

Shellfish Entitlements

Background

Marine Scotland has been alive to industry concerns expressed, towards the end of 2017, about the functioning of the market for sea fisheries licences. Agents and masters of smaller vessels have claimed to be finding it difficult to accommodate the continued price increases and to compete with the more profitable segments of the over 10 metre fleet in purchasing whole licences or their separate components (gross tonnage & kilowatts).

Our Cabinet Secretary announced in the Scottish Parliament on 7 December 2017 that shellfish entitlements may now be detached from base licences. This move is aimed at stopping shellfish entitlements being rendered unusable when tonnage and kilowatts are disaggregated and purchased by either the pelagic or whitefish sectors and should provide a measure of relief from current price inflation, particularly for our smaller operators in the over 10 metre fleet.

Copy of notification to industry attached at Annex A. Scottish licence rules were also updated (Section 6.5) on the Marine Scotland website following Fergus Ewing's announcement link attached:

<http://www.gov.scot/Topics/marine/Licensing/FVLS/11285/licensingrules>

Questions raised at IFG Management Committee meeting 19 January

[New Action 14: JW to circulate the new shellfish entitlement regulations]

N.B. The detachment of shellfish entitlements from base licences has been actioned through updating the Scottish licensing rules and not by regulatory means.

Q1. DP suggested that the value of the decoupled shellfish entitlement could significantly increase compared to the base licence. Under 10 m boats were looking for more shellfish entitlement due to engine sizes going up. The proposed changes would create another market.

A. See explanation above, the reasoning behind rule change was to stop shellfish entitlements being neutralised when a licence or part licence with an attached shellfish entitlement was purchased by the pelagic or whitefish sector. The detaching of shellfish entitlements should assist in maintaining availability of tonnage and kilowatts to the shellfish sector.

Q2. GW asked how the decoupling would be done and if one could put a small shellfish licence with a big licence and get shellfish for the whole kilowattage.

A. Decoupling will be done at the local fishery office. Section 5 of the Scottish Licensing Rules covers the aggregation and disaggregation of entitlements

Q3. CH asked if there were any plans to phase out shellfish entitlement altogether for crab/lobster etc. If so, how would that protect small boats from the large boat sector? Non TAC species can be targeted. Should vessels still maintain a shellfish entitlement?

A. No there are no plans to phase out shellfish entitlements, this was not something that was considered by the Scottish Licence Review Working Group.

Q4. SR - how is shellfish entitlement quantified?

A. By the values associated with the base fishing licence.

Q5. PJ - Licences were originally given out for nothing, but now the cost of obtaining shellfish entitlement is very significant, stopping youngsters from entering the industry.

A. The Scottish Government plays no role in the business to business trade in commercial sea fisheries licences and there is an active market across the UK. Barriers to entry exist across a number of industries and represent anything from high start-up costs, structural market issues and legal barriers which make it challenging for new entrants to break into a specific market or industry. Financial assistance towards the first purchase or shareholding of a vessel has been available to young fishers through the European Funding programs administered by Marine Scotland.

Q6. DP- A value has been attributed to shellfish entitlement for years, the same as for pelagic quota. In a recent court case in England re removal of entitlement the judge concluded that entitlement should not be taken away by government without some form of compensation. As boats get bigger with more horsepower, there will not be enough kilowatts to go around.

A. We are not removing entitlements. The UK Fisheries Administrations have operated, since the mid-1990s, a restrictive licensing regime. This means that no new licences are issued, maintaining a ceiling on the capacity of licenced vessels in the UK fishing fleet thus ensuring that the EU regulatory capacity limits are never breached.

Q7. GW - Started in 1994 and got his licence for nothing, but at that time there was no funding towards the cost of the boat as there is now.

A. See response at Q5.

Q8. SS - Will the scheme permit interchange of entitlements across boundary lines?

A. See licensing rules – no interchange of entitlements between under 10m and 10 and over fleets. However, trade in licences and their components has always been permissible across the jurisdictions of the 4 UK Fisheries Administrations and this continues. Some modification to the shared UK Core licensing system is required to fully implement the recent change allowing the detachment of shellfish entitlements and this will be completed in due course.

Q9. PJ - There is no free market for licences due to buyer regulation of the industry.

A. See response at Q5

Q10. AR - queried the impact on young men joining the industry. There were a number of harbours where there was a waiting list for boats getting a berth. Local fishermen want

to fish sustainably and reduce crab catches and MS had raised proposals for creel limits. Those proposals would make the situation worse.

A. See answer at Q5. The Scottish Government has no plan to implement new creel limits.

Q11. BW - Is this not following the same road as mackerel entitlement? What's happening re mackerel entitlement?

A. Public consultation carried out at end of 2017 and results reported back to IFGs. Link to consultation results attached:

<https://consult.gov.scot/marine-scotland/inshore-mackerel-fishery-trial/>

All handline mackerel entitlements will be removed from licences by 1 May 2018

Q12. AR - When mackerel entitlements were introduced, fishermen were clearly told that these could be removed by MS at any time, so there should be no compensation for return of mackerel entitlement.

A. Agreed

Q13. DP - How could an entitlement be re-coupled? This proposal will have big impact on people that have paid £000's for entitlement.

A. A shellfish entitlement can be re-coupled upon request, the detaching of the entitlement has provided some flexibility within the system and was brought about to protect the number of shellfish entitlements available to the industry.

Q14. AR - There should have been prior consultation

A. Informal consultation was carried out amongst some key licence brokers and vessel agents. As explained at Q13 the change to the licence rules is designed to protect the available numbers of shellfish entitlements and to provide the industry with a degree of additional flexibility.


Access to Sea Fisheries
Marine Scotland
18 April 2018

Copy of communication to FMAC/iFMAC dated 7 December 2017

Dear FMAC / iFMAC members

SHELLFISH ENTITLEMENTS

The purpose of this short note is to highlight to FMAC and iFMAC members comments made by the Cabinet Secretary Fergus Ewing in this afternoon's debate on sea fisheries in the Scottish Parliament. Addressing issues raised in the debate the Cabinet Secretary confirmed that it is the Scottish Government's intention to move now to establish new procedures to allow shellfish entitlements associated with sea fisheries licences to be separable from licences, and to allow them to be disaggregated in the same way as licence entitlements. The Cabinet Secretary indicated that this adjustment would be made to seek to mitigate any unnecessary inflationary pressure in the market for licences, and to make sure that capacity to undertake shellfish fishing was not inadvertently reduced when licences without entitlements are aggregated with those that do.

Marine Scotland officials will consider the steps necessary to implement this change and will consult with interested parties where necessary.

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Team leader: Access to Sea Fisheries
Sea Fisheries Policy Division: Scottish Government

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