

MONKFISH FLEXIBILITY

Introduction

1. Further to recent discussions in the Conservation Credits Steering Group and the West of Scotland Taskforce, this paper addresses the issue of “monkfish flexibility”. I will briefly summarise the following issues:

- the economic value and current biological state of Northern Shelf Anglerfish;
- how monkfish flexibility works in practice; and
- the possible advantages and disadvantages of securing monkfish flexibility.

2. I aim to do two things with this paper: firstly, provide factual background to the subject of monkfish flexibility to facilitate discussion among industry; and secondly, to recommend that Marine Scotland officials pursue the possibility of securing monkfish flexibility for the remainder of 2009 and beyond but without an absolute guarantee of success on their part and in spite of the risks attached to doing so.

3. In repeating that caveat that an absolute guarantee of success is not possible, I would welcome comments on the paper and its recommendation as soon as possible.

Economic value of the stock

4. Northern Shelf Anglerfish – or monkfish - is a crucial component of the Scottish fishing industry with landings in 2008 by Scotland-based vessels of around 12,000 tons, valued at more than £32 million. Catches of monkfish form an especially important component of the Scottish demersal fleet’s activity, second in value only to catches of haddock. This is particularly the case in Shetland where monkfish remains the most valuable demersal species and the second most valuable species after mackerel.

Current state of the stock

5. ICES advises that the current biological status of Northern Shelf monkfish is uncertain and that it is unable to provide a full analytical assessment of the stock. It further advises that the TAC should be set in line with recent average landings and that effort in the fishery should not increase. That said, it should be made clear that ICES is not saying that the stock is unhealthy or is being fished unsustainably. It is simply stating that it cannot provide a full assessment of the stock because of data deficiencies. ICES has recommended for several years that additional scientific work be carried out in order to plug these data gaps.

6. Marine Scotland Science has undertaken an extensive programme of work in recent years, in close cooperation with the Scottish industry, to attempt to gain a fuller understanding of the stock’s current health and to fill some of the data gaps suggested by ICES. That programme of work has produced evidence that the stock is in a reasonably healthy state and that stock abundance is increasing. Time series estimates indicate a 36% increase in biomass from 2005 to 2008.

7. Both ICES and the recent work by Marine Scotland Science make clear that the monkfish which are to be found on the Northern Shelf are considered to form one stock covering ICES Areas IIIa, IV and VI. However, the Marine Scotland Science work referred to in the previous paragraph points to a distribution of the stock between Areas IV and VI of around 55:45 although these figures have varied a little from one set of surveys to another. This compares with an overall TAC distribution between the two areas of 70:30 although the recent TAC increase in the Area VI quota which was not accompanied by an Area IV TAC

increase brings that distribution in 2009 to around 67:33. In general terms, it would therefore appear that the distribution of the TAC between the two sea stocks is somewhat out of kilter with the biological distribution of the stock with a greater share of the stock being in Area VI than the relative TACs for Areas IV and VI would imply.

What is monkfish flexibility in practice?

8. Monkfish flexibility would allow Member States, such as the UK, which hold North Sea monkfish quota to fish up to 5% of their North Sea monkfish quota in Area VI. The UK holds approximately 81% of the quota in Area IV. The other Member States holding quota are Belgium, Denmark, Germany, France, the Netherlands and Sweden. The UK holds 31% of the quota in Area VI (the other Member States being Belgium, Germany, Spain, France, Ireland and the Netherlands).

9. It needs to be remembered that a provision for quota flexibility is only an option: the UK would not be obliged to fish 5% of its Area IV quota in Area VI. The percentage of the North Sea monkfish quota that the UK chooses to fish in area VI would not be fixed from one year to the next as long as it does not exceed the 5% ceiling. Indeed, the UK could decide not to use the flexibility at all in any particular year. In this sense, the potential flexibility on offer with respect to monkfish would operate in a similar way to the flexibility which the Scottish pelagic fleet has access to in the mackerel fishery.

10. It is important to emphasise that monkfish flexibility would operate at an “administrative” level. In other words, it would be operated or administered by Marine Scotland quota managers in Edinburgh working in concert with POs. It involves no form of permanent transfer of quota of FQAs from one sea area to another.

11. Monkfish flexibility also does not directly affect relative stability. The proportion of the overall monkfish TACs in areas IV and VI which would be allocated to the UK each year in the TAC and Quota Regulation would remain the same (i.e. approximately 81% of the Area IV stock and approximately 31% of the Area VI stock).

How many tons of monkfish are in play?

12. The 2009 North Sea monkfish quota (pre-international swaps) is 9233 tons. 5% of 9233 tons is 462 tons and would take the UK pre-swaps quota for the North Sea to 8771 tons which is only very marginally higher than or at around the same level as the UK’s official quota uptake figures for North Sea monkfish in 2007 and 2008.

13. If the full 5% flexibility were to have been taken up in 2009, for example, then the pre-swaps monkfish quota for Area VI would be 2175 tons, a quota increase of 27%. However, it is likely that if flexibility were to be granted in-year in the course of 2009, it would likely be granted on a *pro rata* basis: i.e. if it were to apply from 1 July 2009, then the amount transferrable from the North Sea to the West Coast would likely be half of 462 tons (i.e. 231 tons which would equate to a 13.6% quota increase on the 2009 quota level). It should be made clear that it is not absolutely certain that this “pro rata” basis would apply to 2009, but it is very likely that it would. At any rate, the “pro rata” issue would form an important part of any negotiation relating to the possibility of securing monkfish flexibility.

14. It should also be re-emphasised that these figures represent the maximum level of transfer from Area IV to Area VI. In any year, the UK could decide that it wishes to take advantage of a lower level of flexibility than the full 5% that is possible.

Why 5% flexibility? Why not 1% or 50%?

15. Monkfish flexibility already exists from Area VII to Areas VIIa, b, d, and e. The level of flexibility between those two areas is 5%. (The UK is the second largest quota holder in Area VII). The Commission would be extremely reluctant to grant any higher level of flexibility for monkfish from Area IV to VI for fear of Member States asking for a higher level of flexibility out of Area VII. Asking for anything other than 5% would be unachievable. Moreover, a larger temporary movement of quota from Area IV to Area VI could increase pressure on already high levels of quota uptake in Area IV.

What are the advantages to securing monkfish flexibility?

16. It should be made clear that securing monkfish flexibility is already a priority for the UK Government. For example, it was a publicly documented UK Government priority at last December's Fisheries Council although, for the reasons described later in this paper, it could not be achieved. Securing flexibility in-year would be nothing more than the delayed achievement of a UK policy objective.

17. Monkfish quota uptake in Area VI is relatively high and the fishery could be forced to close very early as a result. At the end of May 2009, UK Area VI uptake was running at 43% although some individual POs are seeing considerably higher uptake levels. (It should be noted, however, that UK quota uptake in the same week in 2008 was in fact higher than this year, running at just under 46%.) Given current uptake trends, it is not unfeasible that some POs could find their monkfish fishery closed relatively soon despite the quota increase in Area VI for 2009. And of course, the situation in the monkfish fishery is complicated further by the whitefish restrictions and catch composition rules imposed by the TAC and Quota Regulation for 2009. Nevertheless, given the quota figures set out elsewhere in this paper, it is clear that increased quota availability in Area VI would alleviate the problem of demand for quota outstripping the supply, but it will certainly not solve the problem.

18. There are important compliance advantages to securing flexibility. The Scottish Government is aware of and is actively combating substantial levels of misreporting of monkfish catches from Area VI to IV. The explanation most often given for such misreporting is the lower relative quota levels in Area VI than in Area IV and the fact that the stock distribution between the two areas appears to be out of kilter with the quota split between the two areas. While the Scottish Government strongly condemns and is actively combating such misreporting, it is clear that this potential mismatch between quota and stock distribution may be a contributory factor in these management problems. A degree of quota flexibility between the two TAC areas could therefore help alleviate those problems. This issue will become increasingly important as we move towards the use of new technologies in the monitoring and control of fisheries. Moreover, accurate catch data is absolutely vital for the scientific community if it is to be able to provide the industry and government with robust and accurate information on the state of the stock. Misreporting and the resulting inaccurate catch data only serves to undermine the accuracy of the science and, ultimately, the sustainability of the stock.

What are the risks in securing monkfish flexibility?

19. While there are advantages to securing flexibility from the point of view of controls and compliance, disadvantages exist too. Firstly, flexibility would not provide sufficient additional quota in Area VI to permit the current level of actual catches in Area VI to continue. Monkfish flexibility will therefore not solve the current problem. A behavioural change is required instead. Moreover, a request to the Commission for flexibility runs the risk of bringing the misreporting issue on to the radar of control experts within the Commission. This may not necessarily be a helpful development for all concerned despite

the strenuous efforts that the Scottish Government is making in order to stamp out misreporting, including potential moves towards Single Area Licences.

20. The second possible risk relates to the fact that, as discussed above, securing monkfish flexibility was a UK Government priority for last December's Fisheries Council. The priority was not achieved even though the Commission was at that point relatively open-minded to the idea. It was not achieved because the then French Presidency was of the view that, firstly, all member states involved in the fishery in Areas IV and VI needed to be in agreement with the UK's request. While no Member State objected, it was clear that the Spanish were keen to make their acceptance of the UK's request conditional on our acceptance of flexibility for the Spanish fleet to fish their Western hake quota in the North Sea. Spain currently has no relative stability holding of North Sea quota for hake even though the other Member States which hold both North Sea and West Coast hake quota have 100% flexibility to fish the latter in the former.

21. An important thread of UK fisheries policy over the years has been to prefer to resist Spanish access to the North Sea. As such, the view was taken last December that we should not persist in trying to secure monkfish flexibility as that would have led to us having to accept flexibility for the Spanish to fish a small amount of hake quota in the North Sea. The tonnage involved in such flexibility (at the 100%) level is substantial (Spain holds just under 9000 tons of hake quota in Area VI); moreover, we were reluctant to breach the principle of granting Spain access to the North Sea, thereby overturning long-held UK policy for only small advantage. Of course, the recent hake quota swap between France and Spain has changed the complexion of this argument considerably.

22. A third risk or disadvantage relates to the long-term allocation of monkfish quota between areas IV and VI. In this context, it needs to be remembered that the quota distribution between the two sea areas is arguably out of kilter with the stock distribution. We saw earlier in this paper that the stock distribution between the Area IV and Area VI has been shown to be somewhere between 50:50 and 55:45 while the quota distribution between the same areas is 67:33. We also saw that the UK's relative stability share in Area VI is only 31% as compared with a UK relative stability share of 81% in Area IV. This means that, in response to a request for quota flexibility, the Commission could easily argue that the "real" solution to monkfish quota problems is a re-opening of the relative stability keys for Areas IV and VI monkfish and, as a consequence, a *permanent* transfer of quota from the North Sea to the West Coast. Doing so would indeed bring the quota distribution more into line with the biological stock distribution and would also would not lead to any increased outtake from the Northern Shelf stock overall. However, this would be bad for Scotland overall given our much smaller relative stability share of Area VI stock than of the Area IV stock.

23. For example, if relative stability were to be re-examined across the monkfish stock (i.e. in Areas IV and VI), and if, for example, 1500 tons were to be moved from the Area IV to Area VI, the UK would lose 1215 tons from its Area IV allocation and gain only 376 tons in Area VI. This would of course represent a substantial per centage increase in the West Coast quota, but the main recipients of the UK's North Sea quota, if it were to be moved to the West Coast, would be France who would gain around 450 tons.

24. It needs to be emphasised, of course, that the analysis in the preceding two paragraphs is speculative. The possibility of relative stability being re-opened is marginal. However, if the EU and Norway were to make progress towards joint management of the anglerfish stock, as has been on the agenda for several years now, the question of quota allocation could well be put on to the table. Overall, it could easily be argued that the reopening of the various quota allocations is the logical conclusion of an attempt to bring the quota distribution into line with the stock distribution by way of seeking quota flexibility.

25. The final possible disadvantage to seeking quota flexibility relates to quota uptake figures for the North Sea monkfish where uptake figures in 2007 and 2008 were already well above 90%. Of course, allegations of misreporting could lead us to assume that the tonnage of monkfish actually caught in Area IV is in reality lower than those reported to be caught there. Nonetheless, it is the “official” quota uptake figures which count, and, as a result, if the UK were to exercise the full 5% of monkfish flexibility in 2009 or in the future, it is not impossible that there could be quota shortage in the North Sea as well as a possible quota shortage on the West Coast.

If we do conclude that the advantages outweigh the risks, is flexibility achievable in the short term?

26. It is possible but by no means guaranteed that flexibility could be secured. The Commission said in the course of 2008 that it was open to considering flexibility although that does not rule out the possibility of minds changing, particularly in light of the current misreporting problems in the fishery. It is difficult to predict the reactions of other Member States other than Spain who will likely make a similar request with respect to hake as they made at December Council. We will wish to consider our options in that event.

Conclusion & recommendation

27. There are clearly short-term advantages to seeking to secure a provision for monkfish flexibility within the TAC and Quota Regulation. However, it is equally clear that there are a number of not insignificant risks to doing so. In spite of these risks, I believe that the benefits outweigh the risks and that the Scottish Government should pursue the option of securing monkfish flexibility in-year although without an absolute guarantee of success.

28. Comments are welcome on this paper and this recommendation as soon as possible.

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