- The recent benchmark of the stock was vigorous and aimed to reconcile the stock perception gap between industry and science. There has been a huge debate on the Nordic survey – the time series was short and it did not cover juveniles but it has influenced the perception of the stock and there is talk about undertaking further modelling taking the survey results out.
- The egg survey next year is very important and we need to make sure it is robust. In some respects the industry is in a similar uncertain position as it was in 2012 before the last egg survey.
- With talks on mackerel and blue whiting coming up it is not clear which management options will be agreed.

Atlanto Scandian herring
The stock is not presently in very good shape. Biomass is declining and although 2013 recruitment is estimated to be quite good, other recent years (since 2005) are not good. There is a perception that the stock has 'bottomed out'.

Blue whiting
Whilst the stock is in a reasonable shape there has been a substantial downward revision in perception. Fishing mortality has increased from a historical low in 2011 to above FMSY in 2014 and biomass has increased since 2010 and is now just under 4 million t. There have been series of good recruitments since 2010, and above average in 2014 and 2015. The Survey results in 2015 were very different from the previous year and estimated a huge (58%) reduction in stock biomass and 47% reduction in numbers. This was largely driven by the absence of the strong age classes (4-6) in the previous year.
Discussion

- **Comment.** It is not clear that the scientists have a real handle on how to manage this stock. The trend is right but the model does not seem to be 'fit for purpose'. **Answer.**

The stock assessments on two of the big pelagic stocks have thrown up problems this year and that could just be a feature of these wide-ranging migratory stocks. In terms of the assessments being 'fit for purpose' it is a question about the time and resources that can be invested in these assessments, and at the moment extra resources are not available.

- **Comment.** The question of quota flexibility was raised and in principle flexibility from one year to the next is not considered to be a problem. 10% flexibility unlikely to be of concern if repeated in successive years, but 20-30% flexibilities may become problematic. There is concern that for mackerel and blue whiting the, already excessive, fishing mortalities would create difficulties if flexibilities of 20-30% were put in place.

<u>Actions</u>
3.1. Add presentation to the website.
3.2. Every year Seafish produces a summary of the ICES advice for pelagic stocks. This is currently up-to date with the June advice. The autumn 2015 advice will now be added in. This information is also regularly circulated to a fishmeal and feed fish news mailing list.

4. Fishing opportunities for 2016 and upcoming PELAC and Coastal States meetings. Ian Gatt, SPFA.
It was reported that the Coastal States meetings are due to take place shortly to negotiate agreements on Atlanto Scandian herring, mackerel and blue whiting, as well as talks on the bi-lateral arrangement with Norway. Western herring is a big issue. ICES advice states that when the MSY approach is applied, there should be zero catch in 2016 and that a rebuilding plan should be developed for this stock. This is based on two stocks assessed in combination, however it is not really clear what is the extent of mixing between the two stocks. It is not clear yet whether we will be able to have even a limited fishery in 2016 and it is important that this fishery does not shutdown. There was mention that Iceland is having difficulty marketing its mackerel and that may make them more willing to discuss a long-term agreement but there was caution about whether an agreement with Iceland was possible.

5. Banking and Borrowing Pelagic Quotas. Ian Gatt, SPFA.
There has been a push this year to rollover the banking provision for pelagic stocks. It was unclear whether this would go through at the October Fisheries Council. (It was subsequently reported at the end of October that the UK had led efforts to secure EU measures so that fishermen can 'bank' a proportion of their 2015 quota for some pelagic stocks to use next year. The agreement reached at a meeting of the EU Council of Fisheries Ministers will mean that up to 42,500 tonnes of UK 2015 mackerel quota would be available for use in 2016. This agreement continues the flexibility in managing quotas for stocks impacted by the Russian import ban).

6. Impact of pelagic landing obligation on European pelagic fleet. Ian Gatt, SPFA.
http://www.seafish.org/media/1458601/piig_oct2015_pelagiclo_pelac.pdf
Ian explained the PELAC recommendation on implementing the landing obligation (LO); Member States guidance notes; technical and control measures; feedback from industry; use of exemptions: high survivability and de minimis; 9% Inter-species flexibility; forum for monitoring the implementation of the LO for pelagic fisheries; Monitoring, Control and Enforcement (MCE); potential for an MoU with Member States; and the role of PELAC.
Key points:

- Prior to the adoption of the Omnibus regulation Member States provided guidelines for waters covered under their jurisdiction. Issues arose because there were inconsistencies when applying the regulation. The Omnibus Regulation is now in place and resolved some of the technical issues, but work remains to be done. Looking forward - we really do need an overhaul of the technical measures to simplify and rationalize legislation, ideally in one easy to understand document.

- PELAC has gathered information (Jan to June 2015) from industry largely through the Northern Pelagic Working Group on their experience of the LO. This covered: Freezer Trawlers (NL, DE, FR, UK), Ireland - RSW, Scotland – RSW, Denmark – RSW, Sweden – RSW, Spain and France.
- With regard to the use of exemptions for high survivability and de minimis there was no intelligence indicating that purse seine high survivability exemption has been utilised in the North Sea or Western waters so far – it is more likely to be used during the main herring summer and autumn mackerel seasons. The Spanish fleet has not yet used the high survivability nor the de minimis exemption, but this is expected to be used in the future. Freezers trawlers (Netherlands and Germany) have utilised part of the boarfish de minimis exemption. France used part of the blue whiting de minimis. Unclear if artisanal fleets <25m in France and Spain have utilised their de minimis exemption.
- There is no information to suggest any Member State has used the 9% flexibility to date.
- PELAC has been very clear in recommendation that MCE must be implemented uniformly across Member States. That hasn't been the case to date, as the MS guidance notes have shown. There has to be a level playing field in terms of implementation.

Action: Include link to presentation.

7. MSC certification, Ian Gatt, SPFA.
Three stocks are involved.
Atlanto Scandian herring assessment is the furthest advanced. A client report has been prepared and a client action plan agreed, the report has been peer reviewed and is now out for public comment. It's hoped that the fishery can be certified by the end of 2015.
Blue whiting. A client report has been prepared, clients have submitted an action plan to deal with the conditions and is now at peer review stage. The next step is a public comment period. It's also hoped that this fishery will be certified by the end of 2015.
Mackerel. 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, which happened in August 2014. There has been an intense discussion among the certification bodies over harvest control rules, quota uptake and Coastal State agreements, resulting in a harmonised position in regard to the conditions. The client action plan is being drafted. If all goes well the hope is for re-certification by the end of January 2016.
Discussion

- **Q.** Who is pushing for MSC mackerel re-certification. I can't see any advantage? **Answer**. It affects market access and potential contracts with retailers. The MSC logo is very important as it gives Scottish mackerel an advantage, especially when the Faroes is going for MSC accreditation as well.
- We have to be aware of the power of the green lobby. It is evident that certification is the direction in which the seafood industry is going and many of the retailers are making statements to this effect. There is some debate over consumer demands for sustainable fish, and the average consumer assumes the retailer is doing its job and sourcing responsibly. Whilst consumers do not necessarily understand the blue logo, or what it means, they do trust the name above the door. We may not all necessarily want MSC but as an industry we have to do it.

8. Export support. Malcolm Large
Look at 2015
This year Seafish had a pavilion at the Japan Seafood Show in Tokyo in August (joint pavilion with SDI) and had main pavilions or information stands at Asia Seafood Expo 8-10

September 2015 in Hong Kong, Seafood Expo, Dubai 28-30 September 2015 and the Vigo Seafood Show, 5-7 October 2015. Stands will also be taken at the China Fisheries and Seafood Expo, 4-6 November 2015 and the Boston Seafood Show, March 2016. The plan is to fund a reception at the China Fisheries and Seafood Expo (4-6 November) at the Qingdao International Convention Center in Qingdao, China. This is a different exhibition centre, further out of town, which may affect attendance. It won't be as simple to stage this year and could mean a re-think in the future. A significant budget has been invested in this and if Seafish steps away someone else is likely to take the opportunity.

Discussion/feedback on what Seafish had done this year

- It has been well-managed. The event at the Japan event showed off Scottish seafood in a very good light and put it to the forefront of the minds of Japanese buyers. I would definitely recommend doing this again next year.
- Opinion was split on the reception at Qingdao. With those who thought the reception in the past had worked well and others not seeing a real value in receptions.

Look ahead to 2016

There is seems to be strong feeling towards the Japan Seafood Show in Tokyo and the China Fisheries and Seafood Expo, to do something akin to 2015. There was some discussion about Boston, as the U.S. is not a huge consumer of pelagic fish, but this is a smaller stand and the proposal is to do the same again in 2016. Everything else is up for discussion. If Hong Kong was less successful in 2015 we can re-consider. We attended Dubai for the first time this year so will need to consider this. The total export support budget for the next financial years is £200,000 (this covers all species) and there could be options for EMFF funding.

Discussion

- **Q.** What is the total value of export support to the pelagic sector? Answer. The budget is not split between whitefish and pelagic, but the major benefit of these shows is to the pelagic sector, because of the importance of the pelagic export market.
- There is still a lot of uncertainty over EMFF funding and it is not Scotland that is the Member State, it is the UK, so it is difficult to put in an application for funding for Scotland however this could potentially go through Seafood Scotland. Pelagic exports are primarily from Scotland so a Scottish-branded application could be supported. If EMFF funds were available we would need to consider how best to use these. There was a question over whether direct promotion was possible in any of these countries but there has to be caution of this due to issues of State Aid.
- Japan, China and Brussels were thought to be the key events, but other markets should not be ignored.
- There was a call for Seafish and Seafood Scotland to work more closely together.

9. Economic evaluation of the EU/Faroe Islands bi-lateral agreement. Jennifer Russell, Consultant.

The results from an independent evaluation of the EU/Faroe Islands bi-lateral agreement were presented. The valuation of all elements of agreement was based on the estimated sales value of the fish caught based on UK prices in 2014 (this does not represent net benefit to either party). The report places a sales value on the fish that can be caught under the agreement, and the actual catch under the access and exchange elements of the agreement. This report has been shared with Marine Scotland and Defra.

This concluded that:

- UK vessels have utilised 37% of the exchanged quota that could be taken from Faroese waters in 2014 and have used none of their access rights.
- Faroese vessels have utilised at least 61% of the exchanged quota that could be taken from EU waters. Quota caught in Greenland waters and catch not reported to the Scottish Government is not known. Faroese vessels have used all of their

access rights. There is a commercial incentive for the Faroese to catch in EU waters and they do land in the Faroes rather than in EU ports.

- The estimated sales value of fish landed under the agreement is significantly higher for Faroe (£43.8m versus £1.4m).
- £42.1m of estimated value of Faroese landings is under the access element and therefore does not represent additional quota. Sales value therefore does not reflect net benefit to either party. But there could be a net benefit if profitability was affected.

Feedback from industry highlighted that:

- For the fleet the value of the access arrangement is much greater to Faroe because of fish quality in EU waters and there is no benefit to the UK from the access arrangement, yet costs are incurred by Government
- For the pelagic processing sector there is a barrier to achieving benefit from the agreement because of landings tax on Faroese vessels and unfair competition in markets for mackerel from EU waters because of lower cost Faroese product, supported by landings tax

Discussion

- **Q.** Has there been any move to tax the Faroese on what they land in the Faroes? **Answer.** There is nothing to indicate any progress on this but this should be a target. There has been some work in this direction but it is not clear who would support this within the Devolved Administrations.
- Displacement could be an issue. The situation would be worse if the Faroese could not sell to the Russians. If that market should be affected it would create even more completion in current markets.
- This is an excellent piece of work and it is important that it has been produced by Seafish rather than by industry. It is important that this is published and communicated. An MEP could use these figures – they have the potential to embarrass the EU and the UK as to why they signed up for this.
- There are some missing figures and we should explore means to get these from the Faroese.
- The processing industry struggle with competition with Norway at one end and the Faroese at the other. The economic impact would appear to be all with the processing sector however it would be difficult to ascertain an accurate economic impact on the processing sector.
- There was overwhelming support for this work to continue and to fill in the gaps. This should be updated on an annual basis and could be taken into the Seafish Domestic panel discussions.

Actions

9.1. Jennifer Russell is meeting with Marine Scotland on Tuesday 13 October and Ian Gatt and Andrew Pillar are meeting George Eustice on 16 October to discuss this report.
9.2. As discussions with Marine Scotland and Defra are still pending the presentation and the report will not be added to the Seafish website until concluded.
9.3. The final report will be circulated once approved and will be added to the Seafish website.
9.4. John Goodlad, as Chair of the Pelagic Industry Issues Group to write to Seafish on the basis. 'This work provides the catching and processing sectors of the pelagic industry with an independently evaluated assessment of the EU/Faroe agreement. This will be invaluable when discussing this issue with the EU and with both the UK and Scottish Governments. Given that the EU/Faroe agreement is subject to annual renegotiation and the mackerel agreement in 2018, it is important that the pelagic industry is able to have an up to date assessment of how this agreement is working out for the benefit (or not) of the EU and Faroe respectfully. The Pelagic Industry Issues Group would therefore ask that Seafish undertake an update of this study next year.'

10. Any other business
The date for the next meeting was not set but is likely to be in February or March 2016.

10.1. Risk Assessment for Sourcing Seafood
There was a request that this was included as an agenda item for the next meeting.

10.2. Seafish horizon scanning work
Angus Garrett is horizon scanning and looking at issue that could potentially affect the export market. He is likely to contact members of this group with questions over potential issues.