



To: UK fisheries administrations  
UK fishing organisations

18<sup>th</sup> January 2016

Dear Sir/Madam,

**Consultation on the distribution of fixed quota allocation (FQA) units for certain quota stocks**

**Background**

Quotas are distributed in the UK on the basis of the holdings of FQAs on fishing vessel licences. FQAs are stock specific. The units were initially issued to the licence holders of over ten metre vessels based on their activity during the reference period of 1994-1996. Similar calculations were made based on the track record of fish landings of 10 metres and under vessels and FQA units derived. These are held collectively by Fisheries Administrations (FAs) and managed as a pool. The FQA units are used in the allocation of quota in a way similar to a share system. The mix of FQAs held by vessels in membership of each fishing group at 1 January each year is used to determine the share of the UK quota each group receives. A fishing group can be a producer organisation (PO) or a pool of vessels managed by a UK FA.

All of the UK FAs have an interest in this consultation and have taken part in discussion about the content. It is being conducted by the MMO as the FQA system is common to the UK.

The MMO is the authority in the UK for certain tasks that require a central authority, such as the distribution and transferring of quotas. Each FA will forward the consultation to those interest groups it considers relevant.

**Consultation Purpose**

The UK Quota Management Rules set out the shared policy of the UK fisheries administrations (FAs) that, "Where new quotas are allocated to the UK, the FAs will generally seek to establish appropriate FQA units, following consultation with representatives of the fishing industry and any other interested parties." For fish stocks that have come into existence after the 1994 -1996 reference period, decisions on the distribution of FQAs have been made by UK FAs in consultation with stakeholders. This document seeks your views on options for establishing FQAs for stocks currently allocated by temporary allocation methods.

It is considered beneficial to establish FQA units for these stocks as the current lack of them creates uncertainty and reduces flexibility in using the quotas. For example, the skates and rays quotas in table 1 are allocated directly to fishing groups rather than to vessel licence holders. This method has the disadvantage of not allowing vessels to take the FQAs associated with their activity with them when moving between fishing groups. Whichever method is

followed, it will correct this anomaly by assigning FQAs to licence holders. Also, it is important to fix FQA units for the two stocks, cod VIIb-k excluding VIId and VIId, to allow Defra to complete the permanent FQA realignment.

### **Stocks**

The stocks being considered are as follows:

*Table 1: Stocks Under Consideration*

<b>Stock</b>	<b>Year current method was introduced</b>	<b>Current temporary allocation method</b>
Cod VIa	before 2010	Based on the historic West of Scotland Cod (which included VIa and VIb) less VIb
Cod VIIbk excluding VIId	2009	Uses Cod VIIbk FQAs
Cod VIId	2009	Uses Cod VIIbk FQAs
Haddock VIIa	before 2009	Uses Cod VIIa plus Whiting VIIa
Haddock VIIbk	before 2009	Uses Haddock VII FQAs
Skates & Rays VI & VII	2009	Based on track record of landings by fishing group for 2006-08
Skates & Rays VIId	2009	Based on track record of landings by fishing group for 2006-08
North Sea Horse Mackerel	2010	Formula method is used merging old North Sea and West Coast FQAs for the species
West Coast Horse Mackerel	2010	As above
Faroes Blue Whiting	2007	Uses Northern Blue Whiting

## Options

The options fall into two groups:

1. Making the current temporary allocation method for each stock the permanent split by assigning FQAs in the same proportions, thereby ensuring that, in the conversion exercise, no PO/licence will receive any more or less than its current share of the relevant UK quotas under the present allocation methodologies; or
2. Using an updated track record of recorded landings

Analysis of what each option for each stock would mean numerically for the FQA split between UK FAs and fishing groups has not been carried out. It would be a large amount of work and would be likely to encourage those groups who most benefit from an option to select that rather than putting a principled position forward.

### Option 1 - Making the current temporary allocation method for each stock the permanent split by assigning FQAs in the same proportions

Under this option, no single approach would be used. The variety of stock specific temporary allocation methods described in table 1 would be used to establish the FQA units. Each stock was subject to separate consultation at the time they were created and it was agreed at that time that these were the most appropriate ways of allocating them.

#### Advantages

- Deciding FQA distribution on an individual stock basis gives more flexibility to match the method to the specific conditions that gave rise to the new stock/s.
- Fishing groups (POs and FA vessel pools) will not see any changes in their current share of the relevant UK quotas (subject, of course, to how each FA chooses to allocate its quotas).
- The temporary method for each stock was established based on previous consultation.

Option 1 is preferred amongst the UK fisheries administrations.

### Option 2 - Using an updated track record of recorded landings

Under this option new FQAs would be created based on a track record of recent fishing activity.

#### Advantage

- In theory FQA units and therefore quota access would be matched to those active fishermen who have landed fish in recent years. This could reduce the number of quota swaps that are an administrative burden to industry and government.

#### Disadvantages

- By revisiting track records for stocks there would be considerable disruption to current quota distributions, potentially complicating current systems and delaying the desired outcome of establishing FQAs units in a timely manner.
- It may be difficult to agree appropriate reference periods.
- Recent track record periods may be distorted by an inability to access quota. Therefore, it may be more just to rely on track record periods before quotas were introduced for each stock.

## **Consultation Outcome**

If the outcome of the consultation results in option 1 being taken forward, any new FQA units will be assigned directly to qualifying fishing vessel licence holders within the UK. Quotas will then be distributed in proportion to those units in subsequent years. If the outcome of the consultation results in Option 2 being taken forward we will consult with you again about options for an appropriate reference period.

However it should be noted that government policies can change in the future and this may affect quota allocations. Also, each UK FA has the ability to use its' discretion to distribute quotas by means other than FQA units each year. The guidelines that UK FAs will follow are set out in their individual quota management rules documents.

The intention is for the changes agreed following the outcome of this consultation process to come into effect during 2016 and for the first year of quota allocations based on the new FQAs to be 2017.

## **Specific Consultation Questions**

In addition to your general views, those responding to this consultation are encouraged to consider the following questions:

- Question 1 - Do you agree that moving away from the temporary allocation method by establishing FQA units is beneficial?
- Question 2 - Do you agree that table 1 contains a full list of those stocks that are allocated within the UK but do not have FQA units assigned to them?
- Question 3 - Do you consider that there are options for establishing FQA units other than those set out and what are these?
- Question 4 - Do you agree with the advantages and disadvantages given for the options? Can you identify others?
- Question 5 - What is your preferred option for establishing FQA units for the stocks in question and why? General or stock specific comments using the annex template are welcome.

My best regards and I look forward to receiving your views. This consultation will remain open until 26 February 2016. Responses should be sent to [fmc@marinemanagement.org.uk](mailto:fmc@marinemanagement.org.uk) (copied to quota managers in your "home" administration) by this deadline.

Yours faithfully



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Annex – Stock Specific Comments Template for Consultation Responses to Question 5

<b>Stock</b>	<b>Year current method was introduced</b>	<b>Current temporary allocation method</b>	<b>Consultation comments on preferred allocation method</b>
Cod VIa	before 2010	Based on the historic West of Scotland Cod (which included VIa and VIb) less VIb	
Cod VIIbk excluding VIId	2009	Uses Cod VIIbk FQAs	
Cod VIId	2009	Uses Cod VIIbk FQAs	
Haddock VIIa	before 2009	Uses Cod VIIa plus Whiting VIIa	
Haddock VIIbk	before 2009	Uses Haddock VII FQAs	
Skates & Rays VI & VII	2009	Based on track record of landings by fishing group for 2006-08	
Skates & Rays VIId	2009	Based on track record of landings by fishing group for 2006-08	
North Sea Horse Mackerel	2010	Formula method is used merging old North Sea and West Coast FQAs for the species	
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