

Opening Statement

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Joint Oireachtas Committee on Agriculture, Food and the Marine

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‘No Deal’ Brexit and Fisheries

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 508/2014 as regards certain rules relating to the European Maritime and Fisheries Fund by reason of the withdrawal of the United Kingdom from the Union -COM(2019)48

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2017/2403 as regards fishing authorisations for Union fishing vessels in United Kingdom waters and fishing operations of United Kingdom fishing vessels in Union waters and - COM(2019)49

Assistant Secretary, Department of Agriculture, Food and the Marine (Cecil Beamish)

General

- Thank you for this opportunity to discuss the recent proposals from the European Commission with regard to fisheries, a sector uniquely exposed to the negative implications from a ‘no deal’ or disorderly Brexit.
- Under the transition period set down in the Withdrawal Agreement, there would be no change to the current situation for the Irish fishing industry during the transition period.
- The Government's position is that it hopes that a ‘no deal’ scenario can still be avoided but that it must also be prepared for all possibilities.

- On the 30th of March 2019, if the UK leaves the European Union without agreement it also automatically leaves the Common Fisheries Policy or the ‘CFP’. The UK will then become a “Third Country” or “coastal state” in its own right under the UN Convention on the Law of the Sea (UNCLOS).
- The UK would, if it so chose, be able to immediately close its waters to EU vessels. This would mean that the status quo in which Irish vessels can freely fish in many areas of the UK Exclusive Economic Zone (EEZ) and vice versa, could be altered immediately.
- On the issue of access to waters, there has been no clear unequivocal message from the UK. Secretary of State Gove made a remark last October that could be interpreted as meaning that the status quo on both quota and access would continue for 2019 even in the event of a ‘no deal’ Brexit. Much has changed since October. The UK Governments Guidance Note on “The Fisheries sector and preparing for EU Exit” , published on 1st March 2019, says that “Access to waters will change if the UK leaves the EU without a deal” and that “Non UK vessels will no longer have the automatic right to fish in UK waters”.
- Whilst the position is not clear, the possibility that all EU vessels and hence all Irish vessels would be excluded from the UK zone in the event of a No Deal Brexit is certainly one possible scenario.

Commission Proposals -Tie up scheme (Temporary Cessation), swaps, legal basis for potential reciprocal access

- It is in this context that the Commission have put forward two separate technical proposals relating to fisheries.

Under the European Maritime and Fisheries Fund (EMFF) it is possible, under certain limited circumstances, to provide temporary financial aid to vessels for the cessation of fishing activities for a period of time. The purpose of the

Commission proposal to amend the EU Regulation for the EMFF is to widen those circumstances to cover vessels that would be significantly impacted due to their exclusion from UK waters. There are limits to how much fishing effort could be redirected from United Kingdom waters to EU waters for many reasons including the sustainability of fish stocks, the cost-effectiveness for vessels and quality of catches

- The aid under the EMFF would be available for a maximum of 9 months over the period to the end of 2020. The EU Commission position is that the funds would have to be found from within the existing Member States EMFF envelope.
- This loosening of the rules around temporary cessation and financial aid is a limited measure that, while welcome in the event that it might have to be availed of, would not address all of the issues that would arise from loss of access to UK waters.
- Perhaps most importantly, it provides the legal framework in which to provide possible tie up aid.
- Minister Creed has made it clear that, in the event that a tie up measure is required, it will be essential to ensure a co-ordinated and balanced application of a scheme to individual fisheries, across the fleets of the Member States involved. Ireland is working closely and intensively with the other Member States most concerned and with DG Mare to identify the potential impacts for fishing.
- The second proposal from the EU Commission is, similarly, about ensuring that there is a legal basis to allow EU vessels to operate in the waters of a third country in the absence of a formal agreement between the EU and that third country.

- That second proposal also provides for the possibility of current quota swapping arrangements between EU Member States and the UK to continue in the absence of an agreement.
- This proposal does not mean that there will be ongoing reciprocal access after March 29 – it merely provides the legal basis for it to happen should the UK be willing to grant such reciprocal access in a “no deal” situation.

Timing

- The two proposals are proceeding on a fast track procedure through the Council and the European Parliament. A plenary EU Parliament vote is scheduled for the 13th of March and it is expected that the Council’s final endorsement will happen around the 18th or 19th of March so that they are legally in place before the 29th.

Impact of loss of access

- Ireland, France, Denmark, Germany, Belgium and the Netherlands all take, on average, between 30% and 45% of their landings by volume and between 18.5% and 50% by value from the UK waters.
- Of the UK’s total landings, only 15% by volume are caught outside the UK EEZ.
- On average, 34% of Irish landings by volume and value came from inside the UK EEZ. Ireland catches a proportion of all our main commercial quotas (30 plus stocks) in UK waters and in some cases (e.g. mackerel) well over 60% of the quota is taken from UK waters.
- The most immediate impact of loss of access would be for our whitefish and prawn fisheries. Our pelagic fisheries, in particular, mackerel would not be

directly affected in 2019 as our fleet has largely caught the available quota in the early part of the year. This situation of concentration of fishing in a small period could have adverse impacts on our processing companies.

Irish vessels would lose access to parts of the important *Nephrops* grounds in the Irish Sea and the Smalls grounds situated off Milford Haven. It would also lose access to parts of the Celtic Sea with important fishing grounds for mixed demersal species such as cod, haddock, whiting, monkfish, megrim and hake. It would fully lose access to the fishing grounds around Rockall and off the west coast of Scotland.

- A major knock-on effect of loss of access by Irish and other Union vessels in the event of a Disorderly Brexit is the likely increase in activity in the fishing ground in the waters around Ireland.
- The concern here is an increase in pressure on fish stocks in particular fishing grounds leading to an increase in fish mortality. This in turn could threaten the long term sustainability of those stocks resulting in lower quotas.
- It is in that context that temporary tie up of vessels may be required to protect the long term sustainability of the stocks upon which our fleets rely.
- Minister Creed has made it clear that if there has to be any temporary cessation its use must be proportionate across the EU fleets. It cannot be the case that in shared fisheries, the vessels of one Member State are tied up while the vessels of another continues to fish without restriction. The Minister's has made clear that there must be a level playing field for all those impacted by loss of access to UK waters.

Preparedness

- Our response is and will continue to be within the overall EU27 context and in particular the Group of 8 Member States directly impacted for fisheries.
- Minister Creed met with Fisheries Commissioner Vella on the 18th of February to discuss these issues and the ongoing work of ensuring a coordinated response at EU level.
- There have been a number of other meetings at official level with the Group of 8 Member States and the Commission. Displacement of other EU fleets into the limited remaining fishing grounds in western waters must be planned for and measures taken to ensure that we have orderly activity within sustainable levels.
- Those meetings, between the Group of 8 Member States and the Commission, are focused on ensuring that there will be an EU coordination mechanism on the actual application of any temporary cessation. Work is on-going on identifying fleets and stocks most vulnerable to a disorderly Brexit and exploring possible mitigation arrangements within temporary cessation schemes.
- At national level, Minister Creed has continued to work closely with industry representatives. The most recent meeting was on the 25th of February in Clonakilty where the Minister and industry representatives had a full exchange on the evolving situation on Brexit.
- Within the Department and the Marine agencies there has been intensive work to prepare for all possible scenarios. The State is providing advice and information on importing and exporting issues in a situation of a no deal Brexit.

- The Sea Fisheries Protection Authority is holding a number of information events for traders. Information notices are available on their website as well as notices being published on the Department's and the Foreign Affairs and Trade websites.
- BIM, Bord Bia and Enterprise Ireland are continuing to work with seafood companies to help them to deal with Brexit seeking to make them more competitive and diversify market exposure. Support is also given to up-skill teams.

Seafood Processing Sector Readiness for Brexit

- There are a total of 163 seafood processing companies operating in Ireland. Of these 53% generate less than €1 million in annual revenue. 32% of these companies are in the €1m - €10m while the remaining 15% are in the greater than the €10 million.
- Exports of seafood from Ireland in 2017 totalled 314,000 tonnes worth €666m. The EU is the main market for these exports, particularly the shellfish, salmonid and whitefish seafood categories. The UK market is significant, worth €86m in 2017 with a volume of 44,000 tonnes.
- BIM have been working extensively with the sector to determine the extent of and offer advice on readiness for Brexit.
- There remains a high level of uncertainty as to the landscape for businesses post Brexit. While some of the seafood processing companies are prepared to a high degree for Brexit, the majority are prepared to a limited extent and some are

unprepared. BIM, Enterprise Ireland and Bord Bia will continue to work with these companies to strengthen all aspect of their preparations.

Trade

- In general, the seafood sector share many of the concerns of other sectors with regard to currency fluctuations, tariffs and the landbridge. There are however, a number of additional issues for seafood.
- A no deal Brexit will mean that Irish importers and exports of seafood products to and from the UK will require additional certificates on top of those required for products of animal origin under SPS rules. All seafood imported into the EU from a third country must have a catch certificate.
- The UK is a significant market (14% of exports) for Irish seafood but not our most important. While the landbridge is a significant issue for many exporters, it is especially worrying for seafood exporters given the perishability of their product.
- On average we export 26,000 tonnes of seafood via the landbridge each year. Having to go by sea would add 12 hours to the journey.
- Again these are issue with which are working closely with the sector and the relevant state agencies.

Conclusion

- A no deal Brexit would have a severe impact on the Irish seafood sector as whole. Loss of access to UK waters is the most immediate large scale threat.
- We have a clear agreed strategy in place at EU level that future fisheries arrangements with the UK can only be agreed within the context of the overall economic relationship. That has not changed and will remain the case in a no deal situation.
- Specifically on fisheries, the agreed overarching priority has been, and remains, to maintain existing levels of access to waters and resources to provide continuity and certainty to our catching and processing sectors.
- In the short term, in a worst case scenario, EU emergency aid may be required to allow us to tie up a proportionate part of the EU fleets in highly impacted fisheries. This can and will only happen in an agreed and coordinated way thus sending - again – the clear message that the EU27 are working as one in fisheries to deliver on the EU priority to maintain the status quo in terms of access and quotas.