



House of Commons
Environment Food and Rural
Affairs Committee

**EU proposals for
reform of the Common
Fisheries Policy:
Government Response
to the Committee's
Twelfth Report of
Session 2010–12**

**First Special Report of Session
2012–13**

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Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

Current membership

Miss Anne McIntosh (*Conservative, Thirsk and Malton*) (Chair)
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Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

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Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Lucy Petrie (Second Clerk), Sarah Coe (Committee Specialist—Environment), Phil Jones (Committee Specialist—Agriculture), Clare Genis (Senior Committee Assistant), Gabrielle Hill (Committee Assistant), Julie Evans (Committee Support Assistant), and Hannah Pearce (Media Officer).

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First Special Report

The Environment, Food and Rural Affairs Committee reported to the House on *EU proposals for reform of the Common Fisheries Policy* in its Twelfth Report of Session 2010–12, published on 24 February 2012. The Government response to the Report was received on 2 May 2012.

Government response

Introduction

The Government welcomes the Environment Food and Rural Affairs Committee's report on 'EU proposals for reform of the Common fisheries Policy'. We agree that radical reform is needed to ensure the CFP provides the right framework for managing our shared fisheries sustainably — for the benefit of our fishing industry and the fish stocks themselves. We are pleased to note the Committee's thinking across a range of important priorities for CFP reform reflects the Government's position.

As the Committee has highlighted, there is widespread acceptance that the current CFP is a failed policy. Reform of the CFP is vital; failures of the CFP cannot be allowed to continue eroding the livelihoods of our fishermen, and blighting the marine environment

The report is timely, as the reform dossier enters the later stages of the first reading. It provides an opportunity to consider the Committee's views in the context of ongoing negotiations in the EU Council and European Parliament, where the UK continues to press for a major overhaul of the CFP, and to ensure we get detail right.

Decision-making and governance

1. We are convinced that a more effective system of European fisheries governance could be achieved if high-level objectives only are set centrally by the European Institutions while day-to-day decisions are delegated to regional groupings of Member States. However, the draft Regulation does not provide a clear, practicable mechanism for regionalisation. This lack of clarity creates anxiety among stakeholders and risks derailing the process of improving the CFP's governance. Moreover the draft Regulation gives the Commission considerable scope to determine which powers are delegated to Member States and under what circumstances it can recall these powers. (Paragraph 23)

The Government shares the concerns of the Committee that the current CFP is over-centralised and bureaucratic and that fishermen are micro-managed. In these negotiations the UK is seeking to include clear processes that allow Member States to work together regionally on the detail of fisheries management, with stakeholders. We believe this can be achieved within the constraints of existing treaties, involving those closest to the fishery without creating another layer of unnecessary management. We have been advocating this

actively throughout the negotiations as a means of moving away from a one size fits all approach to fisheries management. The Commission's proposals also recognise the need for regionalisation empowering Member States to take some decisions.

However, we are concerned that conferring more delegated powers to the Commission, as those proposals potentially do, could end up centralising decisions again. We will be seeking clarity on this issue and pushing for genuine regionalisation as the negotiations progress.

2. Given the widespread calls for decentralisation, we encourage Defra to pursue a more ambitious approach that genuinely passes power back to Member States. We have identified a lawful means of qualifying the EU's exclusive competence over the conservation of marine resources thereby creating the framework for genuine regionalisation. This could deliver an effective 'locally as possible' approach to fisheries management in line with the ambitions of stakeholders, national governments, and the Commission itself. This can be achieved without Treaty change through amending the CFP Regulation itself. We recommend that Defra explore our interpretation of the EU's exclusive competence over the conservation of marine resources further with the Commission. Defra will also need to build support among other Member States and the European Parliament if this ground breaking change is to go ahead. (Paragraph 28)

The Government shares the Committee's ambition and enthusiasm for returning power to Member States to manage their shared fisheries and is grateful to the Committee for exploring ways in which the CFP might be decentralised and the EU's exclusive competence over the conservation of marine biological resources qualified. This, the Committee's report maintains, can be achieved without Treaty change by amending the Common Fisheries Policy (CFP) Regulation itself.

The Committee's report goes on to explain that this is achievable because the words "*under the common fisheries policy*" in Art 3(1) (d) of the Treaty on the Functioning of the European Union (TFEU) limit the EU's exclusive competence for marine conservation to the CFP. In other words, exclusive competence does not apply where the CFP does not apply. Under these circumstances the residual competence rests with Member States. By way of example, the Committee's report points out that the EU's exclusive competence over the conservation of marine resources does not currently apply to the inshore waters (up to 12 nautical miles) because a provision in the current CFP regulation countermands this.

The Committee's report suggests that, if the European Parliament and Council agree to amend the CFP Regulations so as to exclude certain marine conservation policies, the scope of the EU's exclusive competence would thereby be limited to the CFP as amended. This would then allow Member States to act outside EU control in these policy areas (which could include for example detailed conservation and technical measures) without breaching the principle of exclusive competence.

We have carefully considered the Committee's views on this issue but, reluctantly, we have concluded they do not offer a way forward for meeting our shared aims of decentralising the CFP. This is because we cannot see that there is scope to qualify EU competence over marine biological resources as the EFRA Committee report suggests. The CFP Regulation

is an instrument by which the CFP (the internal market in fisheries and trade in the products of fisheries) is regulated. It is not the means by which competences are determined. Rather, competence is determined by the Treaties and, in particular, Article 5 of the Treaty on European Union (TEU). Article 5 refers to the principle of conferral and constrains the EU to act only within the limits of the competences conferred on it by the Member States in the Treaties. Competences that are not conferred on the EU in the Treaties remain with Member States but it is clearly set out in Article 3(1) (d) TFEU that exclusive competence in relation to *the conservation of marine biological resources under the common fisheries policy* has been conferred on the EU.

The italicised words are a statement of fact rather than a limitation – i.e. the EU has competence in relation to the conservation of marine biological resources and to bring forward measures in the context of the common fisheries policy. Anything else relating to fisheries is then a matter of shared competence between the EU and Member States in accordance with Article 4(2) (d) TFEU.

What the Committee's report appears to do is to blur the line between exclusive and shared competence. Art 2(2) TFEU makes clear that, in an area of shared competence, Member States cannot exercise competence to the extent that the EU has exercised its competence but may exercise their competence to the extent that the EU ceases to exercise competence. In essence, what the Committee's report is suggesting is that, if the CFP Regulation were amended to exclude certain marine conservation policies, competence will revert back to Member States.

However, we are not dealing with shared competence in this instance. Rather, it is an area of exclusive competence and where exclusive competence is conferred; only the EU is allowed to legislate and adopt legally binding acts. That said, the EU may empower Member States to legislate themselves for the purpose of implementing Union acts such as the CFP Regulation (Article 2(1) TFEU). So, for example, Article 9 of the current CFP Regulation (2371/2002) allows Member States to take non-discriminatory measures for the conservation and management of fisheries resources within 12 nautical miles of its baselines. Article 9 is an example of the EU empowering Member States to act, not of the EU relinquishing exclusive competence. It is about the EU exercising its discretion under Art 2(1) TFEU.

Such an approach, empowering Member States to act to manage fisheries, is one of the potential solutions we have been exploring with other Member States as part of our ongoing negotiations on CFP reform. Although Member State level measures have not thus far attracted much support, we will continue to explore all options to regionalise decision making. The Government will continue to advocate and pursue a decentralised fisheries policy, seeking realistic solutions that we can build support for – see below.

3. If Defra is not able to persuade the Commission to pursue our recommendation, Defra should, at least, press the Commission to produce a clear road-map for regionalisation and a statement of responsibilities that affected parties could agree to adhere to. (Paragraph 30)

Defra remains hopeful that the reformed CFP can build in a robust process to regionalise decision making. This will require agreement not only on issues of legal competence, but

on practical processes to cooperate on management decisions with other Member States in a transparent and enforceable way. We are continuing to press for this, building support with other Member States, the European Parliament and the Commission.

4. Defra should also explore the possibility of establishing legally binding regional agreements with Member States with which it shares waters. These agreements could set out the rules of conduct for agreeing common conservation measures to implement multiannual plans at a sea-basin level. (Paragraph 30)

A reformed CFP must provide a framework to enable Member States to work together regionally to develop legally binding long term management plans, and the implementing measures, which are appropriate to their fisheries. As previously highlighted the UK are discussing with other Member States the best way of achieving this in practice. We are keen to ensure new arrangement do not create unnecessary additional bureaucracy.

5. Defra should recommend strengthening the power of Advisory Councils by including a requirement for the Commission and Member States to consult the Advisory Councils over the content of multiannual plans and their proposed measures to implement the multiannual plans. (Paragraph 32)

The Government agrees that Advisory Councils should play a key role under a reformed CFP including providing advice on multiannual plans. Under the existing CFP Regional Advisory Councils play an important role in channelling stakeholders' views on fisheries policy. This role is intended to continue under the new CFP in the form of Advisory Councils. We want to see clear mechanisms, and clear roles for Advisory Councils to contribute to a regionalised process. We will continue to press for legal provisions to recognise this.

6. We believe that the partnership approach to animal health and welfare policy currently being trialled in England could provide a model for fisheries governance that gives greater responsibility to the industry and other stakeholders. Defra and the Devolved Administrations should explore establishing a Fisheries Management Board, on a similar model to the Animal Health and Welfare Board for England, EU proposals for reform of the Common Fisheries Policy which will be responsible for setting domestic fisheries policy and also shaping the UK's negotiating position with the EU institutions. (Paragraph 33)

We recognise the importance of participation of stakeholders in the development of fisheries policy. The innovative approach for animal health and welfare has been effective for that sector. However, the international nature of fisheries suggests a cross national approach is needed to ensure effective fisheries management and a level playing field for fishermen operating in a region or sea basin. The need to include industry and other stakeholders in the process is recognised in the Advisory Councils and the important role they will undertake in the new CFP in advising Member States and the EU Institutions.

7. The future CFP should recognise the need to protect and support the small-scale fishing fleet through a differentiated management regime. Defra should press the Commission to ensure the small-scale fleet is properly represented on Advisory Councils. This could be achieved by the Commission adopting measures under delegated acts on the composition of Advisory Councils and by financial support for

organisations representing the small-scale fleet to attend Advisory Council meetings. (Paragraph 37)

It is important that future CFP delivers sustainable management and a prosperous future for the whole fleet. We are concerned that artificial distinctions between sectors or the introduction of differentiated management regimes at an EU level will prove unworkable, and only encourage the perverse incentives we have seen under the current system.

Clearly the small scale fleet make an important contribution to the UK fisheries industry and coastal communities and it is important that in adopting a genuine regional approach the development and implementation of multiannual plans will include the perspective of the small scale fleet in terms of any selectivity requirements or other related management measures. The role of Advisory Councils has been set out in the Commission proposals and clearly sets out the need for the appropriate representation of all stakeholders.

8. We recommend that the Department provides us with an updated action plan for domestic fisheries management reform by the time it publishes the Government Response to this report to reassure us that Defra remains committed to reforming domestic fisheries management to deliver a fairer deal to the inshore sector. (Paragraph 38)

As part of our plans for domestic fisheries reform, three voluntary pilot quota management groups are to go ahead to test the impact of a more local approach to quota management for the under 10 metre fleet. These will be based in the ports of Lowestoft, West Mersea and Ramsgate.

These groups are currently working closely to meet certain recognition criteria before taking on full quota management responsibilities. They are supported by three Coastal Liaison Officers.

The pilot groups have been allocated a share of the under-10m pool based on the vessels' track records during 2007-10, topped-up by a temporary topslice of quota from English POs. While the pilot groups will still be able to benefit from swaps and gifts into the under-10m pool, there will be no diluting effect on those fishing against the pool because the pilot group's basic allocations of quota were based on the opening under-10m pool figures, so did not reflect any such in-year increases.

The pilots will generate invaluable information on whether or not the local collective management of annual quota allocations by groups of fishermen can be effective and generate added benefits for the members of those groups. Information from these pilots will play a critical role in our journey towards placing English inshore fisheries on a sustainable footing, along with the rest of the fleet.

To ensure a higher utilisation of the UK's annual quota allocation, the under-10m pool will be boosted this year by a realignment of quota which has been consistently unused by English POs at the end of every one of the four years from 2007–2010. There will be a permanent transfer of the associated FQAs to the under-10m pool from 2013. A proportion of this realigned quota has been allocated to the pilot groups based on their track records.

Alongside these measures, we will be taking forward work in relation to the next steps to which we committed in our *Summary of response to the consultation on domestic fisheries reform in England*, published on 2 November 2011, including to address the issues of dormant/latent capacity within the under 10 metre fleet.

Further information is available from the Defra website at:
<http://www.defra.gov.uk/environment/marine/manage/saif/>

9. Defra must ensure that when they enact conservation measures such as creating Marine Conservation Zones, these can be enforced equally on vessels from other Member States as on UK vessels. (Paragraph 40)

The UK will seek to enable individual Member States to manage marine resources more effectively through better integration of fisheries management with other marine policies, and spatial conservation measures that apply to all fleets where necessary.

Reform of the CFP should enable Member States to develop and implement measures to manage marine ecosystems more efficiently beyond the 6 mile limit. A more simplified and decentralised decision-making framework that allows those closest to a fishery to take decisions on appropriate management measures will be central to achieving this.

Further, under Commission proposals, Member States will be able to take non-discriminatory measures for the conservation and management of fish stocks within and beyond 12 nm that apply to all those fishing in that area. We want to see clearer processes, set out in legal provisions, to make this happen. But for effective enforceability purposes, the legislative means to achieve this must be via an agreed EU instrument which is applicable to all involved in the fishery, so all are operating to a level playing field.

Objectives of the Common Fisheries Policy

10. Defra should ensure that where the CFP regulation refers to restoring stocks to levels that can produce the Maximum Sustainable Yield, it is clear whether this means the spawning stock biomass that is consistent with producing the Maximum Sustainable Yield, or the fishing mortality rate. (Paragraph 45)

We agree that there is a need for clarity in the objectives to be achieved under the new CFP. Indications from the Commission, explaining their legal proposals, suggest that it is intended that fishing mortality rate capable of producing maximum sustainable yield will be the primary target. We will seek greater clarity on any legal provisions pertaining to this.

11. We conclude that the Marine Strategy Framework Directive's objective of restoring all commercial stocks to within safe biological limits by 2020 is a more appropriate and achievable target than the Commission's proposed General Objective regarding reaching Maximum Sustainable Yield by 2015. We recommend that Defra seeks to include explicitly this Marine Strategy Framework Directive objective as one of the General Objectives of the CFP. (Paragraph 51)

Defra agrees that integration of fisheries management with other marine environmental policies is important and has welcomed this explicit objective in the General Objectives of

the CFP. Whilst the Marine Strategy Framework Directive provides important goals for commercial stocks to be within safe biological limits it is only one of a number of important pieces of environmental legislation. As such we prefer to keep the scope of the general objectives broad so that the CFP takes account of all the Union environmental legislation requirements and other international commitments, including those relating to the Marine Strategy Framework Directive.

12. We do not think it is appropriate for the future CFP to include a legally binding requirement to restore stocks to above the levels that can produce the Maximum Sustainable Yield by 2015, not least because of the lack of scientific advice on how to achieve this for many stocks. In our view it would be preferable for this General Objective to be rephrased as follows: the CFP shall aim to restore stocks to above levels that can produce the Maximum Sustainable Yield, and where possible shall aim to do this by 2015. (Paragraph 52)

The UK supports the Commission's aim to ensure fisheries are managed in a way consistent with the attainment of MSY, but we share the Committee's concerns how a rigid requirement could sensibly be applied in all cases. This should be achieved in line with existing commitments (e.g. World Summit on Sustainable Development and Marine Strategy Framework Directive), and by 2015 where possible, building in appropriate flexibility that takes into account the complexities of mixed fisheries.

Defra agrees with the Committee's view that we have to be guided by the best available scientific advice when setting MSY, particularly with regard to complex mixed fisheries, and do this in a way that is credible. This is why we want clear objectives that link to existing commitments, and that enable us to get the specifics right in each fishery through multi annual plans.

13. Defra should press for an additional General Objective of the CFP to contribute to the socio-economic development of coastal communities. (Paragraph 55)

Socio economic considerations remain at the heart of the CFP proposal and Defra's opinion is that these specific needs have already been covered in both the General and Specific objectives of the CFP proposal at Articles 2(1) and 3(b-d).

Discards

14. If discarded fish show high survival rates, it may be preferable to discard them rather than bring them on land where they have limited economic value. Defra should request that survival trials for all the species covered by the proposed discard ban are carried out before the ban is implemented and use this information to determine whether the proposed range of species is correct. (Paragraph 63)

Defra remains mindful of the anger and impatience that the terrible waste of discards generates amongst the public and fishermen, and we will continue to press for ambitious measures that progressively eliminate discards in our fisheries, as soon as possible.

Just as we must be ambitious in our aims it is crucial that the right measures are implemented. The process of defining these measures should be driven by the development and implementation of multiannual plans on a fishery by fishery basis, guided by scientific

advice and stakeholder input. The aim is to reduce unwanted catches in the first instance, including, tailoring the approach to species that show high survival rates. Therefore, in the context of landings obligations we should take account of fishery specific factors, including available scientific evidence on the survivability of the species,

15. We strongly support the Commission's desire to minimise discarding rates. However, we are concerned that by deciding to implement a ban so swiftly and with so little scope for stakeholder engagement, the Commission risks creating a scheme that will be unworkable and will be flouted, or worse, will merely shift unwanted fish in the sea to unwanted fish on land. We suggest it might be advisable to delay the discard ban until 2020 to give time to do the groundwork for its successful implementation. This is not an excuse to ignore the discard problem—effective and proactive measures must be put in place in the mean time to incentivise more selective fishing. (Paragraph 66)

The Committee is right to highlight the practical difficulties inherent in eliminating discards. We are well placed in the UK to understand these, and are already working with the industry in overcoming them. However we will continue to press for ambitious measures to progressively eliminate discards in our fisheries, as soon as possible.

We agree with the Committee that we need to get these measures right and proceed carefully in setting targets — and this has to be done on a fishery by fishery basis.

We consider that there must be an emphasis on eliminating unwanted catches in the first instance. The CFP should provide the incentives and regulatory framework to drive the necessary changes in fishing activity and behaviour on a fishery by fishery basis and in some cases this may include introducing a fully implemented and enforceable discard ban.

Member States should be accountable and responsible for working towards achieving discard free fisheries and for fleet mortality levels. This means working with industry to introduce appropriate measures, including expansion of the 'catch quota' approach as well as improvements in gear selectivity. Flexibility within the new framework will be key to introducing a range of tailored measures, including landing obligations, that are genuinely effective, enforceable and affordable.

16. Defra should ensure that the future European Maritime and Fisheries Fund can support measures that provide additional economic incentives to fishers that adopt more selective gear, as well as covering the cost of investing in the new gear. (Paragraph 68)

Defra is clear that the EMFF must support the reformed CFP, and be in line with EU2020 strategy objectives for fisheries and the wider marine environment by promoting sustainable and competitive fishing and aquaculture. The Commission's EMFF proposals currently contain support mechanisms for fisheries, involving measures such as the use of more selective gears, fishing techniques and innovation, to support an end to the practice of discards and reducing unwanted catches. This is in line with our approach to eliminate discards and we will seek to ensure that these provisions are retained as negotiations progress.

17. Defra should support a rapid shift from counting the fish landed against quotas to counting the fish caught against quotas. This will address the problem of inaccurate

reporting of fish mortality due to unrecorded discards in the period before the discard ban is implemented. (Paragraph 69)

We agree that under the new CFP Fishing opportunities should be based on what is caught, rather than what is landed, and these opportunities must continue to respect relative stability. In order to do this, it is important that the setting of fishing opportunities takes into account, and incentivises, the submission of robust data on catches. This approach will need to be considered in negotiations as part of the wider context of the CFP.

We are pushing for the implementation of a range of methods that ensure all catches can be successfully documented against quotas. It is important that the methods used to do this are effective, enforceable and affordable. The UK has had much success piloting CCTV monitoring systems used in our catch quota pilots in order to verify catches and enforce a landings obligation.

We are also exploring alternative methods of documentation that may also deliver accurate and confident reporting of fishing mortality.

Science and Data

18. Defra should support the Commission's proposals to increase funding for scientific advice and data collection and withdraw funding from Member States that fail to comply with data collection obligations. We also recommend that Defra, with the industry and fisheries scientists, investigate the options for a more cost-effective approach to science-based fisheries management through making more imaginative use of the available data sets. (Paragraph 74)

We agree that funding for scientific advice and data collection must be priority under a reformed CFP and equally that it must be used cost effectively. We also agree there is a case for exploring more innovative ways to provide scientific data and advice. Member States must be more accountable for delivering the data that's needed to manage fisheries effectively. It is recognised that the process at the moment can often lack robust data, or be too narrowly focussed and short-term to be credible with fishermen or helpful to policy makers. We want to see this addressed in future to provide a robust basis for decisions to be made on sustainable fisheries management. In the UK through initiatives such as the Fisheries Science Partnerships there has been a move towards industry gathering data for assessment purposes, this is an area we would want to see expanded under the Reform negotiations as it is undertaken on the basis of trust and understanding of the common needs of scientists, fishermen and policy-makers.

19. We encourage Defra to continue funding Fisheries Science Partnerships (FSPs) and to also work with the industry to consider how a cost-sharing approach to FSPs could be taken forward. (Paragraph 77)

The Fisheries Science Partnership Programme has been a success and by encouraging scientists and fishermen to work together, helps to point the way towards achieving the goals of intelligent approaches to getting scientific data and advice. The scheme enables applicants to access funding necessary to undertake a project where results are made publicly available. We will continue to work with the industry to develop the FSP approach including the need to ensure value for money.

20. We are concerned by the absence of scientific models on which to base multi-species fisheries management. Defra should set out the current availability of these models for UK fisheries and the resources and time required, to fill any gaps. (Paragraph 78)

The Commission have proposed the introduction of MAPs, where possible, to cover multiple stocks where those stocks are jointly exploited. Defra supports a move towards multispecies MAPs when this can be supported by scientific modelling and advice, so that a regional plan as far as possible will reflect the practical reality of a fisherman's catch, rather than perverse outcomes and discarding through continuing with a blinkered single species approach. These should form the basis for fixing fishing opportunities and setting targets for the sustainable exploitation of stocks. For stocks with no MAP, MSY should be used to set catch and/or effort limits.

Multiannual Plans

21. Defra should request that the European institutions commit to developing multiannual plans for commercial stocks within a reasonable timeframe. We propose a deadline of 2017 so that the EU can meet its commitment under the Marine Strategy Framework Directive that, by 2020, all commercial stocks will be restored to within safe biological limits. Defra should press for the agreement of multiannual plans for the UK's commercial stocks as a priority. (Paragraph 81)

Robust, science-based, Multi-Annual Plans (MAPs) are an important tool in the effective management of fisheries, and they should underpin the technical decisions we make under a reformed CFP. MAPs should be developed at a regional level, with genuine stakeholder input, so that those involved in a fishery can work together to agree tailored and appropriate fisheries management measures. In light of the number of stocks in the EU and the need to prioritise stocks for which MAPs are developed and legislated for through co-decision, it is important to have some flexibility in any overarching targets for MAP prioritisation. Defra will be pressing to develop MAPs where they are most needed, to reflect regional priorities and changes in the marine environment.

22. Defra should suggest that a mechanism is established to amend multiannual plans within a reasonable time frame if this is necessary due to changing scientific advice or environmental conditions. (Paragraph 83)

MAPs should be embedded at a European level, confined to high-level principles but developed at a regional level, so that those involved in a fishery can work together to agree tailored and appropriate fisheries management measures.

This should be supported by a clear governance framework that encourages the further development and improvement of MAPs, if necessary, through regional processes.

Overcapacity

23. Defra should ensure that measures to increase vessel capacity or to decommission vessels are not eligible for funding under the future European Maritime and Fisheries Fund. (Paragraph 87)

Defra's view is that the EMFF should support innovative and/or collective projects that help improve the sustainability of the industry, as part of the UK's vision for clean, healthy, safe, productive and biologically diverse oceans and seas, including support for adding value to products in both fisheries and aquaculture, and enhancing competitiveness. We have noted the Commission's EMFF proposals will end the provision of support for decommissioning fishing vessels and prevent funding from being used to increase a vessels fishing capacity. We have just closed a public consultation asking stakeholders for their opinion on the content and are currently analysing the responses. Once this has been completed we will be in a position to clarify the UK position on these issues.

The draft CFP regulation also clearly sets out the responsibility of Member States to maintain fishing capacity within pre-determined limits and we will seek to ensure that these articles are retained.

24. The Common Fisheries Policy should protect fishing communities as well as fish. The introduction of Transferable Fishing Concessions (TFCs) as a mechanism to reduce fleet capacity highlights a broader debate over the interaction between overfishing, fleet size and employment in coastal areas. We recognise that introducing TFCs can reduce fleet capacity and improve environmental outcomes. However, we are deeply concerned that introducing TFCs will damage the viability of coastal communities. Defra must decide what shape of fishing industry it wants in future. Therefore if Defra believes that a reduction in fleet capacity is needed, safeguards must be put in place to protect coastal communities and prevent excessive consolidation of the fleet in favour of larger operations. (Paragraph 91)

The Committee is right to sound caution on the Commission's proposals for Transferable Fishing Concessions, while recognising the benefits that a market driven approach can bring. We want to manage our fishing rights in an economically rational way, but decisions on the allocation of rights have to remain with Member States, respecting "relative stability" of shares in each fishery and enabling us to address the specific needs of all parts of our industry and coastal communities. This should not mean imposing the same system on all, as set out in the Commission's proposals.

25. In order to protect coastal communities from the potentially negative impact of fleet consolidation, Defra should not extend a system of Transferable Fishing Concessions into the under 10 m sector. (Paragraph 92)

Under the Commission's proposal the TFC system would only apply to those vessels over 12 metres and those towing gear however Member States would be given the discretion to extend the system to the small scale fleet if they choose.

It is our view that the current discretion for Member States to make arrangements to manage quota and fishing opportunities in a way that best fits their own circumstances should be retained.

26. If a system of Transferable Fishing Concessions is introduced, Defra should implement a mechanism to discourage leasing of quota and to redirect unused quota towards more environmentally and socially sustainable fishing operators. We propose a siphon mechanism whereby if an operator chooses to lease his fishing rights rather than

use them himself, a percentage of his allocation is returned to the national envelope. This can be reallocated to active fishermen in such a way as to restore traditional fishing activities in coastal communities and ensure the continuance of the socio-economic benefits that these activities provide. (Paragraph 94)

We need to manage quota rights in an economically rational way, so that fishermen are able to plan for the long term, and benefit from improving stocks. However, this should not mean imposing the same system on all, as set out in the Commission's proposals. We must retain the current discretion for Member States to make arrangements to manage quota and fishing opportunities in a way that best fits their own circumstances.

We are continuing to look at improvements to our own domestic management of fishing quota.

27. Defra should not transfer the UK's fishing rights, such as Transferable Fishing Concessions, to other Member States. (Paragraph 95)

The UK is clear that proposals put forward by the Commission must respect the principle of relative stability and any provisions on trading and/or leasing of entitlements must not put the UK relative stability shares at risk.

Relative Stability

28. Defra should call for a review of the effect of environmental change on the future distribution of stocks before the next round of CFP reform, with the intention of revisiting the relative stability principle if appropriate. (Paragraph 97)

Any review of relative stability allocations must not jeopardise the benefits the UK derives from stable shares of fishing opportunities but we agree with the Committee that there is a need to take account of the changes in the environment and the marine ecosystem when considering fishing opportunities and long term plans.

Consumers

29. Defra should work with the Department of Health to ensure that public health advice about fish consumption is consistent with the Department's position on maintaining sustainable fish stocks around the UK and in external waters. (Paragraph 101)

The Committee questioned the links between government advice on healthy eating and the sustainability of fish stocks. Current Department of Health advice suggests consuming two portions of fish per week, one of which is oily. This level of consumption is sustainable in terms of the fish that we can catch subject, of course, to maintaining the sustainability of the fisheries providing this fish.

Managing fisheries effectively is not simply about cutting quotas, but about taking a sustainable — and profitable — yield from our natural capital. The fishing industry should be able to benefit from increasing stocks and meet what will be an increasing demand for high quality protein in a way that maintains that natural capital for future generations.

30. We expect that the Government Response to this report will include the most recently available data on compliance across Government with the mandatory standards on fish sourcing. Defra should also, with the catering and fishing industries, review the scope to include additional Best Practice standards on sourcing fish locally and promoting under-utilised species. (Paragraph 103)

The criteria for fish in GBS is that all fish should be from sustainable sources using the following principles:

- a) Complete exclusion of those species and stocks identified by the Marine Conservation Society (MCS) as 'fish to avoid';
- b) Inclusion of all Marine Stewardship Council (MSC) or equivalent and MCS 'fish to eat' list;
- c) Where fish are not covered by a or b, require a systematic approach to traceability and demonstrable sustainability for the rest, with reference to FAO Code of Conduct for Responsible Fisheries; new IUU regulation; fishery sustainability status; seasonality to avoid spawning seasons; use of a diversity of species.

Defra's catering contract is now fully compliant with these criteria and has provided information on this and all GBS criteria on its public web pages.

All government Departments have agreed to implement GBS in respect of new contracts and are encouraged to find opportunities to move to compliance in respect of existing contracts wherever possible and feasible. Departments will report on performance through their existing transparency arrangements, and are expected to make this information publicly available within the first year of GBS becoming operational. GBS guidance makes reference to MCS, MSC and the 'sustainable Fish City Top ten fish swaps', actively promoting use of underutilised species as part of a healthy diet.

Conclusion

31. The interests of the UK's fishing industry are best served by one strong voice in Brussels. Defra and the Devolved Administrations should seek to present a united front in negotiations with the EU over fishing policy. (Paragraph 104)

It is of course important that the UK speaks with one voice in Brussels to achieve the best outcome for the UK. Defra works closely with the Devolved administrations to ensure that the UK fishing industry and wider interests are represented effectively in negotiations wherever they take place.