

**Submission by SIFT to Call for Views: Scottish Government Advisory Group on Economic Recovery -
31 May 2020**

CONTEXT FOR THE RESPONSES

The responses to the following questions are focussed on the urgent need for economic recovery within Scotland's inshore fishing industry, which operates out to 12 Nautical Miles from the coast. In order to understand our responses it may be necessary to summarise the fishery, so that its lack of resilience to external shocks, as now demonstrated by the fleet being largely tied-up in response to the pandemic, can be understood.

There has been an almost total collapse in finfish stocks in the inshore waters in recent decades. This is best evidenced in the Firth of Clyde, but has occurred nationally. (Ref Ecological Meltdown in the Firth of Clyde, Scotland: Two Centuries of Change in a Coastal Marine Ecosystem, Ruth H. Thurstan, Prof Callum M. Roberts) As a consequence there is essentially no longer a dedicated commercial fishery for finfish in the inshore. In essence the inshore waters now only support a shellfishery.

The inshore fishery is numerically dominated by fishing vessels that are under 10 meters long. These boats are too small to fish further out to sea. The majority use static fishing gear (which is stationary once deployed) known as creels. (1557 of Scotland's 2096 fishing vessels are under 10m, 1363 of which are under 10m creel fishing boats: Source Marine Scotland May 2020) These vessels are typically family owned and operated, and are run from local ports and creeks where they often form a key component of local employment. The remaining, minority, of boats in the inshore water use mobile gear (which is dragged across the seabed when deployed) such as trawls and dredges (there are 69 under 10 m trawlers, Source Marine Scotland May 2020) This small number of mobile gear boats, has a relatively large catch in terms of tonnage. A tonne of creel caught prawns generates an average profit of £603 whereas small-scale prawn trawling generates average profit of £183/tonne. It has been calculated that a transfer of effort from mobile to static gear would result in a 2.8 fold increase in employment for the same volume of catch (Source: Scottish Creel Fishermen's Federation). In essence, this is because the static gear fishery sells live shellfish at premium prices whereas the mobile gear fishery principally sells shellfish at commoditised bulk prices. The prawn fishery exemplifies this disparity where the same species ('prawns', *Nephrops norvegicus*) are sold by creelers as langoustines and by trawlers as scampi.

Furthermore, seabed mobile gear fishing is recognised as one of the most environmentally destructive fisheries in European waters (Source: Seas at Risk) , because it destroys the complexity and diversity of seabed ecosystems, and produces by-catch of other marine species - including of juvenile finfish of formerly commercial species. As spawning grounds require seabed complexity or vegetation, this is recognised as a fundamental reason for the decline of both abundance and diversity of finfish in Scotland's inshore waters. So as well as reducing the potential employment and revenues of the existing inshore shellfish fishery, the excessive use of mobile gears also precludes the recovery of finfish stocks. In contrast, static gear fisheries are recognised as one of the most sustainable fisheries in Europe as they do not 'plough' the seabed and do not have material amounts of bycatch - they are 'clean'.

As a consequence of the foregoing, the inshore fishery is now a highly vulnerable economic sector because it has become essentially a shellfish mono-culture. Furthermore the shellfishery is economically dominated by the catching of just two key species - prawns and scallops. The market for

these species is largely in Europe with the bulk of the remainder sold in the UK, often to the hospitality industry. The pandemic has brought both key markets to an almost complete close.

Were the inshore waters capable of supporting a mixed fishery which had a diverse range of finfish and shellfish target species (as was the case in the past) the fishery could have continued to have had a market for at least some products. This is no longer possible on account of the lack of commercially viable quantities of finfish. This goes a long way to explain why the inshore fleet has been tied-up during the pandemic lock-down and is now in need of financial support when it could - with better management of the seas - have been supplying fresh fish to the Scottish population.

It is therefore of vital importance to the future health and resilience of the fishing sector that there is a structural change in the way inshore waters are managed. This should be characterised by the sort of fishery management measures adopted by numerous other north west European coastal states (such as the Faeroes and Norway) where there are, inter alia, spatial restrictions on the use of mobile gears. These restrictions permit the recovery of both diversity and abundance of finfish stocks and hence raise the fishery's resilience. The model relies upon higher fecundity amongst stocks where populations are larger and include greater numbers of adults, as well as more protection of key habitats. The consequence of greater populations in protected areas is that there is 'spill-over' of surplus fish into the wider fishable areas. Recent research on Scotland's first, but minimal, No Take Zone in the Firth of Clyde demonstrates that such spill overs can happen in a Scottish context (Source: Marine Conservation Begins at Home: How a Local Community and Protection of a Small Bay Sent Waves of Change Around the UK and Beyond, Dr Bryce D. Stewart et al).

In essence good management results in more fish to catch, albeit in a slightly reduced area of fishable grounds. The inshore fishery will continue to be highly vulnerable to external shocks - such as pandemic related losses of demand - until modern management measures are instigated widely in Scottish waters, and the fishery is built upon diverse and abundant fish stocks.

What will be the shape and form of the recovery from the crisis and the what will be the implications for the future growth and structure of the economy?

Sustainable Inshore Fisheries Trust cannot comment upon wider macroeconomic and fiscal implications of the pandemic. However we anticipate that the prospects for the inshore fishing industry are poor in the medium term if there is no structural change to the management regime.

It is difficult to envisage a rapid recovery for the sector, given that it is highly dependent upon sales to Europe, which may be subject to new tariff barriers arising from Brexit and - potentially more problematically - non-tariff barriers in the form of customs delays arising from bureaucratic measures introduced post Brexit. Delays incurred at ports of departure for exports to EU present substantial risks for Scottish shellfish sales (especially live shellfish) which rely on freshness to ensure value. Domestically, the damage done by the pandemic to tourism and hospitality industries presents a further risk to demand for inshore fishing products. Furthermore because the fishery has 'fished down the food chain', there are currently no alternative target species for the fleet to pursue at a scale that will maintain existing livelihoods, in the event that the existing key target species (prawns and scallops) become less available (due to external factors like disease or climate change or other fluctuations in population dynamics).

What are the medium- to long-term consequences of the lockdown on businesses, including loss of employees, debt overhang, loss of markets, reduced investment and unemployment?

It is difficult to predict the consequences of lockdown on businesses and debt, as SIFT has not undertaken an analysis of these issues. However it should be noted that static gear Under 10m vessels, whilst having a high profit/tonne often have a low level of overall profitability, in keeping with small scale fisheries in other coastal states. (Source: Seafish – Quay Issues: 2016 Economics of the UK Fishing Fleet). So we anticipate that a significant number of the inshore fleet will be at risk of business failure as a result of the crisis.

More positively, we do not anticipate such severe risks relating to recruitment of staff in the long term within the industry. Inshore static gear boats are typically owner operated, and function with a crew of two or three including the skipper. Mobile gear vessels typically have slightly larger crews. The crew are often low-skilled so recruitment may not be a priority concern for vessel owners.

With regard to markets, as noted in Q1 above, it is difficult to envisage a rapid recovery in demand for the sector's products, and because the fishery has 'fished down the food chain' there is no plausible alternative target species for the fleet to pursue at a scale if the supply of current target species declines.

How can the wellbeing of the people of Scotland flourish and what are the environmental implications of the crisis?

The crisis presents both risks to, and opportunities for, an environmental recovery.

It is foreseeable that the crisis will be followed by calls for a relaxation of inshore fishery regulations in order to stimulate growth. Any such relaxation (for example permitting the sale of by-catch from trawl nets, or decreasing minimum landing sizes, or allowing fishing into those few protected areas where fishing is not already permitted), would bring harm to the already weakened inshore ecosystem, on which the fishery depends, and further reduce Scotland's natural capital base.

The inshore waters, as a public resource, are the property of the Scottish people. So the management of these waters needs to have the objective of increasing the public good. Whilst the fishing industry in coastal communities is important (although in no Scottish Region does fishing exceed 3% of employment, and is under 1% nationally) its interests have to be balanced with those of all the other interests.

So the crisis provides an opportunity for a rebalancing of the interests of the fishing industry and the wider public. Specifically there is an opportunity for Scotland to start to manage inshore waters on an eco-system basis so that resource exploitation takes place within fully evidenced ecological limits. This will require data collection and vessel monitoring as well as for fisheries to be recognised as just one of many stakeholders, and for marine ecosystem services and natural capital to be fully recognised and valued.

Potentially the most important element of ecosystem services will be the marine area's contributions towards achieving net zero carbon. Seabed sediments and coastal habitats like saltmarshes, kelp forests and seagrasses play a crucial role in sequestering carbon - indeed sealoch sediments have been shown to contain over six times the amount of carbon that is contained in Scottish peatbogs on a unit

area basis. Such ecosystem services need to be fully quantified, valued, and integrated into the cost benefit analyses that should underpin the selection of management measures. Until this occurs the management measures for the inshore waters will be out of alignment with the interests of the Scottish people.

How will the crisis change the role and relationships between the UKG/SG/LAs, business and other institutions?

The pandemic presents an opportunity for Scotland to catch up with other states (including England) and manage inshore waters through a multi-stakeholder governance structure. Hitherto, non-fishery interests (and indeed the numerically dominant static gear fisheries also) have often been side-lined on decision making matters, with the consequence that short term fisheries landings have been prioritised over long term sustainable development.

At present fisheries representatives and other stakeholders largely inhabit separate 'silos' in Scotland, and there is no governance structure to resolve this. Elsewhere, community, conservation and fisheries interests are actively made to work together. For example England has powerful - bylaw setting - Inshore Fisheries and Conservation Authorities which seek to apply the ecosystem approach through fora which include local authorities, national regulatory bodies, NGOs and the fishing industry. No such multi-stakeholder entity exists in Scotland. The crisis should provide an opportunity for Scotland to revisit the governance structures of the institutions which oversee the management of our marine resources.