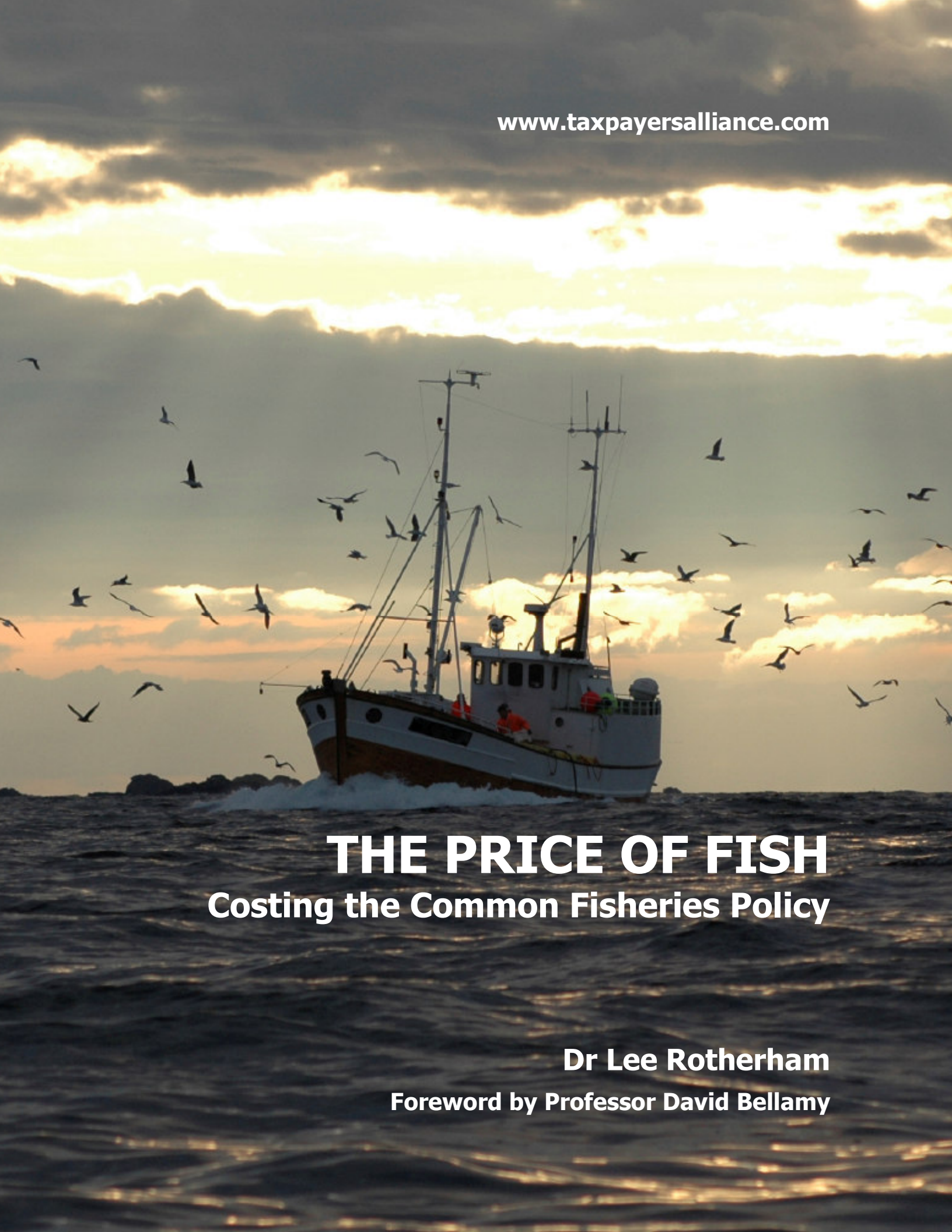

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THE PRICE OF FISH

Costing the Common Fisheries Policy

Dr Lee Rotherham

Foreword by Professor David Bellamy

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About the authors

Dr Lee Rotherham, the author of the report, is a veteran of European Union politics. After researching for the "Westminster Group of Eight" Eurorebels, he advised three successive Shadow Foreign Secretaries, a role part-based within the European Parliament. This expertise led to his appointment as 'Chief of Staff' to the Rt Hon David Heathcoat-Amory MP, British parliamentary delegate to the Convention on the Future of Europe, and a central role behind delegates opposing the European Constitution and the drafters of the Minority Report. Usefully for this study, he has also in the past advised on fisheries at Westminster. A reservist with service in both Iraq and Afghanistan, he has been extensively published internationally.

Professor David Bellamy, the author of the foreword, is one of the most recognisable faces and voices in conservation and ecology today. He is the author of over 40 books and the writer and presenter of some 400 television programmes. His presidencies include Coral Cay Conservation, the British Naturalists Association and the National Association for Environmental Education. David's commitment and energy have been recognised with numerous honours and awards both at home and abroad.

Foreword

Little fish and big ships a dilemma for the chippy

As many of the world's 25,000-plus species of fish are important sources of brain and nerve building essential fatty acids, it is little wonder that the Japanese have a lot of Yens for supplies of the right sort of fish in their healthy diet.

If your brain cells are working comfortably, please read the report and *bring it to the attention of all movers and shakers for time is running out.*

When I first studied marine biology, cod became sexually mature around the age of 7 years. Today Britain's favourite fish are having successful sex at least three years earlier. Shock, horror! Pollution, hormones in the drinking water; we are all doomed?

No, the reason is simple - over fishing today, thanks to big highly sophisticated fishing fleets. So few cod now live to celebrate their 5th birthday that natural selection has come to their rescue, reducing their age of consent in a drastic attempt to save the species from extinction.

Way, way back in 1995 the United Nations Food and Agricultural Organisation Ministerial Conference on Fisheries urged governments and international organisations to take prompt action to review the capacity of their fishing fleets in relation to sustainable yields and where necessary reduce these fleets.

So what happened? The world's fleet increased by 3 per cent in terms of tonnage between 1992 and 1997 and 22 per cent in terms of potential fishing capacity through new additions to the fleet and refits. Also, between 1990 and 1996 the world's fishing fleet tripled in size to 3.5 million vessels, but the world ' s fishing catch has remained almost the same.

Little wonder that today 13 of the world's 17 major fisheries are either depleted or in serious decline. In 1997 the FAO concluded that the 1990-94 level of marine landings, 83 million tonnes, should be considered the predicted maximum production for world marine fisheries under present overall fishing regimes. They also referred to the risk of using maximum sustainable yield as a target and stressed the need for a broader and more precautionary range of management targets. This required a 30 per cent reduction of fishing capacity on demersal species and a 20 per cent risk factor for pelagic species. If this were implemented, then the marine catch (not including fish farming and other mariculture) should be expected to be below 70 million tonnes and be sustainable.

A 1992 FAO paper showed that of the total $124 billion annual costs for the world fleet, $54 billion was subsidies in the form of price controls, low interest loans, outright grants and fuel tax exemptions.

The EU alone increased fishing support six fold from 1983 to 1990, 20 per cent of which was spent on building new boats or improving older ones.

There is currently a magnitude of difference between fisheries management in the UK and EU generally and that of countries such as Australia. There fisheries managers and the industry are working hand in hand with the environment movement in lobbying their politicians to designate more no take zones. The NGOs recognise these areas are essential for the maintenance of marine biodiversity and the industry know they are required for a continuing supply of fish for their industry. A rare win, win situation. Were but that the situation here, where the fishing industry is on the verge of collapse!

Things haven't changed that much, except that despite the fact that fish now have fingers I am expected to eat mine with a plastic fork out of a plastic box. The other main change is that cod which used to become sexually mature at around 7 years of age are now busy doing it at 3. The sad truth is that few live to a ripe old age. Cod is heading for the endangered list and so is the friendly chippy. Almost 40 years ago I became an environmental campaigner on the fish front in my favourite chippy. The lady who fried them to perfection asked me this question: Why is it that half the world are starving and half the world are slimming? I hid my inadequate answer behind a copy of the Daily Mirror which was then allowed to be recycled and put to good use containing my second helping of cod.

Professor David Bellamy

Executive Summary

The Common Fisheries Policy has proved a disaster;

- To fishermen
- To the economy
- To communities
- To the ecology

We recognise that poor stock management has generated a global fisheries crisis since World War 2. However, the data suggests that if the seas off mainland Europe had been better run, 1970s levels of UK employment and stock could have been maintained.

At fault is the CFP because of certain key elements;

- Communal management without particular responsibility
- A quota system based on lobby and barter
- A culture in Whitehall of managing inevitable decline
- A reluctance to end the CFP as this would signal an EU failure or retreat
- Political ambition in Brussels to drive for an integrated EU fleet system
- Governments operating as disinterested (UK) or self-interested (others) stakeholders

The United Kingdom could have followed the example of Canada, Iceland, Norway and others and expanded its own territorial waters as international law permitted. It couldn't, because those fell to common management under the CFP. Crucially, successive governments have declined several opportunities to make this an issue for renegotiation.

Ending the CFP would bring significant economic benefit to the country. Our estimate consists of costs ended (taxes, foreign subsidies, jobs, social services, societal) and benefits gained (over the long term by reclaiming the national waters and running them efficiently). These would alternately accrue quickly, or would realistically take a generation to recoup.

We believe that the following are best estimates for the annual cost of the CFP;

- Unemployment in the fleet and in support industries - £138 million
- Decline in communities - £27 million

- Pending damage to recreational fishing industry, low estimate used - £11 million
- UK share of support to foreign fishing fleets under EU grants - £64 million
- UK share of support to foreign fisheries industry under EU grants - £1 million
- Redeemable UK share of EU third water fishing permits (allowing for half to be invested in development aid) - £12 million
- Loss of comparative competitiveness - £10 million
- Ongoing decommissioning schemes - £4 million
- Foreign-flagged UK vessels - £15 million
- Administrative burden - £22 million
- Loss of access to home waters under 200 nautical mile principle - £2.11 billion
- Higher food prices factored into social security payments - £269 million
- Economic value of dumped fish - £130 million
- **Total economic cost to the UK of the CFP - £2.81 billion**

We cannot find any evidence of any similar attempt to provide a cost-impact of the CFP having been made before. As such, we would be delighted having opened the field to debate for more detailed and precise data to emerge into the public domain. In the absence of such, our estimates stand.

Alternatively, it is possible to look at it from the housewife's perspective. We estimate that the cost of the CFP in terms of higher bills is **£186 per household per year – or £3.58 a week.**

At the same time, the ecological impact of the CFP is severe. In particular, just counting three species, in just the North Sea, according to Government estimates, in just one year the CFP forced the dumping of 23,600 tonnes of cod, 31,048 tonnes of haddock and 6,000 tonnes of whiting. That **60,000 tonnes of dumped fish** is enough to fill a 200 metre long supramax bulk carrier ship or keep Billingsgate fish market stocked for two and a half years.

Thirty five years of foot dragging and tinkering have shown that the CFP is beyond reform. It is unredeemable, an act of ecological vandalism, and unquestionably not in the national interest.

1. Background

1.1 How We Got Here

Before costing the policy, it is perhaps appropriate to provide a very brief overview of it.

The Common Fisheries Policy, or CFP, was first introduced into the EEC in 1970. This was shortly prior to the entry of the UK, Ireland, and Denmark, countries with rich fishing grounds. Critics of the policy at the time claimed that this was a resource grab by the existing members of the EEC. This view was seemingly confirmed by subsequent events, not least the resignation of Knut Hoem, the Norwegian fisheries minister, in protest at the terms on offer.

Norway voted against joining in its referendum, where fisheries played a major part in the debate. The same issue has deterred Iceland from joining, and pushed Greenland into leaving. According to archives since released by Kew, the UK negotiating position regarding the fishermen was that, "in the wider UK context, they must be regarded as expendable".

In 1983, Regulation (EEC) 170/83 set up a management system based on Total Allowable Catches (TACs), or quotas.

In 1986, Spain and Portugal joined the Community, both with large fishing fleets with an interest in increasing their access to the North Sea and traditional UK fishing grounds – to the obvious detriment of British and Irish fishermen already there.

Between 1988 and 1990, the most visible impact of the stresses arising from this accession was through the Factortame Case. The British Government had tried to prevent Spanish and other companies from buying up British vessels in order to get around TACs by operating under British quotas, or 'false flagging'. A lengthy series of reviews in courts (to 2000) would finally decide against the Government, which would settle with these companies to the tune of some £55 million.

In 1992, Regulation (EEC) No 3760/92 established a licensing system as part of an overall move to massively cut the size of the EC fleet.

However, these changes did not slow down the depletion of fish stocks, which indeed actually got worse. What followed was the 2002 reform. This reviewed the form of state aid to be allowed to upgrade fishing vessels, which had long historically profited Iberian vessels; reinforced the policy of governments paying skippers to scrap their ships; created an EU body called the Communities Fisheries Control Agency in Spain; and set up cross-border talking shops called Regional Advisory Councils.

At the same time, the EC began to establish a growing number of action plans and committees, as fisheries became an area where the Commission and European Parliament saw an area of increasing policy development for central management and legislation.

During the initial drafting of the EU Constitution over 2002-03, the CFP came under some criticism. However, a minority proposal to restore running fisheries back to national control was not picked up by the praesidium, and was therefore dropped. This proved to be a major missed opportunity for reform.

1.2 The State of Play Today

Essentially,

- National governments continue to run inner waters (the old 12 nautical miles limits) under Council Regulation EC No 2371/2002, providing there is no discrimination against other countries' fishermen, and such management does not clash with existing CFP policy covering the area.
- Within those 12 mile limits, new vessels can't come in to fish as well. This basically stops new foreign fleets moving in to home waters. Boats with a tradition of say fishing off Lowestoft but coming from the Netherlands, could carry on with their historic practice.
- This continued national management is only granted, however, under a derogation. This needs to be renewed every ten years (agreed by Qualified Majority Voting, or QMV), otherwise it will run out and control passes to Brussels. It is next due for negotiation in 2012.
- Governments meanwhile surrender management of the waters in their Economic Zone (running from twelve out to 200 miles, or to the mid point where it contacts the waters of another country).
- The management is done by QMV in Brussels. Therefore, the UK does not have a veto, though collectively the big fleet countries historically have – a detail that has in the past hindered reform.
- Key decisions are taken in the Fisheries Council, which meets to decide quotas in a bartering session at the end of the year.
- EU countries that do not have an interest in the North Sea, or indeed even a coast, take part in the voting. As such, they can vote tactically to pay off favours in other EU Council business.
- Given the bartering, those countries that place an increased importance in their fishing constituencies have received better deals, while other countries (namely Britain) that do not have sacrificed fishing jobs in return for winning votes on other Brussels issues.

- Under the 1976 Hague Preferences, the UK and Ireland can unilaterally modify their national share in certain waters. Whitehall historically refrains from using it, as it is concerned about upsetting foreign governments.
- The Commons is given time to debate the Fisheries Council, but can make no impact on the decisions reached.
- The national allotment of quotas is divided up, so that each vessel has its own Total Allowable Catch (TAC) limit for a year. A vessel may end up also being limited by how many days it can spend at sea.
- Fish caught in excess of that permitted catch are not landed, as happens in Norway, but are dumped overboard. These fish typically die, and in huge numbers either sink to either pollute the sea bed, or boost the aggressive scavenger bird population on shore.

We recognize that there has been a global decline in fish stocks due to overfishing. However, the statistics indicate that the Common Fisheries Policy has been a massive contributor to the regional decline of a resource and an industry.

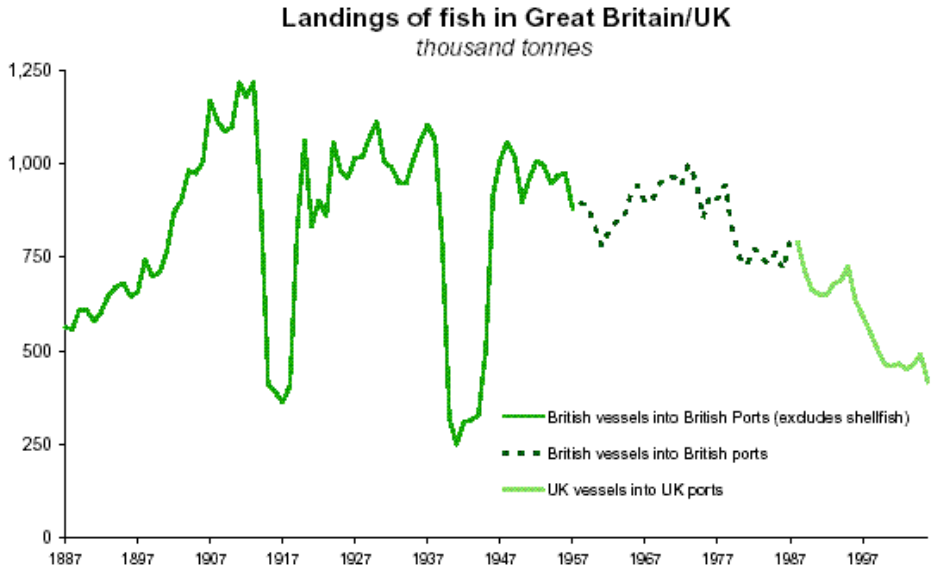
1.3 The Net Impact

In effect, DEFRA (and MAFF before it) have been responsible for presiding over a policy over which they have had no real control.

Most government departments left behind outdated 1970s concepts of the futility of reform in the 1980s and 1990s. But fisheries civil servants are still thinking in terms of managing inevitable decline. In short, DEFRA is still governed by the ghost of Ted Heath.

This can best be seen in the following chart, put together by the House of Commons Library as part of its briefing notes for parliamentarians during their annual debate.

Figure 1.3.1: Amount of fish landed in Great Britain since 1887[1]



This demonstrates that over the course of the last century, the UK fishing fleet, and its associated industries, has been crippled on three occasions;

- By the Kaiser
- By Hitler
- By the Common Fisheries Policy

Landings by the home fleet in 1970 ran to 948,000 tonnes of fish in Britain. Landings across the UK (the collected stats now including Northern Ireland) in 2008 ran to 417,000 tonnes, approaching the 1915 level of 405,000 tonnes when the North Sea was a war zone.

Obviously, there is an economic price to pay for recent fisheries management.

[1] House of Commons Library

2. The Scale of the Problem

We begin assessing the cost of the CFP by reviewing the state of the industry.

2.1 Employment levels

In 1970, there were 21,443 fishermen in the UK, about one in seven working part time. As of 2008, there were 12,700.

This means a tally of some 9,000 lost fishing jobs, or roughly four jobs in ten in the industry. What happened?

The answer can best be seen in the following statistics.

Post war, the UK fleet shrank to a level that was a new status quo, adapted to changed economic realities. This was the size of the fleet at the time of Britain's accession to the EEC. After 1973, there was a small shift from full time to part time labour, though at least with an undercurrent of some stability. But a new period of decline began again in the late 1980s - precisely at the same time as the Spain and Portugal joined the EU, and those running the CFP resolved to establish a massive reduction in the EU's new fleet tally, while increasingly regulating and managing skippers.

Table 2.1.1: Number of part and full time fishermen in the United Kingdom, 1970-2006[2]

Year	Number of full time fishermen in the UK	Number of part time fishermen in the UK	Total UK fishermen in p/t or f/t employment
1970	17,480	3,963	21,443
1975	17,061	5,073	22,134
1976	16,830	5,740	22,570
1977	16,337	6,143	22,480
1978	16,467	6,418	22,885
1979	16,590	6,069	22,659
1980	16,796	6,513	23,309
1981	16,601	7,389	23,990
1982	16,346	6,665	23,011
1983	16,006	6,581	22,587
1984	16,104	5,765	21,869
1985	15,962	6,262	22,224
1986	16,906	5,728	22,634

[2] Marine and Fisheries Agency, *UK Sea Fisheries Statistics 2006*

Year	Number of full time fishermen in the UK	Number of part time fishermen in the UK	Total UK fishermen in p/t or f/t employment
1987	17,153	5,271	22,424
1988	17,095	5,225	22,320
Gap in available statistics			
1994	15,640	5,063	20,703
1995	16,062	3,924	19,986
1996	15,371	3,673	19,044
1997	14,832	3,772	18,604
1998	14,436	3,453	17,889
1999	13,864	3,032	16,896
2000	12,399	3,250	15,649
2001	12,145	2,813	14,958
2002	11,442	2,763	14,205
2003	10,204	2,918	13,122
2004	11,023	2,430	13,453
2005	10,492	2,339	12,831
2006	10,358	2,576	12,934

Significantly, a quarter of the current workforce is over 55.[3]

By the same token, with fewer fishermen and fewer boats, the total catch being made by the British share of the EU fleet also shrank. In 1973, 1,110,096 tonnes of fish were landed from British vessels; by 2006, that had dropped 44.5% to 615,780 tonnes.[4]

It is by the baseline of this reduction in Britain's fishing industry, and not by the flourishing ports of any earlier generations, that we judge decline under the Common Fisheries Policy and what today may yet be salvaged.

2.2 Shrinking pay packets

The Labour MP for Aberdeen North, Frank Doran, is on the record as claiming that fishermen are now being employed at rates well under the minimum wage, between 50p and £1.50 an hour.[5] This is happening because there are assessed to be around 1,000 immigrant workers employed in the Scottish and Irish fishing industries, with perhaps 400 in Fraserburgh alone. This reported use of black labour takes place despite the fact that his area is generally one of high unemployment.

[3] 3,216 people, according to PQ of 20 January 2009, col 1282
[4] Marine and Fisheries Agency, *UK Sea Fisheries Statistics 2006*
[5] Hansard, 20 November 2008, col 419

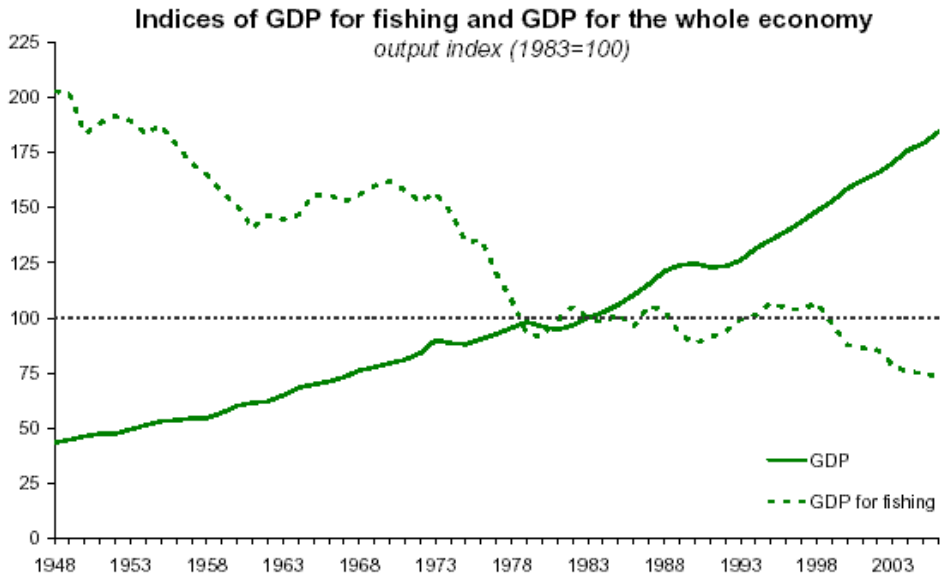
We exclude this specific claim from our calculations. But it is clear that the same pressures that push to recruit cheap labour have also impacted upon individual wages.

The following chart, compiled by the House of Commons Library from aggregated sea fisheries data, best visibly demonstrates over time the impact of the decline in fisheries upon the fishermen themselves.[6]

It takes 1983 as a baseline to compare the relative growth (or shrinkage) of the fishing economy, compared with how well the national economy was doing at the same time.

After a period of postwar decline, the 1960s saw a period where the industry fared as well as the economy at large. At the time of accession to the CFP, a catastrophic drop followed. This stabilized at the end of the decade. However, this stability was not relative, as other workforces have continued to increasingly prosper, while the fishing industry has stagnated, especially since 1998.

Figure 2.2.1: Indices of GDP for fishing and GDP for the whole economy, 1983=100[7]



Note again the significance of the date of 1973.

[6] *Sea Fisheries Statistics*, Matthew Whittaker, House of Commons Library, 2008
[7] Indices of GDP for fishing and GDP for whole economy, 1948-2006; *ONS series YBEZ and EWAC*; *MAFF Sea Fisheries Statistical Tables*, Various Years; DEFRA, *United Kingdom Sea Fisheries Statistics 2004*; Marine and Sea Fisheries Agency, *UK Sea Fisheries Statistics 2006*

There has, however, been another element that has distinguished fishing employees from their colleagues on land. The decline has proven particularly hard on share fishermen whose livelihood depends very much on how much profit could be made from the catch (traditionally, perhaps as much as a 50-50 split between owner and crew). It is significant that there is now a reportedly growing trend where this practice has ended.

2.3 Narrow Margins

These financial returns impact on the owners and skippers also. While revenue has dropped, outgoings continue to be varied and costly. The following table demonstrates the variation in the margin of profit that a boat owner can afford to deal with by looking at one year's take.[8]

The amount of profit obviously is highly variable year on year, and subject to such changing elements as insurance premiums or the pump price of red diesel. As the fleet gets older, repair costs also mount, or require a major cost – notably not here included - of an entirely new build.

However, the real variable at play from year to year is the total catch permitted.

We include these statistics here, as it is worth remembering these margins when later we examine the cost of dumping excess fish back into the sea. They underline the continuing fragility of the industry.

Table 2.3.1: Costs and earnings of UK North Sear fishing vessels, by size

	Inshore single rig trawler <10m	Single rig trawler <24m	Single rig trawler >24m	Twin rig trawler	Seine	Nepthrops
Earnings	**£326,472**	**£526,232**	**£772,399**	**£965,878**	**£622,818**	**£186,197**
Commission	£21,877	£24,743	£34,363	£39,808	£26,550	£7,692
Harbour dues	£16,751	£20,453	£26,354	£42,276	£16,960	£6,416
Subs and levies	£3,230	£4,136	£6,486	£7,310	£5,316	£1,088
Shore labour	£4,218	£11,728	£22,024	£24,763	£9,625	£1,028
Stores	-	-	£3,615	-	£4,992	-
Fuel and oil	£22,343	£42,665	£50,006	£71,415	£42,802	£18,238
Boxes	£5,588	£7,709	£9,940	£12,203	£10,252	£690
Ice	£5,776	£6,026	£8,740	£13,782	£7,342	£1,555
Crew travel	£373	£2,112	£6,654	£5,331	£4,076	£62

[8] Economic Aspects of Discarding - UK Case Study: Discarding by North Sea Whitefish Trawlers, Nautilus Consultants Ltd, 2001; and the Seafish Fisherman's Handbook 1997/98

	Inshore single rig trawler <10m	Single rig trawler <24m	Single rig trawler >24m	Twin rig trawler	Seine	Nepthrops
Food	£6,911	£10,745	£16,655	£16,221	£15,638	£3,311
Other	£4,055	£7,850	£15,462	£9,622	£31,893	£3,483
Crew share	£114,616	£174,104	£276,488	£352,800	£221,047	£46,528
Fishing expenses	**£205,738**	**£312,272**	**£476,786**	**£595,531**	**£396,493**	**£90,089**
Insurance	£15,654	£23,486	£33,480	£39,349	£21,735	£7,857
Repairs	£28,139	£65,286	£49,687	£69,272	£42,655	£10,332
Gear	£17,282	£27,418	£32,319	£74,063	£19,573	£6,449
Hire and maintenance	£5,345	£7,479	£10,716	£9,596	£7,559	£6,209
Other	£4,762	£10,267	£13,162	£13,162	£16,187	£6,151
Owner expenses	£71,182	£133,936	£136,882	£205,442	£107,710	£36,998
Total expenses	**£276,920**	**£446,208**	**£613,668**	**£800,973**	**£504,202**	**£127,088**
Net profit	**£49,552**	**£80,024**	**£158,731**	**£164,905**	**£118,616**	**£127,088**
Net profit (%)	**15.2%**	**15.2%**	**20.6%**	**17.1%**	**19%**	**31.7%**

2.4 Vessels

Economic difficulties have meant that British boat owners have not been able, or inclined, to reinvest in their platforms. So comparatively, the British fleet has become on average older, smaller, and less powerful (in terms of engine capacity) than its competitors.

This is a vicious circle, as the larger and more souped-up foreign vessels have a larger claim on national catch shares when TAC have been bartered, because they can catch more, and hold more, in a shorter time. Hence, the UK's share of the overall catch has dwindled by default.

This practice has been exacerbated by the enforced policy of tying up vessels for any given number of days.

The number of UK fishing vessels has fallen by 20 per cent over the last ten years. Capacity (in GT) and power (kW) have also decreased by 22 per cent and 16 per cent respectively over the same period.[9]

Obviously, there is a long term cost here as investment will be needed for the industry to regain its efficiency and competitiveness.

[9] UK Sea Fisheries Statistics 2007

This will not of itself be a cost to the taxpayer, unless the state funds this programme. However, it has been a missed long-term opportunity as taxpayer funding has been used to support non-UK vessel upgrades through EU grants, and by the short-term policy of funding vessel destruction.

It also means that vessels currently going to sea are less seaworthy, and safe, than they could have been.

It further means that should the CFP end tomorrow, the UK fleet would not be in an immediate position to fully exploit it.

2.5 The Icelandic Fisheries Issue

One factor sometimes pointed to as a contributory element in the decline of the UK fleet is the loss of access to Iceland's waters.

There is some truth in this. The amount of compensation paid out by the government in compensation under the recent Icelandic Fishermen's compensation scheme came to £43 million, while another earlier scheme paid out £14 million.[10] Clearly, a number of vessels and workers were affected.

However, having national waters works both ways. These vessels could conceivably have been absorbed into waters under the UK's own 200 mile limit had we not been part of the CFP. Had this been the case, this element of the fleet would have survived, and that compensation would not have needed to have been paid out. After all, we can note that Iceland in 2007 was able to export 94,825 tonnes of fish to the UK market, one on which it has been very reliant historically. No CFP, and both an alternative and a strong negotiating hand for bilateral rights would have been available.

We conclude that the 1970s reduction of access to the Icelandic waters was not of itself necessarily a decisive factor in the decline of the UK fleet. In the context of the CFP and of government neglect, it became so.

2.6 The Court of Auditors

Perhaps the best introduction to the management of the industry comes from the Court of Auditors, who issued a special report on the subject in 2007.[11] This review led the Court to conclude that:

[10] PQ, Hansard 27 October 2008, cols 755-6
[11] European Court of Auditors, *Special Report No 7/2007 on the Control, Inspection and Sanction Systems Relating to the Rules on Conservation of Community Fisheries Resources* (2007/C 317/01)

- Catch data are neither complete nor reliable, and the real level of catches is thus unknown. As a consequence this prevents proper application of the TAC and quota systems.
- The inspection systems do not provide assurance that infringements are effectively prevented and detected.
- The absence of general control standards gets in the way of proper inspection activities in the Member States.
- The procedures for dealing with reported infringements do not suggest that every infringement is followed up and still less that infringements attract penalties.
- Overcapacity detracts from the profitability of the fishing industry and in a context of decreasing authorized catches encourages non-compliance with these restrictions. It also affects the quality of the data forwarded.
- After the failure of the programmes for adapting fishing capacity, the current approach, which is essentially based on reducing the fishing effort, is unlikely to resolve the problem.
- If this situation continues, it will bring grave consequences not only for the natural resource, but also for the future of the fishing industry and the areas associated with it.

Specific problems with monitoring catch suggested serious systemic mismanagement;

- Some governments were potentially allowing fishermen to be escaping punishment by fiddling the books by as much as 36 %.
- In some Member States some fishing activities were completely outside the catch declaration data collection system: in Spain none of the catches by vessels under 10 metres in length were taken into account by quota monitoring, even though such vessels accounted for a substantial part of the national fleet.
- Some Member States had not yet integrated collection of one or another of the three key declaration documents into their information systems, even though this had sometimes been obligatory for more than 20 years.
- TAC and quotas are set in tonnes expressed as live-weight equivalent (LWE), i.e. whole fish at the time of catch. On the other hand, in the declaration documents used as reference material for monitoring catches, it is the net weight that is used. The difference between the two units is mainly due to the fish being cut up on board ship. Conversion factors are available for converting from one set of units to the other, but these vary massively from country to country. So, 100 kg of gutted fresh cod will correspond to quota uptake of 124 kg if landed in France, and 111 kg in Lithuania; 100 kg of gutted/headed fresh anglerfish will correspond to a quota uptake of 250 kg if landed in Sweden and 325 kg in Germany.

- In Spain, in the two regions visited, it was noted that a large part of the inspections concentrated on fishing activities with a relatively low rate of infringement.
- The new European Fisheries Fund (EFF – see later) grants aid to renew the engines of fishing vessels, provided that the rating of the new engine is, according to circumstances, lower than or equal to that of the old one. Knowing the problems of monitoring kilowatts, a provision like this could, in fact, lead to a real increase in fishing capacity.

2.7 Organised Crime

The sole point we wish to raise here is that sources have indicated an interest in major criminal institutions exploiting fisheries subsidies and quotas.

Given the historical interest of groups such as the mafia, and their terrorist counterparts in other countries, to make full use of CAP to make money (tobacco subsidies and livestock carousels being the most celebrated instances), such a turn of events should not surprise us. But it would mean that the taxpayer is funding organised crime through the CFP.

3. The Costs to the Fishing Communities

The fishermen are not the only ones affected by a decline in their livelihoods. There are secondary impacts as well that need to be costed.

3.1 Supported Industries

Officially, the Department for the Environment, Food and Rural Affairs has assessed secondary employment in the fisheries as follows:

> *"Employment in the fish-catching sector stood at 12,700 at the end of 2007, the corresponding figure for the fish-processing sector is about 15,000 people, and almost 28,000 jobs are directly involved in the fishing industry. We estimate that there are a further 110,000 jobs in sectors that exist directly as a result of the fishing industry, such as shore services and gear manufacture."*[12]

This means an official ratio of around 12.7:125, or about ten jobs on land for every fisherman at sea.

When costing job loss or creation, we therefore need to adjust the broader impact accordingly.

3.2 Unemployment levels

This means that the loss of the fishermen's livelihoods has had an impact on shore. Peterhead, Lerwick, Fraserburgh, Plymouth, Brixham, Aberdeen, Hull and the other fishing ports have all faced decline. Indeed, of the top ten key ports that feature so prominently in landings tallies in the 1970s, only two continue to be named thirty years in today's top ten for home vessels.[13]

Let's look at what has since become of a handful of those towns:

Milford Haven: During the 80's and 90's, the town went into decline, with an extremely high unemployment rate, and with no major industry providing significant levels of alternative employment.

Newlyn became a significantly deprived area with average incomes at 30% lower than the national average, and unemployment rates typically 100% above the region average. The fishing industry reportedly currently sustains over 50% of the employment in Newlyn in the form of skippers, crew, fish

[12] Hansard, 20 November 2008, col 452
[13] Also telling are the correlations between the top ten home ports for UK vessels, and the top ten UK ports for landings which include foreign vessel landings. See the PQ by John Hayes MP, 20 January 2009, cols 1281-2

processing and merchants. However, there are concerns over the long-term sustainability of the local economy

Boston has seen the almost total eradication of its fleet. Only the success of local horticulture (which famously requires importing a large Eastern European labour force) has kept the local economy going. This economic lifeline is not well reflected in the docks area. In any event, it is worth noting that farm labour had a minimum wage before the country as a whole did, so as an alternative source of income for redundant fishermen the option would not have been a step up.

Fleetwood has not seen a home based deep sea trawler for two decades, and the fishing industry is now orientated towards small vessels and processing. The loss of the Icelandic grounds, and the failure to find a replacement because of the strictures of the Common Fisheries Policy, tore the fleet apart.

Job losses in the fishing industry have been focused in certain locations, rather than scattered evenly across the country. As such,

- the impact in terms of lost jobs proved devastating to local communities;
- the effect has been long lasting;
- attempts by state players to remedy this, by recognizing a geographical problem, have meant state subsidy for redevelopment, which have been a direct cost to the taxpayer.

As a Scottish review of the situation revealed,

> *"To the direct economic loss must be added the indirect loss suffered by the small ports and communities that have declined or stagnated since the demersal fleet reduction (Buckie, Lossiemouth, Oban, Ayr and the smaller west coast and island harbours are examples). Many small processors closed down or reduced the number of employees as local fish supplies dwindled. One of the authors investigated the market for premises left vacant by fishery-dependent firms in affected ports. Most of them remained vacant as there was little alternative demand for commercial property.*
>
> *"In addition the cost of unemployment and welfare support of displaced fishers and shore sector workers should be considered along with the direct economic losses. The offshore oil industry absorbed much of the displaced fisher labour - but offshore oil was going to be there anyway, and should have been a supplement, not a replacement for fishery sector employment."*[14]

[14] Study submitted to the Scottish Parliament by the Fishermen's Association (FAL), David Thomson and Dr James Wilkie, 2003

As such, these job losses created an additional burden through long term unemployment, and income support on surviving underemployed fishermen, which alone we place anecdotally at a cost of £23m per year.[15]

We also have to factor in the impact of these job losses on the fisheries support industries. On the one hand, some food processing factories have adapted to cater for foreign landings that have replaced UK-sourced fish. However, as the closure of the Birdseye factory in Grimsby in 2005 demonstrates, even this has proved to be no sure fire refuge. Allowing for some increased job flexibility and market diversity away from the immediate port area, we assess an appropriate figure of the unemployment burden here to add £115 million a year to the bill, making an annual total of £138 million across the whole industry. This figure will obviously abate when either the rate of decline is halted or reversed, or major investment takes place in an area of unemployment, though this may also involve a cost to taxpayers.

3.3 Social Decay

The decline of the local economy also had a knock on effect on the local community.

Take the case of Grimsby. One analyst at a conference on urban regeneration made this bleak summary of the town;

> *"High unemployment, especially older males*
> *Virtually no fish landings*
> *No foreign direct investment*
> *State owned fish and commercial ports*
> *Poor educational standards*
> *Declining dockside urban communities*
> *Many hectares of vacant brownfield sites*
> *Very low morale in the town"*

What can we learn by contrast from the example of Hull? From the council itself, that,

> *"Hull's economy is dominated by low wages, high unemployment and inactivity rates and, for those in employment, low value/low paid professions. Hull is the 9th most deprived of 354 English Districts (by average of ward scores). Almost half of the people in Hull live in electoral wards that are amongst the 105 most deprived wards in the country."*[16]

[15] This is predicated on a consistent 2000 part timers on income support, 1500 long term unemployed or unemployed in a given year, and 50% having dependents qualifying, at current rates coming to £14m a year (supporting individuals), plus other benefits such as housing estimated at £9m a year
[16] Hull city council website

Similarly, from assorted media clippings, we read that;

- In 2003, a national survey by CACI Ltd revealed that 27% of the city's households have an income of under £10,000.
- The unemployment claimant rate (5.4% in July 2005) was over twice as high as the national average (2.2%).
- Male unemployment in west Hull, an area closely associated with the fleet, was at almost three times the national average.
- The city has long had problems with drugs, brought about by a quirk of location coupled with years of social deprivation. Certain parts of the city are hotspots and they tend to be deprived and with low education standards.

It appears unquestionable that the decline of the fishing industry had a massive impact upon the town economically, and from that, socially. A vicious economic circle follows;

- a town is no longer seen as thriving, and people who provide key services no longer wish to live there.
- House prices are affected
- Pockets of dereliction encourage vandalism
- The general crime rate may be affected

We certainly do not wish to paint an apocalyptic picture of these communities. But we can make some attempt to assess the public cost of decay.

One measure is to make a comparative assessment of the amount of state aid, including EU aid, that such communities receive as compared to the national average. For instance, this can be done by counting how many projects such as the Gateway Pathfinder Scheme have been launched. This is impractical given the form of the data to hand.

A solution is to make a comparative study of insurance costs, contrasting local rates with the national average.[17] The postcode area HU3 came out in 1500th place out of 1659, with a premium of £202.19, as compared with the national average of £169.45.

That means each household is paying £32.74 higher than the national average. If we make the connection between this increased cost and the cost

[17] For this we used http://www.thisismoney.co.uk/code-breaker

of crime, then we can argue a proportion of this to be the annual cost to the neighbourhood of a weakening of civic bonds.[18]

Hull has around 100,000 households affected by these rates. It could be argued, therefore, that the additional annual knock-on social cost in Hull of social depravation from the collapse of the fisheries may be around £3 million per year.

On an extrapolation based on relative decline across all ports, based on comparative job losses, this would generate a national figure of a societal cost of £27 million per year.

3.4 Sea Anglers

Next comes a cost that is on the horizon: the impact of new regulation set to emerge under the aegis of the CFP that affects the non-industrial fisherman.

In 2004, the Drew Report into the economic impact of recreational sea angling calculated that 1.1 million households contained at least one member who had been sea angling over the past year in England and Wales.

The total expenditure by sea anglers resident in England and Wales on their sport has been estimated at £538 million, from 12.7 million anglers' days annually.[19]

However, a new series of regulations relating to permits and catch limits now threatens the sport. This is even before the 12 mile limits come onto the agenda for renegotiation.

The threat is real, and the industry is worried. The danger is that the introduction of red tape and regulations will dissuade casual hobbyists from continuing with the sport, while commercial fishermen are obliged to surrender more of their catch as hobby fishermen see what they take for the first time being counted against it.

The nature of peoples' reaction will vary depending on how committed they are, how often they fish, and how irksome the regulations prove to be. In the latter instance, precedent is not happy.

We can make a case for a variation of a drop of 5 per cent in terms of users and 2 per cent of angler days if the nuisance is comparatively minor, and a

[18] The part of town furthest from the docks the figures ran at £193.19, or 1419th out of 1659, which seems to confirm how problems associated with urban decay run across town rather than are limited to a few streets in the old dock area.
[19] *Consultation on a Recreational Sea Angling Strategy for England*, Inshore Fisheries Working Group, Recreational Sea Angling Subgroup, December 2007

possible worst case scenario of a 20 per cent drop if heavily regulated (especially if the 12 mile derogation ends). This in turn will generate a downturn in those industries that support amateur fishing, including those commercial fishermen who scrape a living by combining the two.

In money terms, this would mean a pending threat to UK businesses lying perhaps between £11 million and £108 million. This figure excludes the unknown variable of additional business compliance burdens and new charges for licensing.

4. The British Taxpayer and State Aid

The bill has not been paid by the coastal communities alone.

4.1 Upgrading Foreign Trawlers

Under the Multi Annual Guidance Programmes (MAGP), governments agreed to manage their fleet size and capability by aiming to reduce total vessel numbers.

The quid pro quo was that countries that met these targets would allow skippers to improve the seaworthiness and incidentally capability of their vessels. This came in the form of a matched grant.

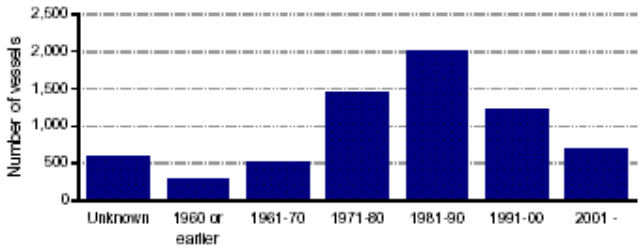
Because of the terms of the Fontainebleau Rebate, the Treasury objected to UK claiming its share of the grant, as it would end up repaying 71 per cent of the EU award for UK vessels back to Brussels. The end result was that other countries, particularly the Spanish under MAGP IV, did pay and claim, and so the UK (a net contributor to the EU budget) has indirectly subsidized its competitors, but not its own citizens.

The United Kingdom was, for instance, the fifth largest recipient of FIFG grants between 1994 and 1997, receiving 173 million ecus; but this compared with Portugal receiving 248 million ecus, France 267 million ecus and Spain a massive 1,163 million ecus.[20] These funds in Spain's case went to replacing about 1,400 obsolete vessels, and the modernization of about 1,800 existing vessels.[21]

Given the UK's share of the budget and the exchange rate, this equates to around £150million of UK taxpayers money alone having gone to support foreign fishermen under this one scheme.

Compare this with an overview of the age of the UK fleet as at 2007.

Table 4.1.1: Number of vessels in the UK fishing fleet, by age[22]



[20] Hansard 9 Feb 2000
[21] http://ec.europa.eu/fisheries/cfp/structural_measures/archives/summary_structural_interventions/es_en.htm
[22] *UK Sea Fisheries Statistics 2007*

In short, the British taxpayer has historically funded our fishermen's competitors upgrading their vessels, while in general refusing similar state subsidy for the British fishing fleet.

The UK fleet has consequently lost some of its competitiveness. Furthermore, upgraded foreign fleets provide them with a better negotiating hand during TAC discussions. As long as the CFP skews upgrades by national identity, this problem will get worse year on year.

In the absence of major hard data on issues such as costs arising through days lost due to breakdowns, we are forced merely to make a best estimate.

This we do by adding the additional costing of an annual £10 million to reflect an ongoing loss of comparative competitiveness.

4.2 Buying up Vessels for Destruction

One solution under the CFP has been the destruction of large elements of the national fleets.

Britain has paid twice: once, to break up our own vessels; again, as a net contributor to the EU budget, by providing a share of compensation to break up those of other countries.

Our interest in this paper, however, is the current Under 10 Metre decommissioning scheme. The budget for this is set at £5 million. It followed a separate decommissioning scheme targeted at larger vessels in the Western Channel.

The policy is particularly paradoxical. As a report on the Over 10 Metre decommissioning scheme of the 1990s showed, reinvestment of money gained from decommissioning larger vessels actually led to an increase in investment in the under 10 metre fleet by skippers moving (with state subsidy) from one type of boat to another.

That same report also revealed that decommissioning was not even particularly cost-effective, as it tended to attract "those vessels consistently making a loss, vessels nearing the end of their economic life or those vessels whose skippers are nearing retirement and have no family to replace them when they retire". Moreover, if the intent was to attract major fish-landing vessels to the breakers' yard, these were the ones that were most successful, and so to encourage them would require a state grant

considerably higher than their profit margins – in other words, a subsidy above the market rate.[23]

On the assumption that the department will continue its tradition of funding fishermen to quit a salvageable industry, and allowing for some annual variation in the policy, we assess this as £4 million of tax waste.

4.3 Supporting Foreign Vessels

The EU subsidies referred to above continue today, under the Financial Instrument for Fisheries Guidance or FIFG, now renamed the European Fisheries Fund or EFF.

The Scottish government has at least recognized the merit of a system of applying for grants part of which would otherwise be UK money going to waste. It has received a major portion of the £97 million of the scheme going to the UK.

We should put this into context. The seven year budget of the EFF currently runs at around €3.8 billion. At current, unfavourable, exchange rates that is about £3.5 billion.

If we assess that it should be up to member states to pay for their own fisheries industries, and that the EFF as a pooled resource should be financially restored to domestic exchequers, and if we assess the £111million to be money that the UK Government would choose to spend anyway, then that leaves £3.4 billion of the EU budget that could be restored to national capitals.

The 2007 net UK share of the EU budget stood approximately at one ninth. This figure will incidentally increase as the UK share of the budget increases as negotiated under Blair, and also due to the weakness of the pound at the time of comparative currency value assessment for payments for this year.[24]

Nevertheless, on the 2007 basis, the UK share of the untapped EFF budget comes to around £378 million.

We add to this the rebate money for current grants we assume will be lost to the Treasury under the Fontainebleau terms, or an additional £70 million over the period in question.

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[23] *The Economic Evaluation of the Fishing Vessels (Decommissioning) Schemes*, for the UK Fisheries Departments by Nautilus Consultants. This is statistically unfortunately very dated (1997), but highly insightful into the broader trends

[24] See Open Europe's Briefing note: European Communities (Finance) Bill; and Dr Richard North's EU Referendum website passim

That combined total therefore comes to an annual figure of British taxpayers currently supporting other countries' fishing industries to the tune of £64 million a year.

4.4 Upgrading Foreign Ports

Additional funds have further been available outside of the MAGP budget. Fishing communities in several countries have received EU grants to improve local facilities. The nature and the extent have varied enormously. While some small harbours have received minor sums in Cornwall, in Spain major port upgrades have taken place under regional aid budgets.

This has taken place through the Objective 5(a) line, targeted at agricultural and fisheries structures, and possibly through European Central Bank loans. It was certainly boosted by boosted by further Objective 1 money designated for the old 'poor four'[25].

We know of no study to have reviewed this phenomenon. Its nature is confirmed, however, by Inforegio, the Commission section dealing with the regions:

> *"The Structural Funds […] financed port development projects and fishery research, as well as vocational training in Objective 1 regions."*[26]

Spain and Portugal were major recipients. Ireland also benefited highly at the time, with a disproportionate amount focused on its fisheries. All that need here be pointed out is that hundreds of millions of pounds more went under these budget lines to upgrading Britain's fishing competitors, with the UK taxpayers once again providing a net share.

We do not have any data on current projects funding infrastructure improvements that benefit the broader fishing industries of these countries. As regional aid, it would in any event fall outside of the direct scope of the CFP. But any item would be a further burden on the UK taxpayer. It seems in any case that we are now funding improving their railways.

However, we have learned of a recent development. Commission Decision 2009/7/EC allows EU financial support to Greece, Spain and Italy for the purchase and modernization of fisheries patrol vessels and aircraft. Of the €111 million bill, €25 million will be paid from the EU over a period of seven years.

[25] The fishing nations of Ireland, Portugal, and Spain among them; the other was Greece
[26] http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/p3225_en.htm

If fisheries were not an EU competence, then it is hard to see these funds being supplied. However, so long as they are, there will clearly be EU money available from outside of the CFP budget, relating to all aspects of fisheries and sea food, whether relating for instance to advertising, health and safety, or support for infrastructure.

We think it reasonable to cost this sort of incidental aspect of the EU budget at a further £1 million per year for the UK taxpayer.

4.5 Revenue Lost to Competitors

Most EU states have experienced declines in their fisheries over the same period as Britain's, though with varying extent. Between 1973 and 2006 the UK catch fell by 45 per cent, compared with an average across the EU-15 of 37 per cent.

The UK has been a net importer of fish since 1984. In 2006, 753,000 tonnes of fish was imported; more than double the 1983 total. In 2006, the value of net imports was £975 million. Imports were highest for cod, haddock, tuna, shrimps and prawns. The UK exported mostly mackerel, herring and salmon.

UK vessels landed 610 thousand tonnes of sea fish (including shellfish) in 2007, with a value of £645 million.[27] Landings of demersal fish have fallen by 26 per cent since 2005. Over the same period, pelagic landings fell by 13 per cent.

In 2007, imports into the UK were highest from Iceland (95 thousand tonnes), Denmark (49 thousand tonnes), Norway (42 thousand tonnes) and Germany (40 thousand tonnes). The UK exported the largest amounts to Netherlands (85 thousand tonnes), France (71 thousand tonnes), Russia (52 thousand tonnes) and Spain (39 thousand tonnes). However, it seems that a significant proportion of these statistics relate to transshipment; the landing of fish in a UK port for it to be trucked back to the country of origin of the trawler.

Nevertheless, this demonstrates an existing market in which to expand share, and one in which the UK fleet used to be predominant prior to the CFP. That market is the home market.

[27] UK Sea Fisheries Statistics 2007

4.6 Foreign-Owned British Vessels

The latest statistics seemingly available on foreign flagging date back five years. On 1 January 2003, a significant proportion of the ostensibly-British fishing fleet was, in fact, foreign owned;

	Number of UK registered fishing vessels	Number of UK registered foreign owned vessels	As a proportion of the fleet number	As a proportion of the fleet tonnage	As a proportion of the fleet engine power
Over 10 metre vessels	1,805	121	6.7%	17.5%	16.8%
All vessels	7,528	121	1.6%	16.0%	11.5%

As the Department explained, it did not maintain comprehensive records on the beneficial ownership of fishing vessels. These stats were therefore worked out by the government on the basis of advice from local port offices of the Fisheries Departments, relating to vessels over 10 metres in overall length. No information was available on stats for under 10 metres, though it said that it was "not aware of any significant overseas interest".[28]

Nevertheless, this demonstrates that a very significant proportion of the UK fleet after the Factortame case remained in foreign hands. These were disproportionately larger vessels, with more horse power.

As a result, the profit margins for the UK fleet are skewed, as a significant element of the fleet is in fact foreign owned.

While not criticizing buy outs by companies in foreign markets, and free market enterprise, this makes a mockery of any system of management operating under a quota system based on national identity.

On the positive side, an agreement reached by the Blair Government with the head of the European Commission did create a notional obligation (though not a legal one) for these vessels to alternatively land their catch in the UK, use British ports to service their craft, or employ UK nationals to man them. The effectiveness of this letter has not been statistically revealed.

Let us be generous and assume that UK flagged vessels do operate in such a way as to maintain the old levels of direct and indirect employment for the vessel in question, and that they do not operate from Spanish, Dutch, Portuguese or other foreign ports.

[28] Hansard 3 September 2003

By tonnage and engine power, we can estimate that these vessels – if still in the same proportion today – could land perhaps 14 per cent of the national catch.

The total value of the national catch in 2007 was £645 million. 14 per cent of that figure is £90 million

Assuming a net profit of 17 per cent (see larger vessel profit margins earlier), that would mean the companies owning these vessels would make some £15 million profit. This is money that would have gone to UK boat owners if they had felt confidence in the industry's future.

This adds £15 million to the national cost of the CFP.

4.7 Administrative Costs

Monitoring the application of the CFP costs both the state and the skipper. A policy based on precision and prohibition, with criminal proceedings occurring over a small margin of error, has meant over the years a large number of astonishing newspaper stories, for instance;

- New EC rules state that lobsters have to be 2mm larger than the old standard. Scottish lobsters are small because they grow slowly in cold waters. Under the new rules half those caught will have to be thrown back.[29]
- Two fishermen landed in court after catching lobsters one millimetre short of the length officially required by EU regulations. Lionel Mainprize, 62, and Robert Turner, 56, from Scarborough, North Yorks, are believed to be the first fishermen in the United Kingdom to fall foul of a Brussels edict issued in June which increased the acceptable length of a lobster from 85mm to 87mm. The pair were prosecuted at Scarborough Magistrates Court this week and ordered to pay £300 costs after six of their 37 lobsters were found to be 86mm long. The fishermen, both of whom received conditional discharges, had gone to great efforts to stay within the law, using an aluminium strip on their 20ft boat to measure each crustacean. But fisheries officers used an expensive more accurate Vernier gauge.[30]
- Hundreds of Britain's largest fishing vessels will be struck off the shipping register by the end of 1998 unless the owners pay up to £1,000 a time to have them painstakingly re-measured to comply with EU regulations. More than 1,000 vessels must be reassessed. According to Brussels the

[29] Country File, BBC, 27 October 1998
[30] Daily Telegraph, 29 November 2000

move is intended to ensure fair play when it comes to assessing the catching capacity of each member state.[31]

- In 1997 Boston fisherman Ken Bagley was fishing for sprats and happened to catch a few young herring in the process. The fish live in the same water and are almost identical. He had no quota for herring so it was a criminal offence to land them. When he arrived at port the Fisheries Inspector examined the catch on the quayside by the light of car headlights, and found seven herring. He told Mr Bagley that he had to separate out the herring and discard them before landing the catch, using the EU-approved method of stroking their bellies (herring are smoother). Mr Bagley had his licence confiscated pending a criminal prosecution. A year later the charges were dropped but in the mean time Mr Bagley had been unable to earn his living.[32]
- The Welsh cockle industry was under repeated threat of closure, through measures requiring new £60,000 boilers to conform to data logging; the appearance of Dutch vacuum dredgers; and the new requirement for even small stall holders to buy expensive ultra-violet radiation holding tanks to soak their hand picked cockles for 24 hours.[33]

Clearly, even allowing for some cases where the facts may have been misunderstood by journalists, there has historically been overregulation and bureaucracy in DEFRA's management of the CFP. Bureaucractic self-flagellation is seemingly a departmental speciality, even by Whitehall standards.

The situation in many some appears to have improved a degree in terms of fisheries inspectors using more common sense, but only as the amount of damaging legislation increases apace – as Christopher Booker's weekly column in the *Sunday Telegraph* constantly and depressingly proves.

This issue needs to be costed also. Again, we turn to the 2007 £645 million figure as a baseline. First, we remove the net profit across the industry, which on the basis of earlier statistics we will put at 15 per cent. We also remove fuel for another estimated 8 per cent. This makes £497 million potentially subject to red tape.

In the absence of any indicators suggesting a serious and successful cut back in bureaucratic costs, we assume that the research applied by the regulatory burdens team at the British Chambers of Commerce holds as true of the fishing industry as of other businesses at large.[34]

[31] Daily Telegraph, 10 August 1998
[32] Personal interview, This England, Booker/North, and others
[33] The Independent, January 1993; BBC Food Programme, 10 March 1997; Carmarthenshire Life, August 1997
[34] http://www.britishchambers.org.uk/6798219243315023264/regulation.html

We accept a need for some administration to oversee fisheries. Let's be generous and assess that a return to 1997-comparable levels would be appropriate, although the regulatory impact of CFP decisions and directives began much earlier.

On the basis of the BCC's assessment that of the UK GDP of £1,482.3 billion, the post-97 additional administrative burden amounts to £66 billion, that means that there has been an additional wasteful cost factor to the economy of say 4.5 per cent.

4.5 per cent of £497 million is around £22 million.

We therefore estimate that the regulatory lightening of leaving the CFP would come to £22 million to the industry, should common sense start to take a hold.

4.8 Loss of privileged access

Then there is the hard ball option. As one Labour MP puts it,

> *"We must recognise that the common fisheries policy has been expensive for Britain. There is no use ignoring reality and pretending that it will go away. If we calculate the total EU catch to be 5.3 million tonnes of fish and its value to be £5.6 billion, with 70 per cent. of fish caught in British waters—what used to be exclusive British waters—and we deduct from 70 per cent. of £5.6 billion the £645 million that is the value of landings in this country, we are left with £3.3 billion. The fish are caught in our waters, though not by our vessels—thereby not providing employment in this country—and sold in Europe. That is the effect of the common fisheries policy. We have been swindled, and the policy was devised for that purpose."*[35]

UK membership of the CFP club cost its fishermen dear in terms of privileged access to their traditional fishing grounds, in an era where international law began to recognize and authorise an increased degree of protectionism for those living on the geographical edge of the resource.

The costing method used in the quote above is the traditional and longstanding method that has been used for assessing the cost of the CFP. It has one clear advantage over other forms of costing: it has apparently not

[35] Austin Mitchell MP, Hansard 20 November 2008, col 425. The figure of 5.3 million tonnes is that of the European institutions, for instance here http://www.europarl.europa.eu/parliament/expert/displayFtu.do?language=en&id=74&ftuId=FTU_4.4.6.html. While we assume this particular total to include all of the Communities fisheries, the above valuation appears to be on the generous side (the average price of EU exports being €1.5/kg), and very few British trawlers would lose out from end to access in the Mediterranean and Black Sea. So we allow for a major margin of error and take the lower estimate.

been challenged over the last decade. That is despite extensive use in Parliament, and in particular during fisheries debates.

However, as an indicator of landing value, it does not take into account the other costs and sequential negatives that this paper attempts to quantify, and as such is merely an estimate at one element of the impact of the CFP to UK fishermen: lost revenue share.

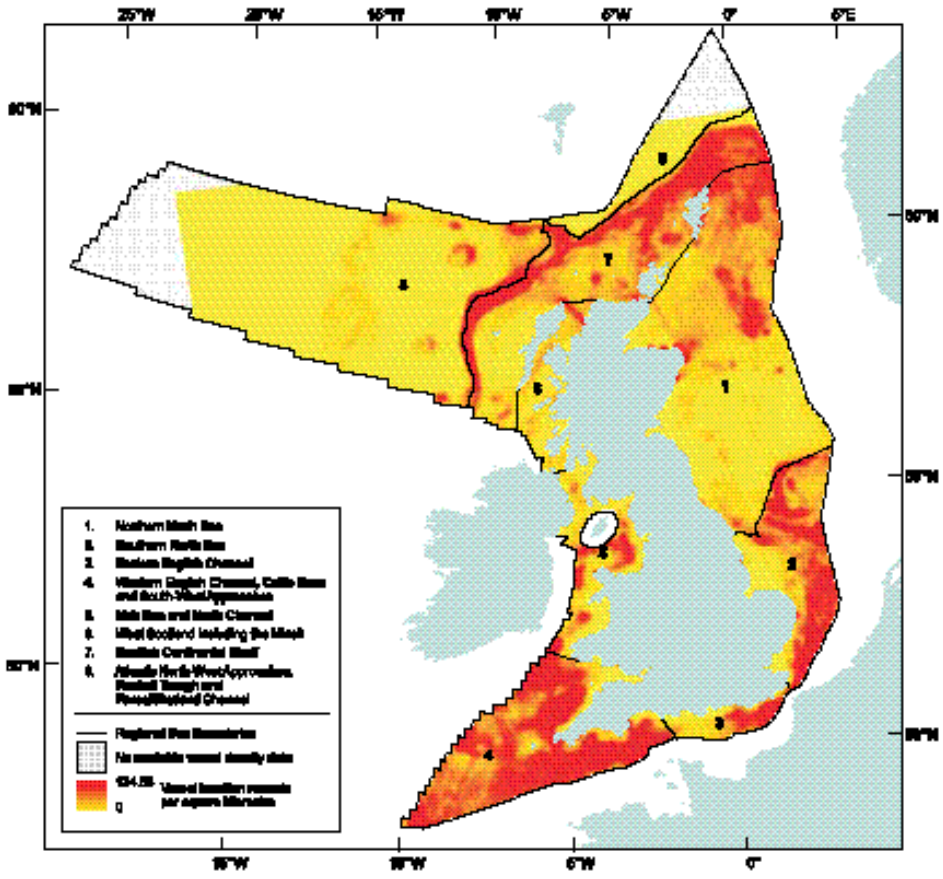
There have been attempts to qualify this figure in the past, with questions in Parliament attempting to draw official statistical estimates. These have, however, simply generated the response that the sea boxes cross national limits, and therefore exact figures cannot be provided.

It is a geographical fact, however, that with Norway outside of the EU, and given the nature of the UK coastline, a very significant proportion of the happy hunting grounds of the North Sea and South West do indeed lie within British waters. This should be coupled with the fact of the proximity of these fishing grounds to the home fleet providing a natural economic competitive advantage.

The rich Norwegian grounds lie outside of the EU tally. So too do the waters of the Faroes. However, the wealth of the Irish Box is clearly a commodity shared with the Irish.

In the interests of accommodating a seemingly willful lack of available data, let us leave aside the fact that the historical wealth-generating grounds aggregate in Britain's North Sea waters, and cut the earlier estimate (based on pre-accession stats) to a very cautious 50 per cent share. One example of how cautious it is lies in the fact that the 2009 TAC share between Norway and the EU gives the EU (largely through stock in British waters) a 5:2 tonne advantage.

Figure 4.8.1: Distribution of fishing effort in UK waters during 2002[36]



This shows the density (in observations per km2) of all UK and European fishing vessels of over 24m length in 2002 using the Vessel Monitoring System (VMS) satellite data. A speed filter has not been applied so data reflects both fishing activity and steaming. It also only shows the large sea going vessels, and not areas of catch for the thirty foot fleet.

50 per cent of £5.6billion is £2.8 billion. Remove the £645 million for existing landings value, and that is an estimate of £2.35 billion of landings taking place under the CFP that goes to foreign vessels.

This would change if Whitehall used the analogy of the actions of the governments of Iceland or Norway, or indeed other countries outside of the European Union, which regulate access to their 200 mile limits in the interests first and foremost of protecting their domestic industry, rather than those of her immediate neighbours and competitors.

As good internationalists, however, we may choose to recognize that there are boats that have enjoyed traditional access to these waters. There are

[36] *Oceans and Fisheries WSSD Commitments*, DEFRA, 2002

vessels that were fishing off Britain before the UK joined the EEC. It might be argued that skippers with a couple of decades of history of access should be accommodated out of fair play, rather than thrown out to ruin.

Of course, rigidly enforcing such measures in their totality would generate a diplomatic crisis. So there is another possible set of figures we could use, to accommodate this.

Let us take the example of the Cod War. If the United Kingdom resumed unilateral control of its fisheries and allowed historic access along the lines of the percentiles emerging from the access settlement with Iceland, the UK's share would increase by around £1.47 billion, so that total UK fishing catch in fishing waters would be £2.11 billion. Allowing a measure of continued access would also to a point help with management (since a real threat of withdrawing licenses would encourage competitive fair play).

This figure notably would not be achievable overnight, as the home fleet capacity will take years to recover. As such, foreign access would not be slashed as per the Iceland example but reduced over time, generating long term strain rather than overnight crisis.

If we take the least generous costing options, these suggest that restoration of national sovereignty to these waters would bring a long-term gain growing to £2.11 billion annually, with the further possibility of increased share growth over the very long term as access rights fade.

5. The Cost at the Till

5.1 Comparative Fish Prices

The following figures show how food prices have changed for ordinary consumers since Britain joined the EEC;

Table 5.1.1: Average price of selected products, 1914-2004, pence per kg (except where stated)[37]

								Proportionate change	
	1947	1960	1970	1980	1990	2000	2004	1970-2004	1990-2004
Rump steak			125	507	813	866	897	7.2	1.1
Lamb loin imported			57	238	414	537	731	12.8	1.77
Ham, cooked and sliced		89.4	111	361	668	770	793	7.1	1.19
Back bacon			72	262	462	603	711	9.9	1.54
Pork sausages			41	134	225	307	316	7.7	1.4
Cod fillets			47	238	574	840	864	18.4	1.51
All food (Jan 1987=100)	6.3	12.7	18.3	72.3	119.4	143.4	152	8.3	1.27

What should be immediately visible is that fish prices have outpaced other food products by a major margin. A third of the price of an equal weight of rump steak at the time of EEC accession, fish has practically caught up. Indeed, of the individual commodities listed across the basket, only cod exceeded the growth in national earnings.

Considering the impact of the Common Agricultural Policy upon household bills, this is quite an achievement. Since joining the CFP, fish has become approaching twenty times more expensive, as chip shop regulars will testify.

5.2 Comparative Fish Consumption

Meanwhile, the amount of food being eaten by each household has over the last several years been increasing, from a trough of 443,000 tonnes in 2000 (lower than the pre-accession 464,800 tonnes) up to 550,000 tonnes today.[38]

[37] Office for National Statistics, *Economic Trends 626*, Consumer Price Index over time
[38] The statistics are convoluted when making a comparison with pre-accession figures due to different measurements of staples. But see the *Sea Fish Statistics* for 2007 and 1973, as well as PQ 20 January 2009 col 1280

This demand outstripping home supply has pushed prices up, in some cases by a third over the last four years.

In 2007, UK vessels were landing 425,000 tonnes of fish. This meant a shortfall of 114,000 tonnes destined for tables alone (costing £143.5 million), and a further shortfall of another 127,000 tonnes for restaurants and also industrial use (oils, feed and suchlike: a further cost of £159.9 million) – or a total of £303.4 million of fish the UK has had to import to fulfil its fish shortfall. For comparison, the level of imports for 1972 ran at 38,800 tonnes, a figure overmatched by exports.[39]

Even allowing for a small proportion to be made up of exotic sea foods, such as king prawns not native to home waters, this demonstrates an astonishing proof of a case where a country that should be self-sufficient is forced to import (a case not entirely dissimilar to that of milk quotas, the result of another EU common policy).

5.3 The Household Bill

In short, there is currently a higher demand for a scarcer product being provided by different people.

We assess landing price rather than retail price to be the key end variable. We also for our costings assume that food prices under the CFP could have been so managed so as to have mirrored food price changes under the CAP (where, culls aside, stock have not been depleted to risk of stock extinction).

That being the case, till price of fish could potentially have increased since 1970 by a factor of nine rather than of twenty: still a major increase, but less marked.

In those circumstances, that would mean a basket price saving of around £4.40 per kilo – £88.80 a year or £1.71 per family every week. That, of course, is just the price from the wallet of higher food prices.

On top of this, there is the issue of higher prices for other users of catches in the broader statistics – farmers for feed, restauranteurs, chip shops, and industrialists. This bill will also in the end be picked up by the consumer.

On the basis of the 2007 stats, including these products and services, that would bring the end cost of mismanaged stocks in shopping trolley terms to £186 per household per year – or £3.58 a week.

[39] Sea Fisheries Statistics Tables 1973

Nationally, that is a sum pocketed by the broader industry in poor compensation for the decline of landings and profit margins. It is also a burden spread across the land, at a price disproportionately paid by low income families.

As a cost displaced within the economy, it does not feature in our tally of the cost of the CFP, except in one regard. Food prices are a factor in determining state benefits, such as the various forms of unemployment benefit, child benefit, incapacity benefit, the disability living allowance, and pensions, and have also been used to measure index-linked gilts, affected decisions made by the Chancellor reacting to inflation levels, and impacted upon wage negotiations.

Higher food prices mean increased cost of benefits. Fish is one item in the basket of prices used.

We leave aside the small impact the CFP has therefore had on the economy and on wage restraint. Instead, we observe that reducing food bills will by definition reduce the amount the state would need to supply to support these claimants, and this works out as a not insignificant end amount.

The household CFP checkout bill in individual terms runs to £75.30 per year. We ignore potential savings in pensions by assuming a minimum 2.5% would be awarded as an annual increase even where basket prices have dropped. Rather than second guess current fish shares used to calculate the RPI, on the simple principle that the dole is set at a level to reflect food prices, and based purely on current book levels, there is a potential valued saving (using the claimant figures as at November 2008) of;

- £80.6 million from higher food prices for 1.07 million people on unemployment benefit.
- £188.25 million from higher food prices for 2.5 million people on forms of incapacity benefit (which though they will in most cases be merging into the new Employment and Support Allowance, do not currently exist in combined claimants statistical form).

This would be an annual sum saving to the taxpayer of £268.85million.

It is perhaps worth here underlining that these would be savings that would not affect the amount of money left in the claimant's pocket once he had done his shopping, and thus his or her standard of living.

6. Ecological Impact

6.1 Dumped fish

Fish get dumped under CFP rules because the fisherman has caught more of them over a given period of time than he has been allowed. He does so because if he landed them in an EU country, he would be liable to a criminal prosecution and a fine. He dumps notwithstanding the quantity of fish he trawls, whether the fish were caught on purpose or as an accidental bycatch of netting other fish in the same part of the sea, and notwithstanding what another trawler from another country fishing a few hundred yards away may be allowed to do with his caught fish.

The EU recognizes that it is happening to a massive extent. It estimates that somewhere around 40 to 60 per cent of all caught fish is dumped, and 70 to 90 per cent of the catches in some trawl fisheries.[40]

The Commission, for instance, confirms the findings of a 2005 study published by the UN's Food and Agriculture Organisation, which estimated the amount of discards in the North Atlantic at 1,332,000 tonnes per year, or 13 per cent of the catches.[41] Its estimated discards for the North Sea ranged from 500,000 to 880,000 tonnes.[42] To the west of Ireland and Scotland, discards ranged from 31 to 90 per cent of catches depending on the fleets, target species and depth. This contrasted with those in the Mediterranean and Black Seas, where discards amounted to 18,000 tonnes or 4.9 per cent of the catches. In the Baltic, this rate was estimated to be low at an average of 1.4 per cent.

Another study produced survey results that in 2001, for the UK whitefish trawl fishery over two thirds of the discarded catch consisted of commercial species, of which undersized fish accounted for the vast majority (cod 98 per cent, haddock 87 per cent and whiting 97 per cent).[43] The estimated annual cost of discarding in the three case studies examined varied from approximately 70 per cent of total annual landed value in the Dutch case, to 42 per cent in the UK whitefish case and 43 per cent in the French *Nephrops* case.

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[40] http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/429&format=HTML&aged=1&language=EN&guiLanguage=en

[41] See, for instance, http://www.fao.org/docrep/008/y5936e/y5936e00.HTM, This estimate notably includes geographical boundaries where discarding is illegal

[42] A subsequent report puts the sum at 909,109 tonnes. In any case, the figure is the combined sum of the next two biggest discard zones in the world. The North Sea is the discard capital of the world. See the FAO's *Discards in the World's Marine Fisheries, an Update*

[43] *Economic Aspects of Discarding - UK Case Study: Discarding by North Sea Whitefish Trawlers* (Nautilus Consultants for DG FISH, European Commission and MAFF, 2001)

Anecdotal evidence abounds. In the 2008 House of Commons fisheries debate, MPs were told of one skipper "who had thrown overboard 300 boxes of perfectly marketable cod"[44]. A Southern MP observed how, "One of my constituents went out this week and said that he brought back seven sole and half a box of plaice but discarded 30 stone of cod. Another constituent discarded a quarter of a tonne of cod, and all those fish are dead at the bottom of the sea." A north of England MP related, "Even the smallest under-10 metre trawlers are having to dump about 150 kg of cod and 300 to 400 kg of whiting per day, regardless of what gear they use. For that, they get as little as 100 kg of prawns and 100 kg of haddock. The fish that the fishermen are out to catch are effectively swamped by the fish that they cannot land and have to discard. They regard discarding as an unethical practice, damaging to fishing stocks and to the housewife who could buy the fish."

Statistics recently released to John Hayes MP put these reports into a grave context[45];

Table 6.1.1: Estimated discards of North Sea stocks by vessels registered in Scotland (Sco) and England Wales and Northern Ireland (EWN), 1998-2007, in tonnes and by year

Year	Cod		Haddock		Whiting		Plaice	Sole
	Sco	EWN	Sco	EWN	Sco	EWN	EWN	EWN
1998	10,287	-	35,134	-	8,861	-	-	-
1999	2,991	-	35,270	-	15,563	-	-	-
2000	4,141	-	39,745	-	16,211	-	-	-
2001	4,440	-	86,297	-	8,869	-	-	-
2002	1,519	-	32,196	-	8,315	-	-	-
2003	1,086	-	18,555	-	5,931	-	-	-
2004	1,266	430	12,834	371	5,765	2,023	547	33
2005	1,169	604	7,412	168	5,547	683	122	1
2006	1,671	581	14,671	310	4,457	1,385	351	37
2007	11,892	221	24,671	322	3,383	541	136	37

This compares with the actual UK quotas for these periods

Table 6.1.2: North Sea UK quotas for selected species, 1998-2008, tonnes

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cod	55,660	34,149	20,555	20,377	10,696	9,507	8,674	9,037	7,773	8,628
Haddock	57,088	53,056	41,184	59,805	33,257	49,537	44,123	34,574	36,466	31,672
Whiting	24,415	19,470	14,363	19,608	7,257	6,784	10,544	9,162	11,297	9,336

[44] Hansard, 20 November 2008, col 416
[45] Hansard, 20 January 2009, cols 1283-4

But the discard figures relate to UK vessels alone. They don't include figures in other UK fishing boxes beyond the North Sea, and they don't include discards made by foreign vessels. The following chart expands this region's discard data for just three of the types of fish, excluding other major catches such as herring or horse mackerel. It shows what the total figure for the North Sea becomes after adding in foreign vessels.

Table 6.1.3: Estimates of Total North Sea Discards for three stocks[46]

	Cod		Haddock		Whiting	
Year	UK	Total	UK	Total int	UK	Total
1998	10,287	40,500	35,134	45,160	8,861	13,000
1999	2,991	14,200	35,270	42,598	15,563	24,000
2000	4,141	13,700	39,745	48,770	16,211	23,000
2001	4,440	13,900	86,297	118,225	8,869	16,000
2002	1,519	5,700	32,196	45,857	8,315	18,000
2003	1,086	6,400	18,555	23,691	5,931	24,000
2004	1,696	5,800	13,205	15,551	7,788	14,000
2005	1,773	6,300	7,580	8,637	6,230	11,000
2006	2,252	8,100	14,981	17,908	5,942	10,000
2007	12,112	23,600	24,993	31,048	3,924	6,000

As the Minister acknowledges, these are the government's estimates. If they are accurate, what is shocking is the disproportionate amount of discarding that UK vessels for some reason are being forced to make. If they are not, then what is shocking will be that the figure is even higher.

But if we look at 2007 alone, accepting these stats at face value with just these types of fish being thrown overboard, and just looking at the North Sea, we see the wanton destruction of;

- 23,600 tonnes of cod;
- 31,048 tonnes of haddock;
- 6,000 tonnes of whiting.

Or,

- over three times the TAC of cod allowed to British fishermen dumped;
- six sevenths of the British TAC for haddock;
- two thirds of the UK whiting permitted catch.

60,000 tonnes of dumped fish is hard to visualize, and it is not even the worst year on record. So picture a 200 metre long supramax bulk carrier

[46] PQ 20 January 2009, cols 1285-6

filled with fish, and then being scuttled every year. Alternatively, imagine Billingsgate market being deprived of all its trade for two and a half years.

The current estimate of the spawning biomass of cod stands, incidentally, at 70,700 tonnes, or just three times the weight that gets needlessly killed.[47]

Cod provides us with a CFP case story. The spawning biomass is below the level that is considered safe. Both the stock and the fishery rely heavily on new generations of fish. But young immature fish make up a dangerously high proportion of the stock, as young fish keep getting caught before they can breed. Figures suggest about 45% of the stock are killed by fishing each year. As one study spells out, "This means that only a small proportion of the stock survives to reach sexual maturity and contribute to the spawning stock."[48]

The level of discards obviously varies from year to year, from stock to stock, and even by the flag of the boat in the same waters (thanks to variable quotas). When even the Commission's Directorate-General of Fisheries cannot tell how much is being discarded, it is going to be impossible for us to provide more than a ballpark estimate.[49]

It is almost as if the system wants to avoid reality. A plan to explore the scale of the problem was due to take form in the shape of an EU Discard Atlas. This laudable spotlight would have covered all the main fishing grounds of the EU, including the North Sea and the North Western Atlantic Waters. However, the amount of money offered in grant form to do the work was reportedly so limited that no one submitted a tender to do the work: a testimony both to the scale and priority of the problem.[50]

It does in any case appear incontrovertible that, even if one allows for some fishermen making an economic choice to dump fish in order to return to port with the most profitable catch open to them, there is a disproportionate number of juvenile fish being wasted. One study of the English and Welsh fishing fleet operating in the North Sea estimated that between 2003 and 2006 discard rates averaged 36 per cent by number and 25 per cent by weight.[51]

There are, then, two alternative costs attached to discards:

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[47] PQ 20 January 2009, col 1291. It is three times the weight, but adults being larger, less that three times the number. We turn to the issue of ecology later

[48] *What's Happening to North Sea Cod*, CEFAS, Casey/Planque, 2000 and associated articles

[49] An example of the problem to hand can be found in *Economic Aspects of Discarding UK Case Study: Discarding by North Sea Whitefish Trawlers* , Nautilus Consultants Ltd 2001. Its estimates of local discards using two different models ran from £23.9 million to £45.3 million

[50] PQ 21 October 2008, col 481

[51] See http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6T6N-4T3M642-3&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=62da4136c58e7c8e3f4d7573614bb623

Either,

- The revenue generated if these fish had been landed

Or,

- The long term revenues generated if the stock had not been fished in the first place, and had survived to spawn.

We take into account the possibility that rejected fish are worth less than market rates. Recalling that highly marketable fish has famously been dumped as 'waste' from the sand eels dredge industry; that processed fish could be used away from the dinner plate; and given the large numbers of reported instances where fishermen do not want to dump but would prefer to land, it is reasonable to assume landing value for them of 60 per cent of the norm.

On available data that suggests a loss in the region of £110 million. This is for the main commercial fish alone, a fraction of total discards. Allowing for a comparable rate to emerge from the South West and adding known figures to the west of Scotland, we estimate that the cost of discards taking place in ostensibly UK waters, otherwise landed, could be in the order of £130million per year. We fear from the UN report that in reality it is very much higher.

The alternative assessment based on preservation simply estimates that, if over a third of fish are being caught and dumped judged by number, by the time the 'ghost stock' would have reached maturity it could have doubled today's stock.[52] The alternate cost of the CFP - that to long term conservation - is thus a threat of a total collapse of the entire industry, Grand Banks style.

6.2 The impact on other wildlife, including dolphins

The CFP has had an impact on the environment that goes well beyond the balance sheet. While the purpose of this research is to attempt to put a financial value on the changes that have followed the implementation of the CFP, there have been some effects that have been ecologically grave, but which can't be factored into any cost analysis.

The CFP is famously sluggish. One set of proposals for adopting new netting took over a decade to reach agreement and implementation. That inflexibility continues today. One example relates to the impact of the fisheries upon dolphins and porpoises.

[52] Juveniles are maturing more quickly in reaction

Pair trawling for bass in the south west of England has been proven to have high levels of cetacean by-catch. Sea trials conducted by the Sea Mammal Research Unit (SMRU) showed that there was no easy technical solution for reducing by-catch levels through the use of pingers and other forms of technology. As a result of the findings, Defra banned pelagic pair trawling for bass by UK vessels within 12 miles of the south west coast of England (within area VIIe) in December 2004. More dolphin-friendly ways to catch the fish, such as gillnetting and hand lining, and pair trawl fisheries targeting other species, were still able to continue.

The British Government asked that the ban on pelagic pair trawling for bass to be extended to the vessels of other Member States, who were permitted to fish between 6 and 12 miles off the south west English coast under Article 9 of Council Regulation EC No 2371/2002. However, this was turned down by the European Commission.

Surveys made by the Sea Mammal Research Unit (SMRU) recorded for the offshore bass fishery before the ban recorded 53 common dolphins caught in 116 hauls in 2001 and eight common dolphins caught in 66 hauls in 2002. But these statistics were for British boats, and in just these waters – i.e. not out to the 200 mile limit. The following tables provide a larger picture, but still only apply to British boats;

Table 6.2.1: Bycatch of dolphins and porpoises[53]

Fishery	Observed hauls	Observed kills	Days out	Hauls/day	Estimated kills
Porpoises					
Sole	145	1	9942	4.56	313
Hake	124	3	956	2.05	41
Tangle nets	386	2	8624	3.884	174
Gadoids	291	1	3140	6.025	65
Total	967	7			592
Common dolphins					
Hake	145	2	956	2.05	27
Tangle	386	1	8624	3.884	87
Total	531	3			114

What is clear is that dolphins and porpoises continue to be killed each year as fisheries ministers fail to agree on technologies and mechanisms to help

[53] *Annual Report of the United Kingdom to the European Commission on the implementation of Council Regulation 812/2004 on cetacean bycatch*; *Results of fishery observations collection during 2007*, The Sea Mammal Research Unit June 2008. The sea bass policy is detailed on the DEFRA website

preserve them, and that a proportion of these deaths are caused because foreign vessels do not have to follow the rules British boats have to follow.

There have been other species impacts too. These include;

- The problem of massive dredging of sand eels, used as an industrial feed for livestock. Sand eels form a key component of the marine food chain, and with past TAC of approaching one million tones, broader ecological impact has been inevitable. Reports have only lately come to prominence suggesting serious levels of bycatch, adding further to discard figures.
- Species shift. Where stocks have been depleted around the world, traditional shoals have been replaced by new species, most notably jellyfish.
- Predator birds. Some species of aggressive scavengers have reportedly been able to make use of local discarding to become dominant in their colonies.
- Biological adaption. Species have changed their habits in response to overfishing, for instance with some species physically maturing and spawning at an earlier age.

7. Agreements and Research

7.1 Quid pro quo

Prior to UK participation in the CFP, the UK benefited from two agreements;

- Commonwealth preference, particularly Canada, Ireland, and Southern Africa, generating £7.6 million of privileged fisheries exports.
- EFTA access rights, earning an extra £3.1 million.

Given the changed geopolitical situation (state of the Grand Banks, Icelandic access rights, the accession of four of the countries concerned to the EU, and potential UK redevelopment of the access principle costed elsewhere), we do not factor this into our calculations as lost revenue.

7.2 Third World Access

The table below shows the third countries with which the EU has fisheries agreements, the length of agreement and the sum paid by the EU where applicable.

Table 7.2.1: Third countries with EU fisheries agreements[54]

Country	Duration	Annual EC Contribution
Angola	*No protocol currently in force.*	2002 agreement ran at €15 500 000
Cape Verde	5 years (30.3.2007 - 29.3.2012)	€385,000
Comoros	6 years (1.1.2005 - 31.12.2010)	€390 000
Côte d'Ivoire	6 years (1.7.2007 - 30.6.2013)	€595,000
Gabon	6 years (3.12.2005 - 2.12.2011)	€860,000
Gambia	*The Gambia has a rich marine life and fisheries. It has refused to sign a fisheries agreement with the European Union to avoid depleting its fish stock. Commission seeking to change this.*	
Greenland	6 years (01.01.2007 - 31.12.2012)	€15,847,244
Guinea	*2004 agreement has just ended*	1.1.2004 - 31.12.2008 ran at €3,400,000

[54] European Commission 'Bilateral fisheries partnership agreements between the EC and third countries', 8 October 2008

Country	Duration	Annual EC Contribution
Guinea-Bissau	4 years (16.6.2007-15.6.2011)	€7,000,000
Equatorial Guinea	*No protocol in force*	*1997 agreement ran at* €412,500
Kiribati	6 years (16.9.2006 – 15.9.2012)	€478,400
Madagascar	6 years (1.1.2007 – 31.12.2012)	€1,197,000
Mauritania	2 years renewable (1.8.2008 -31.7.2012)	€86 million/year decreasing in the following years
Mauritius	*No protocol in force since 3.12.2007*	*2003 agreement ran at €121,875*
Micronesia	3 years (26.2.2007 – 25.2.2010)	€559,000
Morocco	4 years (28.2.2007 - 27.2.2011)	€36.1million
Mozambique	5 years (1.1.2007 – 31.12.2011)	€990,000
São Tomé and Principe	4 years (1.6.2006 – 31.5.2010)	€663,000
Seychelles	6 years (18.1.2005 – 17.1.2011)	€5,355,000 (as from 17.01.2008)
Solomon Islands	3 years (9.10.2006 – 8.10.2009)	€400,000

Looking at these cases one cannot but wonder if the countries in question are being bullied, bribed or abused. It is, to coin a criminal pun, codonialism.[55]

Take the case of the Seychelles Fishing Authority. It has already suspended tuna fishing. It claims that the country is earning only 3 to 5 per cent of the resource's value on the licence fee, and is now demanding in excess of 10 per cent.[56] The level of mistrust in the existence of actual, undeclared levels of catches being made by the foreign trawler men is great.

Again, there is the case of West Africa.[57] While fisheries agreements have provided a steady income for the central government, local fishermen have been losing their livelihoods (and it has been suggested, due to blackout

[55] We acknowledge that the cases of Greenland and Morocco do not place them directly in the same bracket as those of major ACP recipient states (and for that matter that cod is not the resource of West Africa). However, the principle of payment for access by the "EU bluewater fleet" that has minimal benefit for UK trawlers stands.
[56] Reuters Africa, 17 January 2009
[57] *New York Times*, 14 January 2008

trawling by the EU fleet, in some cases their lives). Fisheries inspectors are badly paid, and the claim is that they are easily bought off.

Perhaps 200,000 people in the region depend on the sea for their livelihoods, yet the fishing industry is in catastrophic decline. Boat owners are in debt. EU licence money flows away from the community. EU support projects fail to help. Nouadhibou harbour, for instance, reportedly still had the skeletons of 107 wrecked fishing trawlers eight years after the European Union promised to clear them to help develop the port.

Paradoxically, by damaging the local economy, this has encouraged transmigration, and illegal immigration into the EU.

The cost of this policy goes well beyond the UK taxpayer. But focusing on this alone, we do not include any other compensation that might have been used under other ACP agreements to buy off the host government to agree to the licence system. This would effectively be off-balance sheet.

Assuming the agreements currently under negotiation are reset to previous levels, then the annual total direct cost to the EU budget would be in the order of €192 million per year.

The benefit of this policy is marginal to the UK fleet, and detrimental to the third world communities.[58] The EU taxpayer is essentially providing a state subsidy to its fishermen, a fact frankly acknowledged in world trade negotiations.

If this practice were to end, we could expect to see £25 million returned annually to the UK taxpayer. As good humanitarians, we allow for half of this to be channelled towards a properly administered UK fisheries aid fund, targeted at those countries most in need, designed to help them collect data to help them administer their stocks (and not get bullied in the process). That still provides for a £12 million per annum saving to the UK taxpayer, while actually improving the current state of development aid.

7.3 Futile Research?

To add insult to injury, over the past ten years over £2 million has been spent by MAFF/DEFRA researching ways of alleviating the impact of dumping, in the knowledge that the cure is ending it.

These include;

[58] In the case of Greenland, licences going to UK vessels would be off set under bipartisan negotiations for access to the UK's new home 200 nm limit

- The biological and economic impacts of discarding by the UK east coast brown shrimp fishing fleet: £4,400
- An analysis of the selectivity processes within the beam trawl fisheries for Crangon crangon (brown shrimp) and identification of methods that could be used to improve their selectivity: £251,640
- Fishing gears with mitigating impacts: £379,913
- Gear technology, discard reduction, and environmentally friendly fishing studies: £539,987
- Practical steps towards reducing discards and developing more environmentally responsible fisheries: £1,185,871

On the assumption that there will always be a need for research in fisheries management, and on the basis that elements of this research may have a broader value, we do not include this cost as a long term saving.

8. The Final Tally

8.1 The Sum Total

We therefore assess the Common Fisheries Policy to be costing the United Kingdom the following annually;

Cause	Assessed annual cost
Unemployment in the fleet and in support industries	£138 million
Decline in communities	£27 million
Pending damage to recreational fishing industry, low estimate used	£11 million
UK share of support to foreign fishing fleets under EU grants	£64 million
UK share of support to foreign fisheries industry under EU grants	£1 million
Redeemable UK share of EU third water fishing permits	£12 million
Loss of comparative competitiveness	£10 million
Ongoing decommissioning schemes	£4 million
Foreign flagged UK vessels	£15 million
Administrative burden	£22 million
Loss of access to home waters under 200nm principle	£2.1 billion
Higher food prices factored into social security payments	£269 million
Economic value of dumped fish	£130 million
Total economic cost to the UK of the CFP	**£2.8 billion**

£2.8 billion is around the same amount of pre-tax profit that Tesco announced last year. We think this figure is appropriate symmetry for an international policy that dumps the equivalent of around 482 million of their cod fish cakes alone back into the North Sea.

8.2 Confirming the Ballpark

A study submitted to the Scottish Parliament by the Fishermen's Association (FAL) looked at the impact of the CFP north of the Border. Its ballpark assessment was that the CFP cost Scotland £706 million per year. However, this analysis (from 2003) did not provide any costings for job losses on shore, or for the broader taxpayer or societal costs. As such, it could only be a partial estimate, though is useful in confirming the general scale of the cost of the CFP.

So too does the detail that the domestic fleet of Norway (outside of the CFP) in 2003 landed $1,583 million of fish, believed to be about £968million at the then exchange rate. British trawlers managed £376 million.

Again, in the research behind the Government's proposed Marine Bill, the paper estimates potential benefits arising from the introduction of marine conservation measures as falling in the range of £487 million to £1.17 billion.[59]

These figures suggest that the assessment given above is in the correct general order.

[59] The research therefore recognizes that major changes to fisheries management will indeed generate massive economic return, even though this is predicated within existing flawed CFP structures. It is fair to note that this cost includes assessed benefits arising from other industries too, such as coastal access helping tourism. On the other hand, the valuation is only based on the reform of the inshore fisheries. Critics of some of the variables used in this paper would do well to note the variables in the official calculations here.

9. Conclusions

In conducting this research, we are not supporting a particular alternate model; just recommending the end of one that has failed.

The CFP has its supporters. Some argue that "fish don't have passports", and that international action must be taken to preserve stocks. But this fatuous line is flawed. It ignores the possibility of bilateral arrangements; it ignores the dangers of self-interest in the QMV system; it ignores the inherent delay in reform. It might conceivably work if several major countries at the Council of Ministers had a political interest in proper management of both fish stocks and fishing rights, though it seems only Ireland notably qualifies. The other north east Atlantic countries that have a fair reputation in this regard are Norway and Iceland, and they are not in the EU precisely in order to safeguard that reputation.

Thirty five years of foot dragging and tinkering have shown that the CFP is beyond reform. It is unredeemable, an act of ecological vandalism, and unquestionably not in the national interest.

The worst feature has been the policy of discards, which is an unmitigated disaster. It has brought about a decline of the stocks, a decline of the industry, and has put pressure on the waters of third world countries as the 'EU home waters' have been emptied and fleets seek alternatives.

And all at the bargain cost to the housewife of higher bills of £186 a year, or another £3.58 a week.