

RURAL DEVELOPMENT COMMITTEE

Tuesday 18 February 2003
(*Afternoon*)

Session 1

£5.00

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RURAL DEVELOPMENT COMMITTEE

7th Meeting 2003, Session 1

CONVENER

*Alex Fergusson (South of Scotland) (Con)

DEPUTY CONVENER

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

COMMITTEE MEMBERS

*Rhoda Grant (Highlands and Islands) (Lab)
*Richard Lochhead (North-East Scotland) (SNP)
*Mr Jamie McGrigor (Highlands and Islands) (Con)
*Mr Alasdair Morrison (Western Isles) (Lab)
*John Farquhar Munro (Ross, Skye and Inverness West) (LD)
Irene Oldfather (Cunninghame South) (Lab)
*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)
*Elaine Smith (Coatbridge and Chryston) (Lab)
*Stewart Stevenson (Banff and Buchan) (SNP)

COMMITTEE SUBSTITUTES

Nora Radcliffe (Gordon) (LD)
Mr John McAllion (Dundee East) (Lab)
Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)
John Scott (Ayr) (Con)

*attended

THE FOLLOWING ALSO ATTENDED :

Mrs Margaret Ewing (Moray) (SNP)
Euan Robson (Roxburgh and Berwickshire) (LD)
Tavish Scott (Shetland) (LD)
Elaine Thomson (Aberdeen North) (Lab)

WITNESSES

Hugh Allen (Mallaig and North West Fishermen's Association)
Sandy Brady (Highlands and Islands Enterprise)
Austen Brown (Clyde Fishermen's Association)
John Davidson (Fife Fish Producers Organisation)
John Farnell (European Commission)
Ross Finnie (Minister for Environment and Rural Development)
John Johnston (Association of Scottish Community Councils)
Mr Elliot Morley (Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs)
Hector Stewart (Western Isles Fishermen's Association)

CLERK TO THE COMMITTEE

Tracey Haw e

SENIOR ASSISTANT CLERK

Mark Brough

ASSISTANT CLERK

Catherine Johnstone

LOCATION

The Chamber

Scottish Parliament

Rural Development Committee

Tuesday 18 February 2003

(Afternoon)

[THE CONVENER *opened the meeting at 14:03*]

Scottish Fishing Industry

The Convener (Alex Fergusson): Good afternoon, ladies and gentleman, and welcome to this meeting of the Rural Development Committee. I ask, as I always do, that mobile phones in the gallery, and down here, be turned off. I have received apologies from Tavish Scott who will join us later, but who is in mid-air at the moment, and from Irene Oldfather. I think that various other MSPs will join us later in the afternoon.

Our business today is to continue our examination of issues that face the Scottish fishing industry. The committee has expressed a desire to consider recent European Union decisions and priorities for negotiation on issues that are still to be resolved. The committee wants especially to consider the impact of those decisions on Scotland's fishing industry and its fisheries-dependent businesses and communities, and to consider what support should be provided to deal with that impact.

Last week, we met in Aberdeen and heard a large amount of useful evidence from those who are involved in the fishing industry; we also had the opportunity to take views from local people. Today, we shall continue by hearing from more key organisations and from the minister. The role of parliamentary committees is to scrutinise the policies and laws that are being implemented by the Scottish Executive; however, many of the decisions that affect the fishing industry originate at EU level. We are therefore pleased that we shall hear from our Scottish minister and the UK fisheries minister, together with somebody from the European Commission. Following today's meeting, the committee will consider how its conclusions can best be fed into on-going developments on the issues.

We move to today's formal agenda. We shall hear under agenda item 1 from two panels of witnesses. I ask that opening statements from each person on the panel be kept as brief as possible because we do not have a lot of time and it is important that members have the opportunity to ask as many questions as possible. I am delighted to welcome representatives from the

west coast fishing associations: Hugh Allen of the Mallaig and North West Fishermen's Association; Austen Brown of the Clyde Fishermen's Association; and Hector Stewart of the Western Isles Fishermen's Association. I invite each to give a brief opening statement.

Hugh Allen (Mallaig and North West Fishermen's Association): Good afternoon, ladies and gentlemen. I thank the committee for inviting me to give evidence today. I am secretary of the Mallaig and North West Fishermen's Association. The Rural Development Committee has been kind enough to call on my association to appear before it a few times, so I know that it values brevity in opening statements. Brief is, therefore, what I shall be.

The Mallaig and North West Fishermen's Association is a multisectoral organisation in that its membership is drawn from all parts of the fishing industry, including one-man crews, big white-fish trawlers and pelagic interests. The new regulations resulting from the December council meeting therefore affect our members varyingly. Some members, such as the single-net prawn trawlers or the scallop dredgers, are not affected at all in their day-to-day operations, but others are seriously affected.

One sector that has almost become an anomaly is the dedicated twin-rig prawn trawlers that work using 100mm nets. They have become the unintended victims of the regulation because they are restricted, as things stand, to the 15-days rule, despite the fact that they do not catch fish, although some might catch a small amount. That was causing us concern, but last night we received a new consultation document, which is one of the most sensible and pragmatic consultation documents that I have seen from the Scottish Executive. It addresses domestic legislation in relation to the 100mm mesh size. We shall certainly respond to that consultation.

Although many of our members' day-to-day operations are not affected, the market is potentially a serious problem, especially the nephrops market and to some extent the scallops market. The prawn market is finely balanced at the moment. Prices are extremely poor; the price for prawn tails is half of what it was a quarter of a century ago. Any further diversification into that sector, especially by the larger boats that rely on volume to meet their overheads, will cause a major problem in the market.

The last thing I should like to mention is decommissioning. Many managers labour under the misconception that taking out more boats means that fewer fish are caught. That is not the case—it never has been. However, one way in which decommissioning could help the industry would be if conditions reverted back to those that prevailed during not the previous scheme or the

one before it, but the one before that. If that were to happen, fish quotas that were released from decommissioned vessels would go back into the common pool to be redistributed among everybody, or back to individuals, producer organisations or the non-sector fleet from which the boats had operated. Such a scheme is not the same as the Government buying back quota; rather, it would redistribute the fish among everybody. Under such a scheme, when people apply to decommission, they can take into account any investment that they have made in quota when they describe the level of their bid.

Austen Brown (Clyde Fishermen's Association): I am a member of the Clyde Fishermen's Association executive committee. I own and skipper the last white-fish vessel to operate on the Clyde. Because of the paucity of fish, we end up spending more of our time outwith the Clyde than in it. Most Clyde vessels now target prawns, so one may be forgiven for assuming that the cod recovery plan does not affect many of our members. However, that is not true.

First, the recent switch by white-fish vessels to prawn fishing to avoid days-at-sea restrictions has meant that the market is flooded and prices are collapsing, with the smallest grades of prawn being returned by processors. Prawn-fishing skippers now justifiably expect a share of the funds that were recently and generously made available by the Scottish Executive. Secondly, the west of Scotland twin-rigged vessels that are operating beyond 56 deg north are obliged to use 100mm nets. Under the cod recovery rules, that restricts them to 15—or is it nine?—days at sea, rather than the 26 days that everybody else gets. Members may care to note that we currently have mesh sizes that range from 70mm to 100mm between the east and west coasts, all for catching the same creature. The mesh-size regulations are a mess. Thirdly, a vessel such as mine that steams from her home port in the Clyde to the Irish sea, where no days-at-sea restrictions apply, loses one day out and one day back for the return trip. Those days are lost for no fishing time at all within area 6. So far, the Scottish Executive's environment and rural affairs department has failed to offer any remedy to all those problems.

I come to the cutting of quotas—again. Who can be expected to operate legally and profitably with catch limits of 1 tonne of cod and 1 tonne of haddock per month in the Irish sea—or whatever appropriate figures apply to other areas? The figures are different depending on whether someone is in a producers organisation or in the non-sector fleet. It costs many thousands of pounds to operate a vessel, and it does not take an academic genius to conclude that bankruptcy or prison for fishermen will result sooner rather than later under quotas.

The entire quota management concept is an utter shambles. The levels are unrealistic and the assumption that nets catch only the quotas for each species is equally unrealistic. Every vessel fishes flat-out while it is at sea. Whether the excess-to-quota fish are landed as so-called black fish, or tipped over the side for the gulls to eat, they are still dead. There is no conservation benefit in the quotas, so what is the worth of retaining them? I suggest that we abolish the quotas completely.

The common fisheries policy has had 20 years or so to manage the fish stocks of the north-west European shelf but, thus far, it has failed miserably to do so. The European regime has proved itself to be utterly corrupt, both financially and morally and it appears to be hell-bent on dismantling the UK fishing industry. The United Kingdom has lost the deep-water fishery to the French, the mackerel fishery to the Norwegians and the plaice and sole fisheries to the Dutch. There is also the continuing Danish sand-eel fiasco in the North sea, which we are virtually powerless to remedy. Every other nation is hell-bent on grabbing as much of the British share as possible and the UK capitulates every time.

The fishermen are now burdened with an ever-escalating mountain of rules, regulations and paperwork. I must adhere exactly to that pile of paperwork in operating my vessel, because if I fail to comply with any of the rules, I am liable to an extremely heavy fine. It is impossible for the average fisherman to comprehend the complexity of the paperwork. Even the fisheries officers admit that they cannot keep up to speed with it.

I will give you a short history of how we have got to where we are. Most of the fish-stocks problems have arisen from the deployment of technology over the past 30 years or so. Cheap fuel has allowed more power to be used to tow bigger nets. The invention of bobbins and rock-hoppers allowed fishermen to explore vast areas of hard ground, which had hitherto been breeding-stock reserves similar to the no-take zones that are proposed by some of the Cornishmen. Multiple rigs now allow larger white-fish boats to operate profitably pursuing ground fish and prawns, thereby undermining the markets that are relied on by many of our member fishermen.

The invention of the semi-pelagic trawl has almost completely annihilated the former deep-water breeding stocks of cod, hake, haddock and whiting in our area. Fish now have nowhere to hide; they are chased from the shore to the deepest water and virtually everywhere is towed.

Members might wonder what the solutions are to the industry's problems, given that this time next year the stock will not have improved dramatically and the industry will undoubtedly seek more

financial help. A major part of the Scottish Executive's recently announced £50 million aid package is the proposed hefty decommissioning of vessels. We are grateful for that package, but it is unfortunate that the money will go out of the industry as owners surrender their licences and retire.

14:15

Post decommissioning, we should start with a clean sheet and with open minds. Quotas and the ensuing plethora of bureaucracy should be abolished and the remaining boats should be allowed to fish unhindered. In return, properly managed closed spawning boxes should be respected—in my opinion, that is the best chance for cod recovery—and more selective gear should be deployed in some sectors of the fleet. I know that I might not be too popular with many people for saying that, but that is my belief.

For all the European Commission's faults, it should at least be given credit for attempting to make serious management proposals. SEERAD, however, is like a rudderless ship and has no effective leadership. There is no action plan for the fleet structure post decommissioning; it will simply be assumed that white-fish boats are the cause of the problem whereas, in many cases, the inshore grounds are in a far worse situation. SEERAD refuses to implement the technical conservation measures for scallops that were agreed long ago, its inshore management committee has been two years' worth of hot air for nothing and it has taken no action on the inshore fisheries review, despite the constructive proposals of the Clyde Fishermen's Association. There are good civil servants in SEERAD, but the current situation is no way in which to run a fisheries department.

The Convener: I must ask you to stop soon—we do not have much time.

Austen Brown: Okay. I have only half a page of notes left.

At the Brussels negotiations, the United Kingdom delegation was firmly stitched up as a result of the greater political aspirations of unelected bureaucrats in Brussels. We absolutely must not allow the UK fleet to be dismantled totally and to be throttled by rules, regulations and excessive costs as our once great merchant navy was. The fishing industry is 100 per cent reliant on financial investment and the talent of individual fishermen, both of which are being driven from the industry by the current policy.

Hector Stewart (Western Isles Fishermen's Association): I am an executive member of the Western Isles Fishermen's Association. I am pleased to be here and to have the opportunity to give an overview of the Western Isles fishing

industry and how the Parliament might consider the introduction of sensible management measures that will ensure long-term sustainability for our important shellfish sector.

As our written submission points out, our industry has diversified in line with stock availability and marketing opportunities, and should be largely unaffected by the decisions that the Council of Ministers reached in December. However, we are concerned for the sectors of the industry that will be affected and we see clearly that those decisions had little to do with conserving fish stocks. A far more sensible approach should have been considered, such as that which was taken in 1992, when vessels gained more days at sea by using a larger mesh size.

We firmly believe that the decommissioning scheme should be targeted at the white-fish sector, with more emphasis placed on effort than on capacity. In previous schemes, many low-impact vessels that caught few or no white fish were removed, which represented a poor return for public money and did not sufficiently reduce effort in the white-fish sector. Some of the £50 million should be used to purchase entitlements in order to ensure that, when stocks recover, new entrants can access entitlement. Entitlement should not be sold into foreign hands, as has happened with many licences. It would make sense to purchase entitlements in the case of the prawn fishery, which involves a localised stock, because that would protect the long-term future of the fragile communities that are adjacent to those stocks.

Our main concern currently is possible diversification from the white-fish sector to the nephrops fishery. Should that happen, it would have serious implications for the stocks and the markets. As we have heard, the market is saturated with prawn tails and the prices that are being paid are lower than they were 20 years ago.

The success of the fishing industry in the Highlands and Islands over the past 40 years is due largely to the assistance that the then Highlands and Islands Development Board provided to purchase fishing vessels. The Republic of Ireland has continued to support its fishing industry in building new vessels and we believe that selective assistance should still be available for building new vessels—in particular for young fishermen and new entrants who target non-quota species—within the Highlands and Islands Enterprise network.

Over the past 15 years, the industry has worked closely with the fisheries department on introducing management—in respect of the Inshore Fisheries (Scotland) Act 1984—around the Western Isles. That has gone some way

towards protecting our shellfish stocks out to six miles. We hope that, over the next 15 years, the Scottish Parliament will continue to support more management measures that would protect those important shellfish stocks out to 12 miles. I am confident that with the continuing support of the Scottish Parliament and the fisheries department, the fishing industry in the Western Isles will continue to provide long-term sustainable employment for many years to come.

The Convener: I thank all the witnesses very much. We have a maximum of 20 minutes for questions from members.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): My question is directed primarily at Hugh Allen. It is about the plight of nephrops fishermen who use twin gear and who fish west of Scotland beyond 56 deg north. They seem to have been caught by the deal because they would lose out on days at sea.

Your proposal—as I understand it from when John Swinney and I met you and Robert Stevenson last month and in December—is that the rules that currently require 100mm nets to be used should be tweaked to allow 95mm nets to be used. That would not require new nets to be purchased. Is that, in effect, the proposal that you are making? If so, do the other witnesses agree that that would be sensible, both for conservation—given that fishermen will have to move to 80mm nets just to get 25 days at sea—and for the survival of fishing on the west coast?

Hugh Allen: I am not sure that I would use the word “tweaked”; the legislation should be rewritten because it is domestic legislation and it is stronger than European Union legislation, so it can be softened. The consultation paper to which I referred in my statement addresses the problem. One of the options is that mesh size should go to 95mm; that is for vessels that are caught in the trap to which Fergus Ewing refers.

Our preferred option would be that the 95mm nets were carried everywhere where either 100mm or even 80mm nets are used, so that we could raise the quality of the nephrops and prevent more small tails coming on to the market. The market is saturated; the cold stores are full and catches are currently being turned back. Other options in the consultation document are worthy of consideration, but the proposal to go to 95mm nets is as near to what we have been discussing as is practically achievable. That would mean a further change to legislation with regard to twine size, because the twine size changes when we move from one mesh size to another.

The main purpose of our suggestion is to allow the vessels that are currently working with 100mm nets, and whose quota has not been affected after

the December council talks, to work 25 days so that they have sufficient days to take their quota.

Fergus Ewing: Last week the committee heard evidence from Carol MacDonald of the Cod Crusaders. She said that one of the horrendous consequences of restricting days at sea would be to put at risk the lives of fishermen because crew might fall prey to unexpected storms. She asked:

“Are they prepared to have our men’s blood on their hands by pushing them further into the depths of despair?”—[*Official Report, Rural Development Committee*, 11 February 2003; c 4272.]

If a technical solution cannot be found that allows the west coast nephrops fishermen to carry on fishing for 25 days per month, what would the safety consequences and economic consequences be for crews and skippers?

Hugh Allen: There are obviously safety implications. The Commission has been asked to address problems related to days that are lost through bad weather and steaming time, and to break down the days into shorter periods to allow flexibility either side of midnight, for example. It has been asked to make provision for boats that are dodging or which are stuck at sea in bad weather so that the safety implications can be mitigated. We expect to hear by the end of the month about some minor adjustments to the regulations.

Mr Alasdair Morrison (Western Isles) (Lab): I want first to bring Austen Brown up to speed in relation to the merchant navy, on which he commented. I do not expect him to reply on this. Since 1999, there has—thankfully—been an amazing turnaround in the fortunes of the British merchant fleet, with companies coming back under the red ensign and recruiting young men to become officers.

I direct my remarks and questions to Hector Stewart from the Western Isles Fishermen’s Association. In the last paragraph of your submission you state:

“We believe that the Scottish Executive should adopt a more flexible approach to shellfish fisheries management and listen to early warning signs in the shellfish sector. The time to act is now, rather than delay and let industry be faced with more draconian measures in future years.”

I would appreciate it if you would expand on what you mean by that and how you see the Executive putting in place a management system that would be more sympathetic to your way of thinking. The second point that I would like you to dwell on is how you think a boat-building programme for new entrants could sit comfortably with a programme of sustainable management.

Hector Stewart: We will always have to build some new boats—we cannot allow the fleet to go downhill all the time, so there must be a modest

programme of building new vessels. If we are to learn a lesson from what has happened in the white-fish industry, it should be that action must be taken to conserve stocks while we still have the stocks. We had a good prawn fishing on the west coast last year, but in previous years it has not been so good. However, it has been proved—all three people sitting beside me agree—that the market cannot stand a lot more prawns going on to it, because that will depress prices and make the market uneconomic.

On scallops, we need new technical measures to be brought in, which we discussed the last time we met. Those measures have still not been brought in, but they need to be brought in reasonably quickly and at a level that people can agree on. As far as the creel fishery is concerned, there has to be effort limitation, because there are increasing numbers of creels on the ground. The lesson for the Scottish Parliament and everybody in the fishing industry has to be that action is best taken while things are fairly rosy rather than waiting until it is too late.

Mr Morrison: The second part of the second question was about how boat building sits comfortably with a programme of sustainable management.

Hector Stewart: A modest programme of boat building sits comfortably with a sustainable management programme, because we need to have safe vessels. We should not allow our fleet to get too old. We need to have some modern safe vessels coming into the fisheries that can take them, provided that other boats go out of the industry.

Mr Jamie McGrigor (Highlands and Islands) (Con): My first questions are for Austen Brown. First, you talked about the semi-pelagic trawl, which was so devastating. Will you enlarge a bit on why it is so devastating? Secondly, you said that you would like to replace the quota system. What would you put in its place?

Austen Brown: First, I do not know whether members understand how a semi-pelagic trawl works, but it is a huge opening of large meshes, which filters a large volume of water. The method is normally deployed to catch herring and mackerel, but some people were clever enough to manage to make it catch white fish, which were scattered through the deep water in the north channel and the Clyde. As a consequence, it caught brood-stock fish, which had survived in an area for long enough, and which came into spawn in the spring. Those brood-stock fish have now been taken completely, so we have no juvenile fish and no brood stock to produce the small fish; it is a vicious circle.

14:30

For some time, the policy of the Clyde Fishermen's Association has been the withdrawal of that method of fishing from the Firth of Clyde. I commend that policy to the committee. The policy was part of the inshore fisheries review, but it has been put on the back burner or swept under the carpet in the hope that it would go away.

On the second part of the question, I am of the view that by the time £40 million has been spent taking boats out of action, an awful lot of boats will be chopped up. I suggest that, provided that there are closed boxes in which fish are allowed to spawn, and provided that there are appropriate mesh sizes and escape panels for small fish, the rest of the boats should continue to fish as they used to—virtually unrestricted. At present, everybody who goes out of the harbour in a boat tows their net up and down and takes whatever the net catches regardless. Nobody says, "Let's have a coffee break in the middle of the afternoon because it is eco-friendly and we might not catch some fish that we're not supposed to catch along with the fish that we want to catch."

Once the fleet is cut, there will be no need for such a plethora of rules and regulations—or at least, we could have a very slimmed down tier of rules and regulations. The fishing industry will not go downhill one little bit as a result; in fact, it would provide all the more incentive for those who remain and who have a vested interest in the recovery of the fishery.

Mr McGrigor: The fishermen would land everything that they caught.

Austen Brown: Yes, and we would not have to chase around in the middle of the night.

Mr McGrigor: The last question is for Mr Stewart. You mentioned the kind of help that the HIDB used to give. Will you expand on that?

Hector Stewart: In the 1960s, the HIDB started to help people to purchase their own fishing vessels in the Western Isles. People built fishing vessels of a modest size and those vessels are still in use, having given 30 to 40 years of good service and income to lots of families. That happened without the stocks being damaged. The scheme is a good example of what can be done with relatively little money. The HIDB continued with it through the years, although at present we are not allowed to build new vessels. The HIDB loans have been good for peripheral areas such as the Western Isles, which will not always be dependent on fishing.

Stewart Stevenson (Banff and Buchan) (SNP): To start with, I have a simple question that requires a short answer from each of you. Is the common fisheries policy capable of reform or

should we scrap it, return to national control and consider what new international co-operation there should be thereafter? Might you answer from left to right—Hugh, Austen and then Hector?

Hugh Allen: Most of us would agree that returning to national control would be the desirable course of action, but we have to be aware of the practical and political difficulties in achieving that. When the others have given their answers, I would like to say a wee bit more about what happened in December.

Austen Brown: The answer to your question is yes, absolutely. There is no question or doubt. I do not see how any of the other member states in Brussels will allow the UK to obtain what might be regarded as a favourable deal on managing fisheries. That goes for the abolition of industrial fisheries for sand eels and pout. It has been shown recently that a lot of the so-called pout and sand eels that are being caught are actually small haddock. The press illustrated recently the huge quantities of those other species that have been caught illegally.

Hector Stewart: It would be good if we could be returned to national control but, as Hugh Allen said, I do not believe that that is or can be on the agenda. We have to work with what we have. However, we need to start again to some extent because the rules have become far too complex. Even our enforcement officers do not know what the rules are, which means that they cannot enforce them. We need rules—we cannot go to sea without rules—but they have to be much simpler. The plethora of rules has to be thrown out and we have to start again.

The Convener: Mr Allen, I can give you one minute to expand on what you said, if you would like to do so.

Hugh Allen: The problems that we face are entirely artificial. They emanate from decisions that were taken at the council meeting and they have nothing whatever to do with fish conservation or stocks. Many people in the industry felt towards the end of last year that we were beginning to turn a corner and that things were improving in a number of sectors.

The issue is all about conserving cod or trying to rebuild cod stocks. We can cut the days as much as we like and cut the quotas as much as we like, but none of that will make a blind bit of difference while the Commission continues to take the attitude towards industrial fishing that it is taking.

I will expand a little on what Austen Brown said. Even when we were in Brussels, a Danish boat landed with 1,000 tonnes of illegal bycatch, of which 73 per cent was immature haddock—if those fish had been allowed to grow, they would have amounted to 14,000 tonnes. A boat has only

to make six such illegal landings to wipe out an entire year class. Last February, when I was in Esbjerg in Denmark, 20 boats were tied up because they had been caught with illegal bycatches. It is said that about 20 per cent of offenders are caught. That gives you some idea of the scale of the problem, but what does the Commission do? It gives out increased quotas and bycatch quotas.

There have been four potential cod crises in the north Atlantic or North sea over the past 10 years. Different countries have addressed them in different ways. Norway solved the problem with real-time closures. The Faroes did away with quotas and had a system of days at sea and closed areas. Iceland had individual transferable quotas, which have a downside. All three countries solved the problem. Newfoundland introduced a complete moratorium, which was an abject failure, but that is precisely the model on which the Commission is building its approach. If we do not get a moratorium this year, one will certainly be back on the agenda for next year.

The Convener: That was a true fisherman's minute, Mr Allen, but thank you.

Hugh Allen: Well, I was brief with my statement.

The Convener: That is okay.

Rhoda Grant (Highlands and Islands) (Lab): I ask all the witnesses to comment on Hector Stewart's remark that the decommissioning scheme should be for white-fish boats only.

Austen Brown: I do not believe that decommissioning should be for white-fish boats only, because I do not think that many of the problems are to do with white-fish boats. I agree with Hugh Allen that, if boats go to sea, they will catch fish and reduce stocks. However, in many cases other boats are operating—in the nephrops fishery, for example—that are capable of catching considerable quantities of small fish, although I am not saying that they always do so. The small fish do the fishermen who catch them absolutely no good at all and we must devise gear that allows those small fish to escape more readily.

Hugh Allen: The decommissioning scheme is a direct result of the December council meeting. Its purpose is to achieve extra days on top of the nine days—two days are for the last round of decommissioning, two are for steaming and two are for a future round of decommissioning. Ostensibly, therefore, the scheme targets white-fish boats. However, if it is fully exploited, there will be virtually no white-fish fleet left when the further 15 or 20 per cent of what is there at the moment is taken out—we should bear in mind the fact that that is 15 or 20 per cent of an already reduced fleet.

Other sectors contribute to depletion of stocks and have their own problems. It would be far more equitable if the scheme were made available to everybody. It would then be up to SEERAD to apply its own ranking criteria when the bids come in. In other words, a cheap bid from, say, even a scallop boat that is not doing much might represent as much in terms of value for money as an expensive bid from a powerful white-fish trawler would.

Hector Stewart: In the past, some of the more inefficient boats opted for the decommissioning and went out of the industry, but that still left the effort in the industry, which is why the white-fish sector is in the mess that it is in. Some of the money should be used to purchase entitlement, which could be used when stocks recover.

Rhoda Grant: In the previous decommissioning programme, were you aware of any boat owners giving redundancy payments to their crew?

Hugh Allen: Yes.

Austen Brown: I was not aware of that happening.

The Convener: That is one of each, I think.

John Farquhar Munro (Ross, Skye and Inverness West) (LD): I was interested to hear your comments. You expressed a very west coast attitude when you said that the rules, regulations and directives are all dependent on interpretation and application in the community. I subscribe to that view, too. Mr Stewart, you suggested that the nephrops catch at the moment was sufficient to meet the demand and that any more would diminish the viability of the market. Is that the case?

Hector Stewart: I believe that it is the case. The situation has come about against the backdrop of a 10 per cent reduction in the west coast's total allowable catch of nephrops due to a perceived link to a cod bycatch. I do not think that there is a bycatch and I think that the reduction could be reversed. The stocks are fairly healthy. The TAC could be allowed to go up to about 16,000 tonnes, which is what it was initially. Beyond that, however, the market would not be able to cope. At present, our prices are poorer than they were 20 years ago.

John Farquhar Munro: Is the quota or the total allowable catch of prawns about right?

Hector Stewart: As I said, I think that it should be restored to the previous figure, which was about 16,000 tonnes. The 10 per cent reduction, which was imposed because of the perceived threat to cod, should be restored.

John Farquhar Munro: In your submission, you state that there are too many creels and that there

should be a limit of 1,000 or so creels per vessel. Is that a credible suggestion?

Hector Stewart: Yes. We have been pushing for that for some time. Some control needs to be brought into the creel industry. At present, it is not controlled.

The Convener: We never have enough time for these question-and-answer sessions, which is something that we have all had to get used to. I thank our witnesses for answering the questions as best they could in the limited time that was available.

Our second panel includes representatives of bodies that are examining the likely impact of the proposals on the industry and on communities. I am particularly grateful to them for coming along. I welcome Sandy Brady of Highlands and Islands Enterprise, John Johnston of the Association of Scottish Community Councils—who is particularly welcome, as I understand that he is the harbour-master of Eyemouth, and we were keen to have a representative from that community—and John Davidson of the Fife Fish Producers Organisation. You have seen the format. The briefer the statement, the more time we have for questions. That might make you think about making a longer statement so that you have fewer questions, but I hope that you will work the other way round.

14:45

Sandy Brady (Highlands and Islands Enterprise): I will try to be as brief as I can be. The committee has a written submission that sets out the Highlands and Islands Enterprise network's view. I confirm that work is in hand in three of the areas that we named in our submission—in the north-east communities along the Moray coast, in the Caithness and Sutherland area and in Shetland—to address the potential impacts of the reduction in effort. A range of tools is at the disposal of our local enterprise companies, which are being marshalled to consider what bearing the impacts will have. We are working jointly with fishermen's organisations and with the local authorities in all three areas to pull together quickly an assessment of the likely impacts and some thoughts on responses to them.

The adjustment process will not be easy. The change will be difficult for the fishing industry. We need to make those who are affected particularly aware of the possibilities that might face them, because they might have given those matters no thought. Advice and counselling early are vital in such situations to ensure that people are made aware of the possibilities.

We must see the needs of our small communities in the round, because the impacts will affect every facet of life in some of the smallest

Highlands and Islands coastal communities. The effects will be not only on direct linkages with fishing effort, but on community life as a whole. Those special needs are particularly evident in fragile communities where populations are very small. I am thinking of places such as Skerries and Whalsay in Shetland, Kinlochbervie and some of the small communities along the Moray coast.

Overall, the network will work hard with our local partners to see what we can do. Our overriding desire is to retain the fishing sector's assets, which are the vessels, the quotas, the onshore infrastructure and—above all—the skills that have been built up over many years. If they are allowed to leave the industry, the chance of recovery should the situation ease in coming years will be greatly reduced. We particularly want to retain the inherent skills in the catching community.

John Davidson (Fife Fish Producers Organisation): As has been said, we have been asked to speak about the situation in which our fishing communities find themselves. Fishermen work within the vagaries of the weather. With that in mind, I will give members a general synopsis of the situation as at 17 February 2003. There is a deep low of 928 millibars in the metaphorical sense—that is the policy instrument known as the quota management system. A new associated low is the policy instrument on effort limitation. Alongside those, we have the deepest of lows, which manifested itself in terms of real and virtual fish populations. Various other lows are providing storm conditions.

The way to weather those storms is principally being provided for through liberal accommodation in enforcement terms and of course in difficulties in applying the regulations, which are almost unenforceable. So far, communities have been able to operate under those conditions.

An unprecedented high of 1,100 millibars is expected soon. That is the accession of southern and eastern states, which will have equal access to the common resource, underwritten by Brussels. That unprecedented magnitude will lead to huge tidal undercurrents, within which only the most powerful fleets will be able to operate.

Because of the geographical situations of our communities, there has been quite a lot of pain with little gain and the fishing, in effect, has become fair game. Everyone has survived until now, but things have degenerated to the extent that the current situation has now almost become our existence. On 20 December, the creator of the current heavy weather, Franz Fischler, made the emergency provision that threatens further that very existence. Effort limitation, long postulated, became a reality.

The Minister for Environment and Rural Development, Ross Finnie, made three assertions

in the Scottish Parliament in relation to our community's continued existence. The first was that the new regulations were designed to limit days at sea for cod catchers. The second was that nephrops fishing would be unaffected. The third was that measures would be taken to avoid displacement into the nephrops fishery. He made those assertions on 8 January. It is now 17 February. It may be easy to look back, but it is a fact that none of those assertions now holds true. The problem is one of fisheries management—fisheries are dynamic and the industry has to deal with that.

The detailed submissions that the committee has received from Fife and elsewhere provide evidence of why the minister's assertions are no longer true. The allocation of fishing opportunity has been directly linked to mesh size and is enshrined in the latest regulation. To be fair, Ross Finnie has corrected himself on the matter through a parliamentary written answer to Richard Lochhead. However, it appears that no one has yet grasped the nettle and it may be concluded that every fishing vessel and, by default, every member of the fishing community is now either directly or indirectly affected.

There then arises a massive, legitimate expectation, as it would be rational, procedurally appropriate, proportionate and, above all, a legal requirement to help those who are involved in a situation that is not of their making. That means financial help. It also requires an injection of loving care, so that those who are living such an existence do not fall further into despair. That would be a homogeneous solution to the problem.

The stated aim is to achieve the sustainability of fish stocks and economic sustainability in the wider sense. The latest £50 million package, although perhaps unprecedented, is lacking in ambition, in that it neither satisfies that stated aim nor meets the legitimate expectation that I described.

The Convener: I must ask you to come to a close now, Mr Davidson.

John Davidson: I will not be long. The creator of life, but not as we know it, Franz Fischler, recently said:

"We want to help farmers resume their role as business men. We want farmers to be suitably rewarded for all the services they perform for society ... We want farmers to spend the bulk of their working day in the fields and not filling out forms."

Scotland's fishing communities would like the life that farmers are supposedly going to enjoy under Herr Fischler. There is to be a new dawn for farmers—but will the fishing communities get one? Our political masters are currently in hot pursuit of fishing communities, particularly in Scotland, and

are hell-bent on achieving economic ethnic cleansing on a scale not seen in this country since the Highland clearances.

The Convener: Mr Davidson, I must ask you to close now.

John Davidson: I will not be long. In what can be seen only as acts of petty nationalism, petty federalism and petty environmentalism, the Prime Minister and his foot-soldiers have stood idly by. Are our communities earmarked “not for resuscitation”, or will help come soon from those who have left the scene of the tragedy, for it is certainly not an accident?

The community will fight its corner from a position of strength, using intellectual weaponry and legal and technical argument. The foundation of that position will be the honest labour and love that are part of the fabric of every one of Scotland's greatest natural resources—the fishing communities themselves.

The Convener: Mr Davidson, I am sorry—I simply do not have time to let you go on any longer. Could you stop there, please?

John Davidson: I am actually finished anyway.

John Johnston (Association of Scottish Community Councils): I represent Eyemouth community council. I am also the harbour-master at Eyemouth and was a fisherman for 25 years. I am here because Eyemouth is unique in its situation on the Scottish east coast and in that it is one of the few ports that are surviving. Eyemouth survives because we have spent almost £5 million over the past four or five years to try to maintain our fleet. I fear that the latest happenings in fisheries legislation are almost a death threat to Eyemouth.

The fishing industry supports approximately 500 jobs in east Berwickshire, which is the Eyemouth area. Those jobs are split as follows: 200 within the fishing industry; 200 within the processing and merchanting of the produce; and 100 in the support services, such as boat repairs, engineering, electrician support and net making. Everybody is involved. I beg you to consider that when you consider Eyemouth's case. This is not about one fisherman who goes to sea; it is about the community that supports that one fisherman.

Eymouth has spent significant money over the past few years and we now have one of the few ports with the basic services that are required to support a fishing fleet. We have one of the handful of boat yards left in existence, which employs between 30 and 40 people, and we have a deepwater entrance, through which most boats can come and go at most states of the tide.

We are down to 35 fishing vessels from Eyemouth in the port at the moment. As harbour-

master—if I can speak with that cap on for a moment—I feel that Eyemouth cannot afford to lose even one of those boats through decommissioning. If our numbers fall any lower, we will become almost unviable.

As an ex-fisherman, I feel that, once a fisherman leaves the sea and the job that he has done all his life, it is very difficult to get him back. In the 1960s, more than 60 boats operated from Eyemouth; more important, there were six men aboard each of those boats. Now, we operate 35 boats from Eyemouth, with an average crew of three persons on board. The manpower needs to be maintained.

If the port goes by the board, which is my great fear, Eyemouth and the surrounding area—Eyemouth is the Borders port—will just become a dormitory for Edinburgh or Newcastle with no industry. There are many aspects to small communities such as Eyemouth. They are peculiar to each community and need to be supported.

Briefly, I will describe my feelings about decommissioning. Of the £50 million package that has been offered, £40 million will be spent on decommissioning. I believe that the amounts should be reversed. The £40 million should be used to support the industry over the period and £10 million—if any—should be used for decommissioning. Our fleet is mainly local—in other words, it fishes the local area. It does not fish on the west coast or towards Shetland. It is a unique example of what fishing used to be like in Scotland. Many people come to places such as Eyemouth, which are rare—almost museum pieces—to see a working harbour. Tourists do not want to come to empty harbours; they want to come to working ports and thriving communities.

Without direct aid to see it over the period, Eyemouth will die as a fishing community. The problem is not of our area's making. The Government let Eyemouth down in 1881, although I will not go into that. Please do not let it happen again.

15:00

The Convener: Members will realise that we are now very short of time for questions. They should ask only one question each. I welcome two visiting members to the committee—Tavish Scott and Margaret Ewing. Both would like to put a question to this set of witnesses.

Rhoda Grant: How does Sandy Brady hope to keep the skills, boats and infrastructure in communities if there is a downturn in fishing? He said that he hoped to retain those skills and that infrastructure. How can we do that if fishing is not viable?

Sandy Brady: It will not be easy. It is a big challenge, given that the potential for

diversification into other forms of economic activity is very limited. We must consider providing advice and counselling, to help people who are facing a difficult future to think about alternatives. The best hope is to find diversification into cognate areas of activity—areas related to use of the skills that fishermen and fishing crews have. In Shetland, we are working with the council and the North Atlantic Fisheries College to see what can be done with the skills base that exists. That is the starting point. This will be a long, difficult struggle, because the alternatives are not easy.

Stewart Stevenson: I would like to address my question to John Johnston, who represents communities across Scotland. It is clear that fishermen and people in the catching sector will be affected by what is happening. It is also clear that fish processors, ice makers, chandlers and similar enterprises that are related directly to fishing will be affected. What will be the effect of the changes beyond direct fishing activity? In my community, I think of butchers who supply food to trawlers. What other businesses may be affected in communities across Scotland?

John Johnston: That is what I meant when I said that the whole community was involved. If you go into the grocer's shop on any day of the week and ask the grocer how the boats are doing, he will be able to tell you. The fishing industry has always been based in the community. If fishing does not survive, other businesses will go down with it very quickly.

Tavish Scott (Shetland) (LD): I thank the convener for inviting me to the meeting and for giving me the opportunity to ask questions. I have a brief question for Sandy Brady, from Highlands and Islands Enterprise. Do you support a rates relief scheme for shore-side businesses that are affected by these changes, to which Stewart Stevenson referred? I listened carefully to what you said about quotas. Does HIE believe that the decommissioning Scottish statutory instrument should include provision for quota purchase?

Sandy Brady: There is a range of means by which local businesses can be assisted. When the current studies have been completed and the impact of the changes has been assessed—which will happen very shortly—we will need to consider those. We will seek to assist all forms of businesses, not just those that are directly affected, if we can identify ways of helping them to diversify.

Tavish Scott: You have not answered the question. Do you not think that a rates relief scheme would be helpful? Is such a scheme being considered?

Sandy Brady: It is not being considered directly. The current studies are examining the needs of

businesses in the round. A rates relief scheme is one specific response to this problem. There may be a range of others.

Tavish Scott: My second question related to quota purchase.

Sandy Brady: Over the years, Shetland Islands Council has led the way on quota purchase. We think that the retention of quota for future use by fisheries-dependent communities is an option that can be pursued. We are awaiting the outcome of the Commission's review of the legality of quota purchase. Potentially, it is worth pursuing, if we are allowed to do so.

Mrs Margaret Ewing (Moray) (SNP): I echo Tavish Scott's remarks—it is a pleasure to attend meetings of the Rural Development Committee, although we are meeting in very difficult circumstances.

My question is directed at Sandy Brady. I have read HIE's submission, which I found very interesting. It is clear that you are talking about a great deal of expenditure while considering the impact of losses in the fishing industry over a vast area. How will the funding be distributed to the various enterprise bodies? Do you believe that there is enough money available to face the problems that lie ahead?

Sandy Brady: Clearly, the £10 million within the £50 million that is targeted at the adjustment process will kick in first. That is very important. However, as the minister announced, that was aimed at the short-term, six-month adjustment period. What comes out of the action plans will determine whether there is a requirement for further money.

Within the enterprise networks, we will be prioritising budgets to assist those areas where the impact is most severe.

Mrs Ewing: Have you considered the possibility of additional European funding for the area?

Sandy Brady: We have not considered that yet, but we will be turning our attention to it because there is a special transitional programme for the Highlands and Islands at the moment.

Mr Morrison: Again, I have a question for Sandy Brady from HIE. Earlier, you will have heard Hector Stewart talking about the need for money to come into the industry to refresh the aged fishing fleet and to build new boats for new entrants.

I will ask my question in light of your response to Tavish Scott about the issue of state aid that is obviously still being grappled with. In the foreseeable future, can you see HIE embracing the need to release funds to support new build, particularly to refresh the aged fleet?

Sandy Brady: It is one of the schemes that the HIDB was most pleased with over the years because the impact was very positive and it got assistance into some very small communities indeed. We regret the fact that we are no longer able to do that. Should circumstances change, we would consider it very enthusiastically. However, we have not been able to do that for quite some time and the focus of our effort has been on upgrading vessels, gear and equipment. We are still able to do that.

Richard Lochhead (North-East Scotland) (SNP): Margaret Ewing asked one of the questions that I wanted to ask, but I have one further question for Sandy Brady and John Davidson. To what extent will the £50 million aid package proposed by ministers offset any potential damage from the regulations that are currently in place? What will happen if the current regime is not lifted by 1 July? We are led to believe that there is a political agreement to do that.

Sandy Brady: Compared with previous packages of support for sectors in difficulty, the package is very substantial. Others have already raised questions about the distribution of the funds and I would not like to comment. The key is to try to use the initial £10 million sensibly to ensure that the adjustment effort gets off to a good start. Thereafter, if there are further opportunities and challenges, it is incumbent on all of us who are involved in supporting the sector to try to find resources wherever we can.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Two years ago when the Executive came back to the Parliament a second time, it had found an extra £1 million in compensation for the fish processing sector. There does not seem to be anything on the table for that sector at this round of compensation. Four weeks ago, Elliot Morley appeared in front of the House of Lords Select Committee on the European Union. In answer to a question from Lord Haskins about how the proposal would affect the sector, he said:

"It will vary, because many of our whitefish processors currently import up to 90 per cent of their raw material. The changes in the North Sea—which is a tiny part of their raw material—will therefore not impact upon them hugely."

I am trying to find out why there is nothing in the compensation package for the fish processors. Does the panel agree with Elliot Morley's assessment that the cuts will not impact on them hugely and if so, why?

John Johnston: There was a good stock of haddock in the North sea from November to January and yet our fishermen struggled to sell prime haddock during that period—they failed to find buyers for it. I find it strange that, over the

same period, fish and chip shops that use Norwegian fish were given awards. We should be using our own high-quality product rather than advertising the products of other countries. More emphasis should be put on local produce—on Scottish-caught fish—and less on Harry Ramsden.

Mr Rumbles: Could I hear the viewpoint of panel members from the Highlands and Islands? Do you agree with Elliot Morley's assessment that the fish processing sector does not need assistance and compensation?

Sandy Brady: There are opportunities for further investment in the fish processing sector and we are looking at several possibilities. The sector is very important to several parts of the Highlands and Islands. We think that it has a long-term future and we will continue to look at investment opportunities.

Mr Rumbles: My question was whether you think that there is need for a compensation element for the fish processing sector in the £50 million package?

Sandy Brady: The compensation package should be targeted initially on the fish catching sector. If the work that is currently under way shows up the need for further rounds of investment in the processing sector, that sector should certainly be brought into the compensation package. If it does, other sectors that are intimately tied to the prospects for the catching sector—I am thinking of transport, for example—will also need to be brought in.

The Convener: I am sorry, Mr Davidson. I think that I cut you off just as you were about to answer Mr Lochhead's question. I am happy to give you the opportunity to do so.

John Davidson: The context of Mr Lochhead's question involves two questions—the composition of the aid package and the regime after 31 July. I have blown open ideas about the number of people who are affected in the fish catching sector and the number of people who are affected in the shore industry, which is greater than might have been anticipated initially. The split in the aid package is £40 million to £10 million—Robert Mitchell described that as a carrot that tastes of stick. I concur with his view and think that a lot more of the aid needs to be channelled into support as opposed to chopping up boats.

I also feel that the £10 million should come through right away as emergency aid. It is now 17 February. The new regulation came into being on 1 February at which time boats were out at sea with their crews not knowing what transitional support there would be. As far as I know, people cannot even get a copy of the regulations at the moment.

The aid package needs to be restructured. So far this year, £100 million has been wiped off the value of white-fish quotas and therefore, as I said earlier, to achieve a figure of £50 million shows a lack of ambition.

On Richard Lochhead's second question, I think that what might happen after 31 July may be worse than the current situation under the emergency regulation.

15:15

Mr McGrigor: We have heard from many of the witnesses how important the fishing industry is to keeping communities together. John Johnston said that £4 million to £5 million had been spent by the council in order to ensure that Eyemouth stayed as a fishing port. It is obvious that in order to maintain the communities, it is necessary to maintain the fishing. Do the witnesses consider that the Scottish Executive package, four fifths of which is devoted to decommissioning, is out of balance and will bring an end to the fishing industry and an end to life in those communities?

John Johnston: I cannot see any result other than that fishing in our area will be brought to an end if the decommissioning comes in. As I said, our area cannot afford to lose one more boat. We need more boats to come into our area if we are to remain viable. In the past 30 years, we have gone from 60 boats to 35 boats, so almost 50 per cent of our fleet has gone. We cannot afford to lose one more boat as we are currently at the break-even stage. You may think that the 35 boats are landing huge quantities, but they are operating at a level that enables them only to exist. We cannot accept that four fifths of the package is for decommissioning.

The Convener: We must finish the evidence session. The witnesses will appreciate that time is short. I thank you for coming, for answering as best as you could all the questions that we put to you and for giving us evidence. Please feel free to join us for the rest of the afternoon. I suspend the meeting for five minutes while we change witnesses.

15:17

Meeting suspended.

15:25

On resuming—

The Convener: We come to the part of the meeting in which we will hear from Government officials and ministers. I am pleased to welcome as our first witness for this part of the meeting John Farnell, who is director of conservation policy in the European Commission's fisheries

director-general. Mr Farnell gave the committee useful evidence in September 2002, when we examined the pending reform of the common fisheries policy, and we are grateful that he agreed to travel here again to assist us in our inquiry into a serious situation.

I invite Mr Farnell to make an opening statement. He has indicated that he would like to cover some of the rationale behind the decisions that have been taken. He has asked for about 10 minutes and I am happy to grant him that time to cover the issues. We will then have until quarter-past 4 for questions.

John Farnell (European Commission): Thank you, convener. The Commission welcomes the opportunity to explain to the committee the reasons for the severe restrictions on fishing for white fish that the Council of Ministers put in place for the North sea and west of Scotland in December.

We realise, of course, that those decisions affect Scottish fishermen and communities in particular. I listened to what was said about that earlier this afternoon. Other countries, such as Denmark, are also directly affected.

There is no doubt that the measures put into question the economic future of at least part of the fishing fleet. However, I underline that the fundamental threat to the fleet's future is the high risk of commercial extinction of the stocks on which it depends, especially cod. We believe that there is simply no realistic alternative to the measures that have been adopted to limit fishing effort if we are serious about sustainable fishing and the economic future of those fishing communities. In the absence of severe restrictions on fishing in the short term, the longer-term future of the entire white-fish sector would be even more precarious.

We believe that the fisheries council has adopted the minimum measures necessary to try to secure the survival of cod and other white fish in waters around Scotland. It is not sure that those measures will deliver cod recovery, and they are not the only measures that will be necessary for cod recovery. What is in place must be improved, but we believe that we have made an important and necessary start.

This afternoon, I will briefly give the committee the scientific background to the council decisions in December and then consider adjustments of the scheme that has come into force and look forward to other measures that we believe may be necessary for the recovery of cod stocks.

The council decisions were based on the clearest evidence that we have ever had from the scientific community that urgent action was necessary to avoid the collapse of cod stocks. I

remind the committee that the advice from the scientists was to stop all fishing that was directed at cod or that would lead to significant bycatches of cod. That advice was much stronger than that of the previous two years, when managers were advised to reduce cod catches to a minimum. It also took account of the impact of measures that have been introduced since 2001—such as changes to fishing gear—which the scientists considered made a negligible difference to cod biomass in 2003 and only a modest difference in the medium term.

15:30

I am sure that the history of the state of the cod biomass is familiar to the committee so I shall not go into it. However, I should like to emphasise that the Commission chose not to follow the clear scientific advice that would have effectively meant a closure of the white-fish fishery. It chose an alternative approach that, in the opinion of some of our own scientists, could contribute to cod recovery but with greater uncertainty. In other words, to avoid a complete shutdown of the white-fish fishery, we proposed an 80 per cent reduction in fishing mortality, which translated into a 65 per cent reduction in catches.

The council decided to take a greater risk than the Commission and fixed catches corresponding to an average of a 65 per cent reduction in fishing mortality and a 45 per cent reduction in catches. If all goes well, that level could imply a significant increase in the biomass even by 2004—perhaps a little less than doubling. However, that will happen only under two conditions: first, if the scientific forecasts are right—and the scientists warn us that there is much less predictability at that low level of biomass than at higher levels; and secondly, if those very low levels are not overfished. I am sure that the committee recognises that under a simple TAC and quota system, fishing vessels will continue to fish as long as they have a quota for any one of the species and will discard cod or land it illegally. Whether through discards or landings, those small quotas would be overfished and fishing mortality would be increased.

The mixed nature of the white-fish fishery means that there is a strong probability that catch levels will be exceeded. However, we can ensure that they are not exceeded by limiting fishing effort so that it corresponds to the allowable level of catch. Although it has been described as crude, in December the council chose a simple method to limit fishing effort that was based on a maximum number of days out of port for each of the main gear types used. Although that method had the merit of being relatively easy to put in place, it is clear that it has many shortcomings, and I will touch on some of those in a moment.

In December 2001, we proposed a rather more sophisticated and flexible system that was based on kilowatt days. However, its implementation would require the collection and manipulation of a lot of data about individual vessels' track records. The council agreed on the need for rapid action, with the proviso that discussion on alternative arrangements would continue on the basis of new Commission proposals.

I am sure that the committee is very familiar with the interim arrangements in annexe XVII of the TAC and quota regulations. I will not go into those, except to underline that the system is based on the estimated contribution of each gear type to cod mortality. I heard earlier and read in earlier submissions about the strong feelings about industrial fishing. Under our interim system, industrial fishing effort is reduced by only 10 per cent.

I would like to underline that we continue to believe that it would be unreasonable to go further than we have already on the basis of our data about those fisheries. On the basis of our data, the very large sand-eel fishery has a bycatch of haddock and whiting of less than 1 per cent and a similar bycatch of other demersal species. The Norway pout fishery has a more significant bycatch, but is a much smaller fishery. The figures for 2001 show that the bycatch of haddock and whiting in that fishery, which overall is about 125,000 tonnes, was about 6,000 tonnes of haddock and whiting and 9,000 tonnes of other species, some of which is certainly cod.

Specific cod bycatches, based on a sample of approximately one third of the landings of Danish vessels in the second half of 2001, were estimated to be about 100 tonnes of cod. Clearly, there is a lot of argument about that, and the lower that quotas are for human consumption fisheries, the more attention we will have to pay to industrial fishing—especially in the pout fishery. We have asked the International Council for the Exploration of the Sea to do a lot more work on that fishery this year. However, to eliminate an entire fishery on the basis of what we know today of the contribution of that fishery to cod mortality appears to be quite disproportionate.

I turn to possible adjustments to the present measures and future measures that may be necessary for recovery. We are well aware that the annexe XVII measures are far from perfect, and we intend to adapt them. A series of meetings was held between the Commission, national Administrations and the industry on 4 February, which examined the problems that everyone is facing. We are now preparing a proposal for adjustment to annexe XVII, which will address some of the more important issues. I shall outline some of them.

The first proposal will be the prevention of new entrants into the fisheries in the area concerned where they do not have a track record. The second will be the correction of the definition of the area to be covered, to ensure that we apply the system of fishing effort to the same area to which we applied area closures in 2001. We also need a more flexible definition of days out of port, to take account of tides and other factors. We certainly want to allow the transfer of fishing days from smaller to larger vessels, as long as we can establish conditions that ensure that there is no increase in total fishing effort.

We also want to deal with issues such as innocent passage through the area and the calculation of days out of port for vessels that are involved in more than one of the fisheries that are subject to the scheme. Last, but certainly not least, we are considering special provisions to compensate for the loss of fishing days arising from exceptional circumstances such as mechanical breakdown or bad weather. We hope that those proposals will be on the council's table in early March and that they will be agreed by the council relatively quickly. They will not make the industry find the system any more attractive, but they will remove some of its rough edges.

We have chosen a system for the interim scheme that is very different from our earlier proposal, which was based on kilowatt days and calculated either for the national fleet as a whole or for specific types of gear. There are divergent views in the industry—we have been talking to the industry recently—and between fisheries managers on what the most effective system to use is. We intend to consult further both the industry and national Administrations before we produce our proposals for the definitive system. That will be in March rather than in mid-February, as was originally decided by the December council. We believe that all sides need to reflect further on the issues and give their thoughts to the Commission so that we can produce a proposal that meets at least some of the key concerns of the main people involved.

Apart from our strategy for setting catch limits over several years, or a strategy for the way in which we link catch limits and fishing-effort limitation, there will have to be other elements in cod recovery. An important aspect will be technical measures dealing with, for example, the structure of fishing gear. We believe that such measures can contribute to recovery even though their impact in reducing fishing mortality is much less than that of fishing-effort measures in the short term and although it is much slower for technical measures to deliver results. It is also much easier for fishermen to circumvent technical measures than it is for them to circumvent fishing-effort measures.

I underline the need for further scientific advice. We will be asking ICES and our own scientific committee for advice on possible technical measures including an increase in mesh size for other fisheries affecting cod in the North sea, such as the flatfish fishery and the nephrops fishery, and the introduction of closed areas. It is important that we will also be seeking a mid-year assessment of white-fish stocks and the consequences for haddock and whiting of any new information about the cod stock, based on the surveys that normally take place in February and March. That advice will be available in midsummer and could influence the council's decisions later in the year.

I will stop there, although I know that there are other subjects on which committee members may want to question me.

The Convener: Thank you for that. There are, indeed, many members who want to ask questions.

Mr Rumbles: You will be aware of the £50 million compensation package that is proposed by the Scottish Executive to help our fishing communities to cope with the impact of the agreement with the European Commission. That money will all come from an internal Scottish Executive budget, and had not previously been considered for that purpose. Apparently, nothing is coming from the UK Government. Many people in my constituency in the north-east have been asking me why no European money is being made available to compensate the fishing communities for regulations that have been agreed by the European Commission.

John Farnell: Money is made available both under the financial instrument for fisheries guidance—a specific fund for fisheries—and under other structural funds that can be used to deal with the problems that Scotland is facing at the moment. The situation today is that money that was earmarked for Scotland has been committed. The total amount of EU money that is available is about £56 million at today's exchange rates. Of that, £23 million—about 43 per cent—has been committed and is therefore not available, which means that 57 per cent of it is available, although I hasten to say that it is earmarked for various uses. However, member states are free at any time to re-programme their priorities and to shift money from the objectives for which it is earmarked, to objectives such as dealing with structural adjustment, retraining of fishermen, early retirement of fishermen and so on.

Mr Rumbles: Let us be clear. You are saying that £23 million has already been committed by the UK Government, but that another £33 million of European money could be allocated by the UK Government.

John Farnell: Yes. However, I emphasise the fact that that money has been earmarked and provisionally allocated under the seven-year programme for the use of that fund. Back in 2000, the UK earmarked that money for, for example, expenditure on the processing industry, aquaculture and port installations. There is no unallocated money within the total amount. Nevertheless, member states are free to change their priorities for spending that money. Subject to Commission approval of the eligibility of the expenditure, member states can use it in other ways.

Stewart Stevenson: I must say that I find it discourteous that you did not provide us with a written copy of your substantial statement. That creates real difficulties for members of the committee.

I hope that I have recorded correctly what you said in relation to industrial fishing and the reduction of the quota for that by 10 per cent. You said that the reduction is not unreasonable, based on the data that you have received to date, which show that less than 1 per cent of the 1.5 million tonnes that were caught last year were white fish. However, we know that in the last three months of 2002, arrests of Danish vessels—merely the tip of the iceberg—produced at least four times as much white fish as that. Are you saying that you do not know what the Danes are doing in arresting their industrial fishers who produce vast quantities of illegal white-fish bycatch?

15:45

John Farnell: I did not intend any discourtesy to the committee and I will be happy to provide a copy of my remarks, although that might happen tomorrow, because I have made some manuscript changes.

We have data. The Danish authorities submit data on the bycatches of industrial fisheries to the International Council for the Exploration of the Sea. I am also happy to leave with the committee a table that summarises the data on which I based my remarks.

It is clear that, as in any fishery, some vessels in the industrial fishery take more than would be normal in their fishing activity, although I underline that this industrial fishery is about the most closely monitored fishery in Europe. Stewart Stevenson may say that it is not monitored closely enough, but the fact that a high number of landings by those vessels are checked suggests that the level of performance in policing is higher than is achieved in many other fisheries.

We are certainly not saying that the book is closed on industrial fishing. We are concerned about the much higher level of bycatches in the

Norway pout fishery, but I underline that the pout fishery of 125,000 tonnes is by far the smallest part of the overall industrial effort, which is devoted to sand eels and in which—based on the data that we have—the bycatch is far lower. We will ask for more data on the matter from ICES this summer. There is no doubt that there will be a continuing debate about the limits, or the lack of limits, of the industrial fishery on cod.

Stewart Stevenson: I take that answer to mean that you know, but you do not know officially, so you take no account of it.

Secondly, on industrial fisheries, you have said that the proposals that have been adopted by the fisheries council are to lead to a 65 per cent reduction in mortality. I want to discuss the white-fish bycatch of the industrial fishery, which—even if we accept your figure of 1 per cent—is about 100 tonnes per annum. First, do you know the amount of fish involved as a percentage of the overall white-fish catch in the North sea? Secondly, what weight of fish would that 100 tonnes represent if promoted to a third year or a fifth year? In other words, what is being taken out by the industrial fishery catching small white fish that is preventing those small fish from becoming large white fish that will be available to our fishermen in subsequent years?

John Farnell: I cannot do a calculation now, but it is clear that the taking out of minute white fish in an industrial fishery has major implications for the development of the stock. I return to the point that we must also address the catches of juveniles and adult cod. At the moment, eight out of 10 catchable—by the nets that we use—cod are taken out of the North sea every year, but the scientists are telling us that until we get that figure down to something like five out of ten, there are very high risks for the survival of the stock. Although I agree that we must also address the impact of bycatches, which although they are relatively low in weight are very high in potential numbers of mature cod, I insist that we cannot ignore the fact that the fishing effort that takes four fifths of catchable cod out of the sea must be reduced.

Stewart Stevenson: But we can ignore the catching of small fish that would otherwise have become large fish.

Rhoda Grant: I have a couple of points to make. I am concerned that the conservation methods that had been put in place by our fishing industry were not taken into account. Indeed, they have been called negligible although the biomass figures have shown a small increase this year. They reflect the conservation efforts that our fishermen have made.

My other concern about the fishing industry is that it has told the committee that it has religiously

fed back data on bycatches. That is not true of all other fisheries and I feel that our fishermen are being penalised for their honesty in feeding back information to scientists. That does not send a very good signal to our fishing industry; indeed, it does not take them with us towards working with the scientists and so on.

I also have a point to make on the back of Mike Rumbles's comments. I ask the Commission whether it will consider increasing FIGF money. Obviously the money that the Commission says is available has been available historically. Is there any option for the Commission to consider increasing FIGF money so that it will not be diverted from other well-deserving projects? Could new money be made available in that fund for the fishing industry at this time?

I am sorry, that was three questions in one.

John Farnell: On the impact of the technical measures, ICES said in its October advice that it had made a provisional assessment. On the basis of that, it thought that the impact of the conservation measures would be low.

We are now asking ICES to take a closer look at the impact of the measures that are in force. It will have more data than it had when it drew up its working party report in September; those data will form part of the package of new information that will come from ICES this summer.

On bycatches and the question of fishermen being penalised, there is a great deal of knowledge about what happens in the UK fishery and less about what happens in other areas. I can say only that we share the concern that has been expressed about that. Again, we will ask the scientists to consider technical measures for other parts of, and fisheries in, the North sea, in particular the flatfish fishery. We will be drawing on all the data that we have helped to gather through Commission funding for studies of discards in other fisheries in order to make sure that the scientists have access to that information before they draw conclusions. It is a tricky area, but it is clear to us that unless we can use partial evidence and surveys on discards, we cannot make the right decisions about the contributions that each fishery must make.

On enlarging FIGF, there has been a decision made—under the current financial perspectives for the EC—for all the structural funds for the period 2000-06. There will be no more money for those funds until 2007. The Commission is just beginning to debate the future of those funds after 2006. The only extra money that we have tried to obtain—on which the council of Ministers has yet to make a decision—is an additional €32 million in 2003 for the emergency scrapping fund. However, as I say, the council has yet to decide whether it

will say yea or nay to that bid for money out of what is called the flexibility instrument, which makes a relatively small amount of money—about €300 million per year—available for emergency needs across the EC budget.

Rhoda Grant: You said that ICES had considered the effects of our decommissioning and conservation proposals. That was done in October, but the decommissioning scheme had not been running for long by then and it would have been difficult to assess properly in that short space of time some of the measures that we had taken.

John Farnell: I am sorry; there has been a misunderstanding. I was referring to technical measures that had been in place for rather longer, such as square-mesh panels and a larger mesh size in the white-fish fishery. Rhoda Grant is right—decommissioning in 2002 would not have been taken into account. We take 2002 decommissioning and forecast 2003 decommissioning into account in our fishing effort limitation scheme because they were not taken into account in the advice from ICES last October.

Mr McGrigor: The timetable for developing the new cod recovery plan seems to have had some setbacks. When will the new plan be implemented? What contingency measures are in place lest the Council of Ministers not pass the proposed plan? Will you comment briefly on what has happened to the late, but not lamented, hake recovery plan?

John Farnell: As I said, we hope to deliver our proposal for the definitive measures in March. I underline that we will propose sooner than that—in a couple of weeks—the amendment to annexe XVII, which we hope will go some way, although not a long way, towards meeting the concerns that the industry expresses about the interim arrangements. We hope that the amendment of annexe XVII, which the council alone, can decide on will be put in place relatively quickly. The definitive plans will have to be the subject of consultation with the European Parliament. That means that they are unlikely to be agreed before June or July. We certainly hope that they will be put in place at that time.

The hake recovery plan is also on the agenda. At the same time as we propose adjustments to our earlier proposal for cod recovery, we will propose similar adjustments to the hake recovery plan.

Mr McGrigor: You talk about the retiral and retraining of Scottish fishermen, but most fishermen to whom I have talked want to continue fishing. Do you accept that the Scottish fleet has done more than any other to adopt conservation measures and that the CFP management is

heading down the road that the industry in Newfoundland took, which did not work? Do you accept that it is the CFP management and not Scottish fishermen that has failed?

John Farnell: I underline that the serious threats that we are talking about to the white-fish fishery do not affect all fishermen. We have some healthy fisheries that do not face the dramatic situation that the white-fish fleet faces.

It is difficult to answer the question of who is to blame for where we are today. Three questions are relevant. Did we introduce the wrong measures? Were they insufficiently enforced? Was the advice from the scientists wrong in the past 10 years? The answer to all those questions is yes. We probably did not have the right measures. I explained that total allowable catches and quotas simply allow fishing to continue until every last quota is fished. They can be seen to encourage discards. Some scientists admit that scientists have been too optimistic for several years about the state of the cod stocks. It is also clear that compliance with the measures has been poor.

One reason why the scientists reviewed their assessment of the amount of cod that is being taken out of the sea recently is that they estimated—as the ICES 2002 report says—that the amounts that were being taken out were 100 per cent greater than the amounts that were allowed to be fished. The blame for where we are today is collective—the Commission takes its part of the responsibility, but so must member states and, alas, so must fishermen.

The Convener: I am happy to welcome Elaine Thomson as a visiting member to the committee. I invite her to ask a question.

Elaine Thomson (Aberdeen North) (Lab): As a visiting member, I thank the convener for allowing me to ask a question. Given that I am not an expert, members will have to forgive me if my questions come across as being fairly simplistic. I want to expand on some of the points that Rhoda Grant made about the advice that was or was not taken into consideration when ICES came to the scientific view that it took.

Will you clarify whether some of the technical measures that Scottish fishermen put in place, including square-mesh panels and increased mesh sizes, were taken into consideration when ICES put forward its advice? I understand that some of the newer technical measures in terms of decommissioning and the further increases in mesh sizes were not taken into consideration, but are now being considered with the new decommissioning proposals. If I picked up correctly what you said, Mr Farnell, some of the technical measures that are now in place and

some of the proposed measures, including further decommissioning, will be taken into consideration when estimating future quotas and catching effort. Is that correct?

16:00

John Farnell: I think that there are two elements to the question. In respect of technical measures, the ICES report of last October set out that the North sea demersal fisheries have been subjected to a number of EU and national regulations that were designed to modify the selectivity of fishing gears. No complete evaluation of their likely impacts has yet been undertaken, but an overview of their potential effects, which is based on a number of simplifying assumptions, is available. The report contains a description of those assumptions and a short table that sets out the low levels of impact, which I mentioned earlier.

We are asking ICES to revisit the subject and to make a fuller assessment by the early summer of the impact of the technical measures that have been in place now for a couple of years. The ICES assessment of last October did not take into account the decommissioning that took place in 2002 and any further decommissioning that might take place this year.

Elaine Thomson: On the final decision, we moved from an initial recommendation that there be a complete ban to one that there be a 65 per cent reduction in fishing mortality. That decision must present a much higher risk that cod stocks and some of the other associated white-fish stocks might not recover at all and that there is the potential that we will end up in a situation such as happened in Canada with the Newfoundland stocks.

John Farnell: As I said, there is a much higher risk in the measures that we have today than would have been the case had there been a complete shutdown. The scientists tell us that the predictability of the future development of the stock is much more uncertain at low levels of biomass than it is at higher levels of biomass. We are in the realm of the unknown.

That said, in its advice for 2003, ICES produced a table—the so-called catch forecast—which indicates the possible outcome in terms of biomass in 2004 against the various levels of fishing mortality. If one were to read across the ICES table, using the figure that we now have in place which is a 65 per cent reduction in fishing mortality, the figure for biomass in 2004 would be somewhere between 58,000 tonnes and 64,000 tonnes.

That could lead one to say, "Great. If we carry on with the limits that we have in place, the biomass will nearly double this year." We have to

remember, however, that the scientists remind us that we are talking about a mathematical model in which reliability decreases as biomass gets lower. The scientists are telling us that there is nothing certain about the increase in biomass and that greater risk is involved in arriving at the figures.

Elaine Thomson: I have one final little question.

The Convener: Very briefly, if you could. We have a lot to get through today.

Elaine Thomson: Haddock obviously had a big year class around 1999, but I understand that it has had small year classes since. Will ICES do some extra work to examine the future for haddock?

John Farnell: We get the same kind of assessment for haddock as we do for cod. Irrespective of the link between cod and haddock and the contribution that the haddock fishery must pay to save cod, one should underline that there are also concerns about the haddock stock. Had fishing mortality for haddock not been reduced this year, there would—according to the scientists—have been a 35 per cent reduction in catches in any case. That 1999 year class is disappearing, and there is little after it. Therefore the future for haddock is uncertain, so it is important that we do not just shut our eyes and bet that there will be another big year class that will save the haddock fishery. We must also reduce fishing mortality for haddock.

The Convener: Six members wish to ask questions, and they have nine minutes in which to do so. They can work that out among themselves.

Richard Lochhead: Will Mr Farnell tell the committee whether the Commission envisages that the days-at-sea legislation and the current level of quota cuts will stay in place from now on, especially until the end of 2003? Will that legislation be its proposed solution to managing the North sea?

John Farnell: To be frank, I have already said that what is in place is the minimum necessary contribution for cod recovery. The Commission is uneasy about the level of risk on which the fisheries council finally decided. I repeat that it is far from certain that we will get recovery even if we maintain the measures that are in place. I cannot say what we will propose in March, but I would not like to leave the impression that what succeeds the present system will inevitably allow more opportunities for fishing.

Richard Lochhead: It is unfortunate that Mr Farnell cannot guarantee that the Commission will pursue the lifting of the measures, given that a political agreement was made between the Commission and the UK fisheries ministers.

In the run-up to December's deal, why was the UK Government unable to persuade the

Commission that the management of cod should be decoupled from that of other white-fish stocks? What efforts has it made in the past few weeks to persuade the Commission to do that?

John Farnell: There is no question of the Commission going back on a commitment to replace the interim arrangements. As I said, we will produce proposals for that in March, but I said that one should not assume that those arrangements would be any more acceptable to the fishing industry than those that are in place.

The decoupling of cod from haddock and whiting is a scientific, not a political, problem. The cod, haddock and whiting fisheries are inextricably mixed. Before the summer, we will ask the scientists to ascertain whether, on the basis of data that come from the fishing industry, there is any reason to suppose that the long-term assumptions about the closeness of those fisheries can be changed. When a cod stock is very low, it is difficult to demonstrate that one's evidence of low association is genuine. One catches few cod because there are hardly any around.

Stewart Stevenson: The Danish evidence is genuine and—

Richard Lochhead: Can I just ask one final question?

The Convener: We do not have time; if I can, I will come back to you.

Tavish Scott: I was refreshed by Mr Farnell's honesty when he said that the common fisheries policy had failed. Is it not time to recognise that and to stop trying to micromanage fisheries from Brussels? Is not the logical extension of serious policy to agree, negotiate or come up with scientific advice on a biomass level and then to leave it to the member state to get on with achieving the biomass targets for specific stocks?

For that to happen, zonal management must be accepted and be real. My concern is that zonal management is something that the Commission does not want at all. Do you accept that zonal management must be at the heart of Commission policy and that you should set a biomass level for each stock and tell the member state in the affected area to get on and achieve it, instead of trying to micromanage fisheries from Brussels?

John Farnell: I think that we are changing our ways, but you cannot expect everything to change overnight. The reform decisions of December included the component of regional advisory councils in which we wish the detailed discussions of how we manage fisheries to be developed in the future. The Commission certainly takes such advisory councils seriously; we want them to be the main fora in which people will consider the

problems facing the industry and in which scientists, the industry and officials will talk together to determine how we can make progress. The fact that the treaty has not been changed and that the final decisions will still be taken by the European institutions does not signify the defeat of some attempt to bring the management of fisheries closer to the fisheries themselves.

Tavish Scott: With respect, fisheries cannot be micromanaged from Brussels, as the past 20 years proves. However, you are proposing to do that.

John Farnell: No. We are proposing to micromanage fisheries from regional advisory councils. We would like to begin the debate, and I hope that we will demonstrate that when we have the discussions on cod. We want to talk to the industry more and bring it into the scientific committees. We want to change the way in which we go about management. That does not mean that, in the foreseeable future, those advisory councils will have decision-making powers; nevertheless, they will signify an important change in approach.

John Farquhar Munro: I have a simple question that has been posed to me by some of the people who are involved in the industry. According to some sections of the fishing fraternity, the scientific advice on which the conservation measures are based is of doubtful validity. There is an alternative view out there that the cod stocks are not at the critical level that has been suggested, but that the situation has developed because of a rise in the sea temperature of around 2 deg C, which has encouraged the cod stocks to move to colder climes and northern waters. Do you have anything to say about that point of view?

John Farnell: Yes. I am afraid that I do not believe it. An interesting graph that was produced in Scotland, which shows TACs and catches for cod, haddock and whiting over the past 13 years, shows an interesting line. The catch levels are represented in columns and all the columns are the same height until the mid-to-late 1990s, when there is a significant falling off. That seems to indicate that what we are talking about is the result of overfishing. I am not a scientist, but I think that changes in temperature and the environment are much more incremental than that. I find it hard to believe that the sudden deterioration in all the stocks is due to climatic reasons, because the climate does not change suddenly.

John Farquhar Munro: Has any scientific investigation been undertaken to scotch that argument?

John Farnell: Yes. ICES has an arm that deals with environmental matters as well as fishery

matters. Work is going on in ICES, in conjunction with international fisheries commissions, to examine the effects of climate change on fisheries. I am afraid that that work is rather slow and complicated. Nevertheless, I remain convinced that climate change is not the seat of our problem.

16:15

Mrs Ewing: I came along to the committee hoping that I might hear some cheerful news, but I do not think that you have given us a bit of cheerful news today, given that 40,000 jobs in Scotland are dependent on our fisheries. It seems to me that you are talking about further measures coming in that will be even more restrictive. I do not think that that will bring any comfort to our fisheries communities.

You did not give us a written submission, so perhaps I have misinterpreted your remarks, but you said that rules about days at sea were easy to put in place. You are now talking about discussing at a future council meeting exceptional circumstances of bad weather and also the midnight-to-midnight clock. If you were talking in October and November last year about days at sea, why could those measures not have been brought in at the time instead of leaving our fleet to all those dangers?

As you are in charge of conservation policy, have you considered the amount of destruction that the seals wreak in our fishing grounds? Are you conserving seals at the expense of our fleet?

John Farnell: As to being the bringer of bad news, I repeat that we also hope that we get better news from the scientists in the mid-year review. I underline that for the news to have the faintest chance of being good, it is important that the measures that are in place, which I earlier described as a minimum, are complied with. That depends essentially on the good will of the fishing industry and its determination to contribute. If the measures are disregarded, I believe profoundly that the news from the scientists can only get worse, but it will not automatically get worse.

Although some high risks are associated with the measures that are now in place, we have a chance to improve the situation. We accept that the measures that we put into place very rapidly in December, because the urgency of the situation was widely recognised in the council, had a number of shortcomings. It was not possible to identify all the issues at the time. We are moving as fast as we can to improve the measures. I hope that the council will make an early decision, based on a Commission proposal in the coming weeks.

We must keep our eye on the seals issue, but I believe that our first duty is to control the man-made contribution to the depletion of fish stocks.

Fergus Ewing: On the reduction of the predation of fish, some fishing advisers believe that man-made fishing effort accounts for perhaps as little as 10 per cent of the total. If that is even remotely near to being the case, surely all the measures that you propose might be totally irrelevant.

John Farnell: Again, I am not a scientist. I know that a lot of fish eat each other—probably more fish than man takes out of the sea—but I believe that our responsibility, having through our creativity and financial resources created a predator on fish that is now very powerful and much more powerful than it was 50 years ago, is to manage that new predation on fish stocks to ensure that it does not get out of control. We have created a problem and now we have to decide, as a society, how to control it. That means that we must take tough decisions and it means hardship for communities. As I said, the alternative is far worse. If we do not intervene now, there will be commercial extinction of the fish stocks on which the communities depend.

Fergus Ewing: You mentioned that you are not a scientist, yet your whole case is that science requires those measures to be taken. You also mentioned powerful predators, so let me mention the Spanish at this point. I understand that the Scottish Executive thinks that is wise to spend 80 per cent of its £50 million package on taking out Scottish boats, yet the EU is financing the building of new boats by the Spanish at a cost of hundreds of millions of pounds of EU money. Does not the fact that there seems to be nothing to prevent the Spanish boats from obtaining Scottish quota make the EU policy totally perverse? Does not that make it impossible for you to begin to save the cod species, which is the professed aim of your measures?

John Farnell: Only UK vessels can obtain UK quota. As for modernising the Spanish fleet with public funds, one of the achievements of the reform discussion in December was to put an early and final end to the use of public money for building new fishing capacity. That will stop at the end of next year. That was a point on which a number of member states fought fiercely, but unsuccessfully, to maintain the status quo. I emphasise that as part of the positive side of the December discussions. People need to consider that side as well as paying attention to the difficult decisions that were made about cod.

Fergus Ewing: There are many questions that we could still ask, and I do not think that we have had direct answers to questions, never mind a written statement. Is it not the case that, although the period within which Spain is permitted to use the money to build new boats has been brought forward by a couple of years from 2006 to the end

of 2004, the Spanish are just building the boats twice as quickly?

John Farnell: It is true that the decision that was made in December did not take away any of the money that was earmarked for modernisation. If member states can build the boats quickly, that is what they will do. However, I emphasise the fact that, because of decisions that were made in the December council, quota is national and will remain national for the foreseeable future. The Spanish may have vessels, but they can use them to fish only where they have quota. At the moment, that is not in the North sea.

The Convener: I am afraid that we must, rather unsatisfactorily, leave the discussion there because of the time. If a witness was asked to provide a written statement and did not do so, I would consider that discourteous; however, Mr Farnell was not asked to do so. Therefore, although a written submission might have been helpful, I do not consider it a discourtesy to the committee that one was not provided. Thank you very much for giving evidence to us this afternoon, Mr Farnell. I ask you to retire, but you are welcome to stay with us for the rest of the meeting.

I suspend the meeting for a few minutes, while the ministers and their officials come in.

16:22

Meeting suspended.

16:27

On resuming—

The Convener: For our final session, I welcome Elliot Morley MP, the Parliamentary Under-Secretary of State in the Department for Environment, Food and Rural Affairs, who is also the UK minister with responsibility for fisheries. I also welcome Ross Finnie, the Minister for Environment and Rural Development, and the ministers' officials. I am sure that Ross Finnie will not mind my saying that we are particularly grateful to Elliot Morley for agreeing to be with us today. This is only the second time that a UK minister has appeared before a Scottish Parliament committee. Given the gravity of the situation, we are grateful that Mr Morley saw fit to come today.

I invite you to introduce your officials and to make an opening statement before ask questions.

The Minister for Environment and Rural Development (Ross Finnie): Thank you, convener. I am joined by Donald Carmichael, the head of the sea fisheries division of the Scottish Executive. I shall make only one or two brief remarks, as I know that members will want to spend time on questions.

Let us go back to October, November and December, when information was leaking out about the prospect of the ICES advice for the year, which looked particularly gloomy. I know that many people have formed different views on the scientific advice of ICES, but in fairness, this country has accepted the ICES figures for the past 10 to 15 years and has not challenged them or said that there must be changes in ICES. That is not to say that there is not a case to be made for that. We have to accept, however, that when we set up a body to which Scotland contributes by way of its Aberdeen institute and when that body publishes its report, which is peer-group reviewed, it is difficult for us to turn around and say that we do not like the objective analysis that it has produced. That is a very difficult proposition—although I am aware that other voices have sought to say that.

From that point onwards, my position politically was to recognise that that analysis could cause difficulties. I am sure that Elliot Morley will confirm that we took the opportunity to have bilaterals with a number of nation states, but we could not anticipate what happened in December. We were all talking about plans to deal with conservation measures when the Commission published the ICES report and delivered its decision that it accepted the initial advice, the result of which was the total closure of the North sea.

We went back to the Commission at that point to suggest that total closure was wholly unacceptable. We said that we wanted a much more balanced management situation that recognised the importance of the science but also the need for sustainable fishing communities. At that stage, we discussed with the Commission a plan that included a much broader range of measures including the use of fishing gear, the potential of real-time closures, the issue of effort limitation and the question that had been raised with the Commission of the need for decommissioning. At those early stages, we discussed a range of measures, many of which had been put to us by the fishing associations in Scotland.

16:30

We move quickly forward to the council meeting. I think that I made it clear, when we discussed the meeting in the Parliament, that we were hopeful that we would be able to continue the discussions to get a feel of how a more balanced package might come into play. Immediately the council meeting opened, it became clear that the Commission did not believe that we were going to get to that point and it published the very different set of short-term interim measures that became the basis for negotiation. I think that I told the

Parliament and the committee on previous occasions that that was obviously very disappointing.

I shall not rehearse the outcome. We know that the CFP discussions broadly met most of the Scottish objectives. We also know that, even in the fisheries discussions in respect of the pelagic fleet, we achieved most of our objectives, as indeed we did with the nephrops fleet. It is clear that the very crude interim measures that affect the white-fish sector were by far the most difficult to deal with. Although we started with seven days at sea, almost nil transferability and a number of other completely impossible measures, that position has been adjusted. That said, the measures continue to represent a serious cut, even in their final form; so, too, do the TAC reductions. Most people will recognise that it is a 50:50 split between the TAC reductions and the days-at-sea reductions that is imposing such difficulties on the fleet.

As the committee is well aware, the Executive is responding to the decision that was taken. I know that you have just heard evidence about the situation, but we continue to negotiate with the Commission on such adjustments as the Commission might be prepared to make to get rid of some of the greatest anomalies. We are committed to assisting the Commission to come forward with proposals that might replace the interim measures. We have made that commitment and we will stick to it.

Very briefly, those are the background stage points to the discussions in which we have been engaged and in which we have tried to secure the best possible deal for our Scottish industry.

Mr Elliot Morley (Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs): As the committee knows, I am accountable to the Westminster Parliament. In fact, in recent months, in addition to two main debates, I have made two appearances before select committees and one before a European scrutiny committee, which is an all-party scrutiny committee.

I wanted to come to the committee today, however, because Scotland is an important partner in the discussions in the council, as are all the devolved Administrations. The position that the UK takes is an agreed position with full consultation and involvement of our devolved legislatures. I understand very well that the matter is important to Scotland because of the importance of the white-fish fleet to the Scottish economy. For that reason, I am very happy to be at the committee today to answer questions.

I took very careful note of the submission that the committee made in September, which put forward a range of issues that the committee

wanted to be taken into account in the negotiations. I am glad to say that, as far as CFP reform is concerned, just about all the main issues that the committee identified were realised in the negotiations. It is of course inevitable that the detail would be lost because of the importance of the quota cuts and the cod recovery plan.

Nevertheless, some very important priorities were achieved in the negotiations; those included relative stability, coastal limits and the continuation of the Hague preference, which is of particular benefit to Scotland. Indeed, because it benefits only two countries, which are the UK and the Republic of Ireland, the continuation of the preference was not an easy matter. In addition to those achievements, we secured the continuation of the Shetland box pending the review of all the boxes.

As Ross Finnie rightly said, it is clear that the focus has been on the impact of the cod recovery plan. As Ross Finnie also stated, it is worth reminding the committee that we started on the basis of an ICES recommendation to completely close the North sea.

For many years, I have been making it clear to the UK fishing industry that, as far as the UK is concerned, the old days of horse-trading and talking up quotas against the scientific advice are over. A majority of member states in the council have changed their attitudes. However, I do not want to say that all of them have taken such a responsible position. It was a real dilemma for both of us, because it is logical to follow the science. However, that would have meant the complete closure of the North sea, the complete devastation of our fishing industry, and the collapse of the infrastructure. Of course, we could not allow that to happen.

The 80 per cent reduction in effort to which the Commission then moved was, in our view, not much different from complete closure and all its connected problems. Our dilemma was that our decision had to remain credible with the scientific advice from ICES. In a discussion with our respective scientists, we sought to provide the maximum fishing opportunities for our white-fish fleets while respecting the scientific advice. Cod stocks and the historical low of their biomass are serious matters. International events are also serious, and the committee does not need me to spell out the situation in Canada, in which politicians and the industry resisted taking action to the bitter end when it was too late. The Canadian fishery collapsed and has never recovered. I am not prepared to see that happen in the North sea, or indeed in any of our fishing grounds.

Therefore, the situation was not easy for us; the negotiations were prolonged and difficult. We

understand that the outcome was clearly not good news for the white-fish fleet. We also understand the impact of the cuts. However, we must think about the guidance that the committee sent in September, saying that we must ensure the sustainability of fish stocks. We must look to the future of management; we must be credible and responsible with the scientific advice. We cannot make short-term fixes to stop a long-term collapse of the whole fishing industry.

The Convener: I thank the ministers for their opening statements. We will go straight to members' questions.

Richard Lochhead: I welcome Elliot Morley to the Scottish Parliament. However, I doubt that he would get a warm welcome if he were to visit any of the fishing communities in Scotland.

The deal that Elliot Morley struck and supported on Scotland's behalf is perhaps the worst that any UK minister has brought from Brussels. Scotland has been the subject of sell-outs by the UK for the past 30 years of the common fisheries policy. The feeling is that the minister rubbed salt into the wound when he came back to the UK and said that the package was "balanced". The fishing industry in Scotland does not feel that.

I do not know whether the minister has ever seen the 120mm mesh that is used by the Scots boats but which is not necessarily used south of the border. Our fishermen do not think that the package is balanced because the deal to which he signed up allows fishermen who use a 16mm mesh—such as the one I am holding up—more days at sea. It also allows their quota to emerge unscathed, whereas the Scottish boats that use the 120mm meshes had their quota halved. That is one reason why he would not get a warm welcome from any of our fishing communities.

How can Elliot Morley describe that package as "balanced" when our own fisheries minister, Ross Finnie, told the Scottish Parliament in January that the deal was crude, inequitable, and unfair?

Mr Morley: There is not the slightest difference between Ross Finnie and me. I used the same language about aspects of the agreement when I opened the fisheries debate in the House of Commons.

However, the package was balanced to the extent that, as I outlined in my opening remarks, we sought to balance the dire scientific advice, which we could not ignore—I do not know whether Mr Lochhead is suggesting that we should ignore it—with the impact that it could have on the fishing fleet. We sought to maximise the opportunities while respecting the science by taking a position that was credible with regard to the minimum that we could do without risking the recovery of the stocks. That is the balance that we struck.

I do not need any lectures on mesh size, given that the UK has argued alone for many years for changes in the industrial fleet. It was the UK that originally got a TAC fixed for industrial fleets—far too high, in my view—and it was the UK that also got that TAC cut—far too low in my view. It was the UK that got the three-year agreement on a closed area for industrial fishing and, in the last council, extended it for a further year. We wish to continue with that policy in future.

There are issues in relation to the industrial fleet. One of the things that we secured in the agreement was a bycatch strategy, which is a commitment for the first time from the Commission to examine not only the impact on bycatch in the industrial fleet but the effect on the whole marine ecology. That is an important commitment as part of the strategy for which the UK delegation was pressing.

We are addressing the issues, but it would be a serious mistake to think that industrial fishing alone is the cause of the decline in white-fish stocks. That factor certainly needs to be addressed, but a number of other factors need to be addressed as well.

Of course the overall deal is not great for the white-fish fleet—no one is pretending otherwise. However, I come back to the point that it is about being credible, given the scientific advice. I do not know whether the suggestion is that we should have ignored that advice.

Richard Lochhead: The minister's comments generally are very much at odds with the opinion of our fishing communities and, indeed, with that of our fisheries minister, Ross Finnie.

Mr Morley: I do not think that they are.

Richard Lochhead: John Farnell from the European Commission said that any measures that are put in place after 1 July, when the interim measures are supposed to be succeeded, are unlikely to be any less painful. Can we have a commitment from both Elliot Morley and Ross Finnie that they would oppose any regime that replaces the current regime if it is not better than what we have just now?

Ross Finnie: There are two separate issues. Let us try to deal with them seriously. There is a balancing act in reconciling the difficulty of maintaining a fishery with taking the scientific advice and the much more crucial element of sustainable fishing communities. That is the equation.

The point about the inequitable nature of the deal goes back to the net that Richard Lochhead showed us. I heard Mr Farnell saying that the replacement regime might not be less painful. I would really like to see his proposals. The issue

for us is that, given the crudeness of the current days-at-sea scheme, it is not a scheme that we would like to have in place. Even if the control measures were essentially about effort limitation, I hope that they would be taken on a much more equitable basis. I think that that is possible and that the Commission thinks that, too. We have to see that we are not being singled out in this operation. On the bycatch in either the industrial fishery or the flatfish fishery, the Commission's credibility is at stake if it does not recognise that the measures have to be equitable if it is to be serious about conservation.

I cannot anticipate precisely what the measures will be. The Scottish Executive has an obligation to try to ensure that the UK line is for a much more balanced package of measures that addresses how we manage the fish stocks, rather than the single crude blunt instrument of a days-at-sea policy.

16:45

Mr Morley: I agree with the points that Ross Finnie has made. Any recommendation must be based on the outcomes of long-term sustainability and the recovery of stocks. We have to consider the scientific advice and the range of fisheries management measures that is proposed.

As Ross Finnie said, we have argued for flexibility. We do not believe that we should be trapped into a one-club approach, such as the days-at-sea policy. Technical measures, such as closed areas, should be considered in the overall strategy, which is what we shall be arguing for. We should bear it in mind that we are talking about an interim strategy, which is why it is crude. We will be arguing those points in the longer term. I come back to the point that we must respect the science and act on it. I take it that the committee is not suggesting that we should ignore it.

Richard Lochhead: My final point is that, before the ministers arrived to give evidence, John Farnell sat in the chamber and said that the Commission expected that what would happen following 1 July with regard to the replacement management regime would be every bit as painful as what we have just now. What is your strategy for opposing that? Will you argue for the separation of the management of cod stocks from the management of other white-fish stocks? If so, what progress are you making in that regard?

Ross Finnie: I come back to the point that there is pain in a number of ways and, in many of those ways, the pain is commercial, affecting people's pockets. On Richard Lochhead's point about separation of management, there is no question but that a crude days-at-sea scheme, where the days are applied to a vessel, makes it difficult to

transfer days for a small vessel to days for a larger vessel. I know that the Commission is considering that.

Moving to a system of kilowatt days is the only way in which transferring days can be done more equitably. Such a system would mean aggregating the kilowatt days for the whole Scottish fleet, agreeing the reduction and allowing individual ports, producer organisations and others to allocate those days. That would be far more equitable than the current crude system, which militates against certain elements of the fishing fleet.

On the decoupling argument, we understand that part of the agreement at the Commission was that there would be a review of some of the scientific data and of the state of the stocks. Fishermen have advanced the argument that the pattern and distribution of the stocks have changed to the extent that they have not been catching a mixture of cod and haddock. That will have to be tested independently and we will be happy to support such testing.

We must also consider some of the gear, as some of the fishing associations have suggested, which would involve holding trials of separator gear. The Commission maintains that there is a clear link between cod stocks and those of haddock and whiting.

Mr Rumbles: I want to focus on money. Elliot Morley will be well aware of the package that Ross Finnie has produced from the Scottish Executive's internal resources to help Scottish fishing communities that are affected by the emergency measures.

I want to take Elliot Morley back four weeks, to his appearance in front of the House of Lords Select Committee on the European Union on 22 January. Lord Palmer said:

"there have been suggestions ... that you are considering a national scheme of support and compensation for fishermen".

Elliot Morley's reply was:

"we do want to put together a decommissioning scheme for those people who feel that it is just not viable for them to continue in the fishing industry."

He went on to say:

"Obviously there will be a fair amount of money in this. The bulk of it will be directed towards Scotland because these cuts fall most heavily on the Scottish whitefish fleet. They are the ones who are most implicated."

I do not know why the word "implicated" was used. That gives the clear impression that Mr Morley was saying to the UK House of Lords that the UK Government was going to direct aid towards the Scottish white-fish fleet and the communities that depend on it. He is shaking his head, but that is

how I read his reply to Lord Palmer. Have I misunderstood his reply to Lord Palmer?

Mr Morley: What I said is a matter of interpretation. I am not aware that anyone else has interpreted what I said in that way.

The fact that funding for the fishing industry is a devolved matter means that FIGF funding is devolved to England, Scotland and Northern Ireland. I must find money to tackle the problems that the industry faces. I cannot take it from the UK Treasury; I must take it from the accounts of the Department for Environment, Food and Rural Affairs.

The cod issue is not new. Cod stocks have been declining for some years. We are aware of the implications for the industry and for the long term. I must tackle unforeseen circumstances from within my budget. The Scottish Executive has its own budget. That is a matter for Ross Finnie and not for me.

I thought that the industry would appreciate the speed with which the Executive responded to the problem and put the package together. As I said to the House of Lords committee, of course the cuts fall heaviest on the Scottish industry, because it forms the bulk of the white-fish fleet. That means that the sizes of the financial packages in our two countries are bound to be different.

Mr Rumbles: You are the UK minister and you are responsible for the UK industry. Ross Finnie is part of your negotiating team, but the decision is yours. You are the minister who was responsible for signing up to the emergency agreement. I cannot get my head round the fact that you say that no money is available from the UK Treasury and that we must find the money from Scottish Executive resources.

John Farnell is the director of conservation policy in the European Commission's fisheries directorate-general. When I asked him about the money, he said that only FIGF money was available. You confirmed that. However, in an answer to Rhoda Grant, John Farnell said that €300 million—more than £200 million—was available for emergencies throughout the EU from what I understand to be the European Union's end-year flexibility. In addition to the Scottish Executive money and to help our fleet, have you, as the UK minister, applied to the EU to access some of the moneys that are put aside for EU emergency funding?

Mr Morley: I am indeed the UK minister and I will not shirk my responsibility, but I repeat that our position is agreed and was taken after consultation with all the devolved Administrations. Nevertheless, I am prepared to be accountable for the decisions that are taken.

The EU has established no special fund for such circumstances. Reallocation within the financial headroom was discussed, but the allocation of new funding to decommissioning was not discussed. However, it is true that FIGF money can be reallocated for such support.

The problem is that we would have to go cap in hand to the Commission to negotiate for a fund that does not exist. I disabuse the committee of the notion that a pot of gold into which we can dip is sitting in the European Commission. What is important is getting on and dealing with the problems that the fishing industry faces, rather than going cap in hand to the Commission and delaying matters. We should focus on what is needed.

The problems that the fishing industry faces are just like those of major industrial closures, to which the Executive would respond in Scotland and the Department of Trade and Industry might respond in other parts of the UK, depending on the circumstances. The first priority is ensuring that the matter is dealt with speedily and efficiently from our own budgets and funds, to which funds are allocated for that purpose. The EU has no special fund for the situation.

Mr Rumbles: That contradicts John Farnell's evidence to the committee today. He made it clear that that money was available for emergencies throughout the EU. If this situation is not an emergency, I do not know what is.

This week's *Fishing News* reports that a written answer from Franz Fischler to a Euro MP confirmed that EU cash

"is available for short-term aid for vessels that have to stop fishing for 'biological causes' ... the financial contribution from the Community to the industry in the member state in question could be exceeded where there was a multi-annual management plan or emergency measures in place",

including decommissioning. The situation is an emergency—we have emergency measures—and money is available in the EU. The minister shakes his head. Is it the case that the Government has not applied for that money and has no intention of applying for it?

Mr Morley: There is no pot of money for us to apply for, so of course we have not made an application. However, that does not contradict what Mr Rumbles said. The money to which he referred relates to the FIGF. In England or Scotland, we could have allocated FIGF money, but instead we allocated new money on top of FIGF money. In that respect, a top-up approach has been taken, which is in line with what Franz Fischler said. What is being done in the UK is exactly in line with that. The funding that is being referred to is FIGF funding.

Mr Rumbles: No. I am sorry, minister, but there is confusion here. I am not talking about the FIGF; I am talking about the evidence with which John Farnell just furnished the committee before you appeared to give your evidence. He was quite clear: €300 million—approximately £200 million—is available through the EU out of flexibilities for precisely such emergencies. As a UK minister, why have you not applied for part of that funding on our behalf?

Mr Morley: That sounds like the funding that was under discussion in the council. I am not aware that it has been put into place formally. However, I can ensure that the convener will have the details for the committee.

You seem to be asking for us to go cap in hand to the Commission to argue about a fund that could take some time to put in place. In the end, it will have to be paid for by the UK taxpayer—it will not be extra money or a pot of gold. I would have thought that the important thing to do is to get on with the available reserves—the money that is being put in by the Executive and my department to deal immediately with the problems of the industry. I would have thought that that was the sensible and responsible position.

Mr Rumbles: I would have thought that you would have tried all avenues.

We welcome the money from the Executive, but I would welcome consideration of the issue and an application for funds by the UK Government under your auspices—in addition to the money from the Executive—so that we can tackle the problem in the longer term.

Stewart Stevenson: Does the minister accept that the mathematical calculations mean that the UK would benefit to the extent of 34 pence in the pound if European money were made available? The commonly held myth that it is pound for pound is inaccurate.

Mr Morley: I confirm that it is certainly not pound for pound—you are absolutely right. I do not know how the system works in the Scottish Executive, but in my department, if one utilises European funds, one must have 100 per cent cover in relation to the departmental expenditure limit. The adjustment of that 34 per cent is an adjustment with the Treasury in the next financial year. The idea that you will have an enormous sum of extra money to help you out in the short term is simply wrong. It is far better to get on with dealing with the industry's problems, which, to its credit, the Executive has done—as have we—rather than to drag about and try to apply for money that might or might not be in existing funds. That does not seem to be a positive way of dealing with the fishing industry's problems. I am glad that the Executive has got on and done it.

Mr McGrigor: As we are bandying about all these figures, would it be out of order to ask Mr Farnell to clarify?

The Convener: Yes, it would at the moment. Could you move on to the questions that you were going to put?

Mr McGrigor: All right.

Mr Morley, thank you very much for coming to see us. You said that one of the main priorities of your Government is the sustainability of fish stocks. Is the sustainability of a fishing fleet—more especially, a Scottish fishing fleet—one of your Government's priorities? If so, to return to what Mr Farnell said, why are you not picking up the £33 million that he said was available?

In your discussions, how many vessels did you anticipate would have to be decommissioned to secure the extra days? Will you publish details of the deal struck with the Commission that secured the extra days for the UK fleet?

Mr Morley: On your final point, there is no great secret about the discussions with the Commission. We made it clear that the original proposal of seven days a month was not feasible for the operation of the fishing fleet. Therefore, we refused to accept that proposal. We wanted a more credible number of days to reflect the patterns of the white-fish fleet, about 53 per cent or 54 per cent of which operate within that ceiling at present.

Would you repeat your other point?

Ross Finnie: It was about the £33 million scrapping fund that the Commission discussed prior to December. However, it has not been approved anywhere.

Tavish Scott: It is available.

Mr McGrigor: I took it that it had to be applied for.

17:00

Ross Finnie: I am sorry, but I am in some difficulty. If we had heard the previous evidence, we might have been able to ascertain that. I was not aware that it had been approved.

Mr Morley: All I can say is that there was discussion about the idea of such a fund, the availability of which the UK made it clear it would support. The money is already in the Commission's budgets, so it is not new, but as far as I am aware, the fund has not been made available. Incidentally, hanging around for it now would mean that a support package would not have been announced for either the English or the Scottish industries. That is why I come back to the point that it is important to get on with it, because

the UK taxpayer will have to pay in the end. It is better to provide the support and address the problems immediately than to go cap in hand to people.

Mr McGrigor: The minister said that the Commission talked about the complete closure of the North sea. With all due respect, the Commission is famous for flying kites at the start of discussions. It was quite obvious to most people that that did not mean that it could ever get total closure of the North sea.

The minister said that it is his Government's priority to have a Scottish fishing fleet. How will the Government achieve that if everything is decommissioned?

Mr Morley: The member is absolutely right, in that the Government supports a strong UK fishing industry. Sustainability is the key to that, and the advice that we got about that was unequivocal.

I repeat the question that I asked before and which has not been answered: is the member suggesting that we should have ignored the scientific advice? If so, there would be no fishing industry. It is not a matter of doing either one thing or another; one must follow the advice on sustainability. I have made it clear that we tried to apply that advice credibly and responsibly while still giving our fishing industry maximum opportunities. Going beyond that, frankly, would be irresponsible. Am I being told that I should have done so?

Mr McGrigor: I am not saying for one moment that scientific advice should be ignored, but I do not think that there is any concept of how much the Scottish fishing fleet has done to adopt conservation measures or that a great deal of that science is 18 months old. That answers the minister's question on that score. It appears to us that everything else is being sacrificed to achieve the sustainability of Franz Fischler's cod recovery plan.

Mr Morley: That is not right. The final reduction in effort for cod was 65 per cent. We moved from an 80 per cent to a 65 per cent reduction precisely because the figures were taken into account in the negotiations, when it was shown what the Scottish and English industries had done over the previous 18 months. That allowed us to get to that level while still being credible and responsible about the science. Ross Finnie and I ensured that that was the case.

Mr McGrigor: I take your point. Cod is patchy in the North sea, but the other stocks seem to be perfectly capable of sustaining the fishing fleet. The Government is ensuring that there will not be a Scottish fishing fleet to take advantage of stocks when they come back again.

Mr Morley: Perhaps I am being unfair, but I am not quite sure what is being said. The suggestion is that we should ignore the science on the ground that not doing so would have an impact on the fishing fleet. Of course, the cuts have had an impact. In my view, ignoring the science would be worse.

Everyone in fishing knows that there is a link between haddock, whiting and cod. There could be an argument for more decoupling where there are areas of cod concentration, for example. We argued that, but part of the problem is that there is no up-to-date science on such things as cod concentration and spawning areas. The committee might recall that that was one of the criticisms that was made of the closed area in the North sea. Both the industry and the scientists questioned what benefit it was having.

As part of putting in place the longer-term recovery programme, we need urgent analysis of where the concentrations of cod are. That will enable us to have more decoupling of haddock and whiting. Although haddock had an excellent recruitment year in 1999, it has had poor spawning years since then. We have to be careful about the haddock stock.

I believe that there is scope for decoupling. In the discussions that we have in the next year, there might well be room for manoeuvre on the link that is made between cod and the other white-fish stocks. Even though it is a mixed fishery, we can do better than we are doing at present. We want a more sophisticated approach than the crude approach of the temporary measures. That will give the industry more opportunity in relation to some of the other stocks.

Mr Morrison: I welcome Ross Finnie and Elliot Morley and I urge Mr Morley to dismiss the remarks that Mr Lochhead addressed to him in his opening question. He would be welcome in the Western Isles fishing community, and I know that, along with Calum MacDonald, he is arranging to meet a delegation at Westminster.

I have two questions for Elliot Morley and two for Ross Finnie. On state aid for new builds, Mr Morley might have heard what the Western Isles Fishermen's Association had to say about the problems that the inshore fisheries industry faces in refreshing the fleet and getting new boats. How can we overcome the barriers to state aid, to ensure that money for refreshing the inshore fisheries fleet is provided in a sensible and sustainable way?

Mr Morley: There is a role for state aid within the industry, provided that it is applied in a way that does not increase fishing capacity or fishing effort. State aid is a devolved issue. The detail of how the Executive applies its FIG money is

entirely a matter for the Executive. It is perfectly legitimate to add value and to maximise the industry's return by providing support for quality control, catch handling and moving to more sustainable fishing gear. That is how we are applying FIG funding.

Using money to increase fishing capacity when there are such problems throughout the European Union is not legitimate. It was inevitable that our discussions would focus on cod. The hake recovery plan is still to come—the details must be hammered out by July. Those fishing industries that fish predominantly for hake will not find that very palatable.

We managed to get an end to grants for new build next year. Although we would have liked an immediate cessation of such funding, that still represents a significant step forward. The countries that are keen on state aid wanted that funding to continue until 2006. If it had continued until then, it would almost certainly have been rolled over into another round of state-aid rules, which would have meant more state-aid funding. That will not happen, because we obtained a date of 2004.

That was a real point of contention, which led to a lot of argument at the end of the council. I am very glad that we have the arrangements that we have, although they do not go far enough as far as I am concerned.

Mr Morrison: Hector Stewart, who represents the Western Isles Fishermen's Association, said in the concluding paragraph of his submission:

"We believe that the Scottish Executive should adopt a more flexible approach to shellfish fisheries management and listen to early warning signs in the shellfish sector. The time to act is now, rather than delay and let industry be faced with more draconian measures in future years."

Of course, that relates to the diversion of effort from other parts of the United Kingdom.

What assurances can the UK Government and the Scottish Executive give the committee and fishing communities on the west coast and in the Western Isles? I address that question to both ministers.

Mr Morley: We both recognise that there is an issue of displacement. On the UK side, we are considering a shellfish licensing scheme, because we want to try to cap the effort in the shellfish sector. I know that Ross Finnie is considering that.

Ross Finnie: On the latter point, it is our intention that one of the conditions on those in receipt of aid under the transitional aid scheme will be not to divert into the shellfish sector. That is the only fair way of dealing with the situation. If someone seeks to obviate the economic difficulty that they face, they will have to face the penalty of not qualifying. I hope that that assists.

I turn to the specifics of the importance of the inshore fisheries and the application of state aid. If Alasdair Morrison has a specific example, I would be happy to come back on that. I think that the phrase that he used was about refreshing the inshore fishery. We are clear that inshore fisheries legislation gives scope for regulation within those fisheries, and I think that the Western Isles Fishermen's Association, which is allied to other inshore fisheries organisations, is in active consultation with SEERAD on regulations to assist conserving the stocks.

Tavish Scott: I join the committee in thanking Elliot Morley for attending the committee today; I think that that is entirely appropriate.

There is a bit of the science that fishermen and I do not understand. The ICES report recommendation on hake was that it

"should be set as close to zero as possible."

However, as the minister will know, hake stocks in the northern areas increased by 11 per cent. It is darned hard for fishermen to understand the argument.

I have two questions. One is for Mr Finnie and the other is for Mr Morley. John Farnell said in evidence earlier that the definitive plans for the interim measures will not be available until June or July, which in European terms means the end of the summer, just before the break. Does not that mean that the interim measures are now certain to run for the entire year and that the industry faces the measures not just until 31 July but all the way through to Christmas?

The question to Mr Morley is whether it is not time to consider closely what happened in December and find better ways to achieve results that are more equitable for our fishing nation. Will not we have to learn the lessons that other countries have learned, which is to lobby vigorously all round Europe, not just in the Commission, week in, week out at ministerial level? The Norwegians always say that they trot out their Prime Minister when things get really tough. Do we not have to elevate our efforts to that sort of level, given that the issue is so important for Scotland?

Do both ministers accept that the days of micromanaging fisheries from Brussels have to be over? Mr Farnell admitted earlier on that we have had 20 years of failure. He would argue that the failure has been not just in the Commission, but across the piece. Nevertheless, there have been 20 years of failure. We cannot continue to micromanage fisheries from Brussels. Mr Farnell talked about zonal fora, which will just be talking shops, no matter how one elevates them. Instead of that, we must have zonal regional decision making. That is where fisheries policy has to go,

otherwise there will be no industry, certainly in my part of the world.

17:15

Ross Finnie: We have been concerned for a while and I remain concerned. I am not sure what the time scale is for moving from the interim measures to a long-term plan.

Mr Farnell might have mentioned this, but I can confirm that my department is already in discussions about some of the more obvious silly features of the plan. I am bound to say that the Commission knew about our concerns when it proposed the plan. I say that with confidence, because we told the Commission that there were inconsistencies and dangerous measures, particularly with regard to safety at sea, in the plan. Therefore, I am pleased that the Commission is moving to remove some of the plan's worst features.

In my discussion with the Scottish Fishermen's Association the other day, it was decided that, if the Commission is at all willing to consider changes, we must put to it that we should not see the situation in two great chunks: first, the interim measures and the connected tinkering with safety features; and secondly, the next stage, which one has to wait a year and a day to reach. It might be perfectly possible, for example, to move more quickly from a days-at-sea regime, which we discussed earlier, to a kilowatt-days system, so that a better and more commercially manageable system can be introduced for the fleet. That might be done in chunks. I share the member's view that it would be deeply damaging if the time scale were to drift and we were stuck with the essentials of the interim measures. The SFF made some constructive suggestions about the strategy at our meeting in the latter part of last week. We want to pursue those with the Commission so that we do not have a big bang, and so that we avoid the serious situation that the member implied could arise.

Zonal management must be the way forward. It is difficult to progress because, obviously, we are all concentrating on the immediate problems that face the industry, but we need to formulate those longer-term plans, and we are anxious that whatever is to be set up in the North sea is done very quickly. I am anxious that the Scottish fishermen should be actively engaged in developing alternative proposals. The sooner that we get proposals that are informed by those who are at sea, the better.

I agree that there are difficulties with negotiations. I am bound to say that there are also disappointments. We had long conversations with the German Government and with the German

ambassador here in Scotland. We know that, at the end of the day, the German fisheries minister was the most upset by the outcome of the negotiations, because the Commission and the council moved away from 100 per cent closure.

Mr Morley: The ICES advice on hake was not as bad as it was on cod. It changed its stock assessment mid term, and that improved the situation for hake. The advice is not great, but it is not in the same league as that on cod.

Of course we lobby other countries; we spend all our time doing that. Before the council meeting, I had bilateral talks with Denmark, Holland, Germany, Spain and a range of other countries. At the margins of the council, Ross Finnie and I had several bilateral meetings with the Republic of Ireland, Sweden and other countries. We were looking for areas of co-operation, but I made it pretty clear in face-to-face talks with Spain that we would not and could not support quota for Spanish vessels in the North sea. We took that position successfully in the council.

Close allies of ours, such as Germany and Sweden, criticised us for going too far with the science and the negotiations on stocks. Both those countries wanted complete closure of the North sea, which made it awkward for us to deal with those two allies, on whom we can usually rely. Denmark strongly supported the days-at-sea measures, and even France said that it accepted the principle behind them, so some countries felt that we should go further. On the one hand, there is our industry, which understandably is anxious about the scale of the cuts, and that is uncomfortable. On the other hand, other countries, and, indeed, some conservation organisations, said that we were going too far in minimising the impact on the fishing industry.

I emphasise that we negotiated in a responsible and credible way, ensuring that the Commission took into account what the industry has done, such as the decommissioning in the past year, the 10 per cent reduction, the new technical measures and the bigger mesh. That was all taken into account, so our position was credible. However, as Ross Finnie said, Germany still criticised us.

Tavish Scott: Does that mean that there is absolutely no chance that things will change in the forthcoming December fisheries council? You have just explained in graphic detail how difficult the negotiations were, how the other ministers all ignored you, how they did not take your views into account and how, in the German and Swedish cases, they voted against you.

Is there no chance that we have anything better to look forward to this December?

Mr Morley: I am not so disparaging about the regional committees as are others whom I have

heard. It is inevitable that there will have to be a confidence-building exercise in relation to the regional committees, because a number of countries are suspicious about them. Some countries see regional committees as a way of excluding them and discriminating against them in relation to the CFP. That is not how we see them. We see them as a much more responsive, flexible and devolved means of managing fisheries, involving the industry and stakeholders in smaller regions. We in the UK are strong supporters of regional committees and we are glad that we got them in place. We are also pleased that they will advise the council directly. It is inevitable that, in the early stages, some in the industry will feel that the committees' power and influence are not sufficient, but my view is that they have to be established and built on step by step, taking more and more power and responsibility. That is the key for the future.

As Tavish Scott quite rightly said, the future of the common fisheries policy is not to be involved in the micromanagement. That has not been a success for the CFP. It is difficult for Brussels to try to manage all the Community waters and I think that the Commission's view shows that it recognises that. Management has to be devolved and more flexible and we need more of a multi-annual approach.

We need to set quotas over a number of years so that fishermen know where they are. That will give them more stability within the industry. I believe that that is coming. We have the framework in place and that was one of the successful outcomes of the December council. We have achieved a framework for change within the CFP. It will not happen overnight—we will have to work at it—but enough countries in the council are committed to a multi-annual and regional approach. That is a break with the past and with some of the problems that Tavish Scott quite rightly identified.

Ross Finnie: I have one other comment on the negotiating stance. When we met the Prime Minister, he very much recognised the degree of self-interest that was displayed and the fact that the negotiations proved to be extraordinarily difficult. Elliot Morley and I both expressed extreme concern and asked where we go from here—the same phraseology that Tavish Scott was using. The Prime Minister has undertaken to consider that in a broader context, which we want to pursue. Clearly, it is theoretically perfectly possible for the negotiating stance to be repeated.

Fergus Ewing: On 24 December, Ross Finnie admitted that the deal that was struck in Europe was "particularly pernicious" for the Scottish white-fish fleet. He added that fishing leaders particularly stressed what they saw, quite rightly, as the

inequality of treatment between Scotland and some other member states. I expressed the view in the chamber that we would have had more confidence had Mr Finnie been leading the negotiations for Scotland. Leaving Mr Morley's running commentary to the side—

The Convener: Order, please ask the question.

Fergus Ewing: Does Mr Finnie believe that if he had led the delegation he would have achieved a better result for Scotland?

Ross Finnie: To ask that is to misunderstand wholly how the negotiations were conducted. The overwhelming majority of the negotiations were bilaterals between the UK delegation, the Commission and the presidency. In those bilateral negotiations, I was afforded every opportunity to articulate Scotland's particular concerns. There can be no suggestion that I was not given the opportunity to make that case. In the negotiations, it was well recognised that there were special circumstances in our fishery, such as the sheer volume of the white-fish fishery. The Commission, its officials and others were fully aware of the impact of the measures that they had put on the table and of the potential threat that they posed.

One morning, we spent quite some time having a discussion about sustainability. We said that sustainability was not just about fish but had to embrace communities. I referred to communities in Scotland from Shetland in the north to Eyemouth in the south. Elliot Morley added in his ports. I am in no doubt that the discussions were held on a United Kingdom basis and that, where necessary, the opportunity was taken to articulate points that were of particular relevance to Scotland.

I repeat that we ran into serious difficulties with the way in which the emergency interim measures were framed. It must have been perfectly obvious to any other member state that it would not take much to get them out of that negotiation. They could simply step back from any demand that they wanted to make in the north North sea and leave the United Kingdom wondering about cod, haddock and whiting. They did not take kindly to going to the Commission to be told that there had been complaints about the industrial fishery and about the bycatch in the flatfish fishery. Mr Morley and I made those complaints—we sought a more equitable distribution.

Fergus Ewing: On the way in, I spoke to a fisherman who is facing bankruptcy—he will probably go bankrupt this year. I would not wish to advance the proposition—to him or to the 44,000 people whose jobs depend on the continuation of a fishing industry—that we accept that we achieved our objectives with the deal in December.

There is a problem. We have often been told that the UK should represent Scotland in Europe

because of its massive strength and bargaining power, but we hear today that the UK has no, or hardly any, friends. If it has friends, I invite Mr Morley or Mr Finnie to tell us who they are. There are extremely important negotiations ahead, which could result in protection for some of the industry. What will the ministers do differently to win friends when it is abundantly clear—[*Interruption.*] Would Mr Morrison like to say something?

Mr Morrison: No, I have asked my question.

Fergus Ewing: Today, it has been admitted that, at the most recent negotiations, the problem was that the UK was unable to win support from other countries. How will the ministers win support in the negotiations ahead, given that they failed to do so in the most recent negotiations?

Ross Finnie: I hope that Mr Ewing is not suggesting that we should win friends by saying that we do not want the industrial fishery to be touched. I hope that he is not suggesting that we become friends with the Dutch by indicating that we want the flatfish fishery to continue with the size of net that Richard Lochhead produced earlier. If that is what Mr Ewing is suggesting, he should say so. If he is not suggesting that, he should be a bit more honest.

The negotiations are extraordinarily difficult for that very reason. In negotiations on the common agricultural policy—a discussion on a beef regime, for example—five, six or seven member states would all have a genuine common interest. We would seek to arrive at a policy on production or animal health or safety, for example, that would achieve a common objective. I hope that the member is not trying to pretend that it is simply a question of putting an arm round a Dane and saying, "Well, we'll buy your vote but, by the way, carry on fishing cod bycatch in the industrial fishery." We cannot do that, and I do not think that Fergus Ewing would do that either.

Elliot Morley and I were saying that, in the run-up to the negotiations, we made it clear at UK level—the Prime Minister has acknowledged this—that we had to find a wider perspective and engage with nations on a broader basis. If we allow everybody to take the narrow, introverted view of simply protecting their own interests, we will do deep damage to fishing stocks in the North sea. Therefore, we need a different approach, and the Commission must be prepared to take on other member states, whose stocks are in no better state than are the haddock stocks in the North sea. There is the question of equity of approach. It would certainly have been easier to find friends if other measures had been on the table, beyond those dealing with cod, haddock and whiting in the North sea.

If we had had support from the Commission in pursuing the question of hake and the industrial fishery, the UK and other countries would have needed to meet around the table. We need to be clear that we want the Commission to be open and even-handed in making proposals that engage everyone in the North sea in conversations about the conservation of stocks across the board. That kind of conversation makes for a very different kind of negotiation from the one that resulted in December.

17:30

Mr Morley: I am sure that Mr Ewing would not want inadvertently to misquote anything that we have said about achieving our objectives. I made it clear that our objectives related to the common fisheries policy; the Scottish Fishermen's Federation conceded the fact that the main objectives had been achieved. That has been taken for granted, because all the concentration has understandably been on the effects of cuts in cod, which is part of the cod recovery programme.

Mr Ewing misunderstands the situation when he talks about negotiation. Room for negotiation on scientific advice is extremely limited. We based our actions on the credible advice from the scientists who accompanied the delegation. We were looking for the maximum opportunity for our white-fish fleet, while respecting the serious scientific advice. I do not know whether Mr Ewing is suggesting that any minister, whether Scottish or otherwise, should have ignored such advice and gone further. We understood the detrimental impact that that would have had on the white-fish fleet. To ignore advice, to allow stocks to collapse and not to have a sustainable fishery would have had an even more detrimental impact. Is he suggesting—this is the third time that I have asked the question—that we should have ignored the scientific advice?

Fergus Ewing: Nobody has suggested that, as I made clear in Parliament during the most recent fisheries debate. However, as other members have said today, there is a question about the way in which the advice is interpreted and acted on and the way in which mathematical calculations are made. It is completely wrong to make a false imputation in argument—that is not a tactic that we should use.

I should like to ask my final question about negotiations. Tony Blair intervened in the negotiations, but he left it until the last minute, despite the fact that on 4 December he wrote an article in a leading Scottish tabloid saying that 14,000 jobs were dependent on fisheries, although the figure is, in fact, 44,000—perhaps he lifted that from some student PhD thesis or from the fishing equivalent of *Jane's Defence Weekly*. If the Prime

Minister of the United Kingdom was to play a part in negotiations, was it sensible for him to leave it until the last day, when the damage had already been done? If he really was interested in Scotland's fishery, would he not have been better fighting for it from the outset?

Mr Morley: He was doing so. I do not know why Mr Ewing thinks that the Prime Minister left it until the last day. I had meetings with No 10 long before we entered negotiations to discuss the scientific advice and its implications for the white-fish fleet. We discussed how we could achieve a credible approach.

As I understand it, we are not being criticised for following scientific advice, so I do not know why we are being criticised for such a terrible deal—it has been confirmed that no one else would have gone against the scientific advice. I am therefore pleased that Mr Ewing has endorsed our position.

We spoke regularly with the Prime Minister for many months before the meeting, as we saw that, as a result of the scientific advice, the outcome of the December council was never going to be good news for the white-fish fleet. During each day of the council, there were regular communications between the United Kingdom team and No 10, which followed what was happening with interest. When I asked for an intervention, the Prime Minister was very willing to intervene to ensure that we secured the maximum number of working days while taking account of the science and linking in with the quota to give our white-fish fleet the maximum opportunity.

The Commission was extremely reluctant to move. The point was made that the Commission likes to scare people but then backs down. However, those days have gone. It is true that, in the past, there has been horse-trading in the council. Bigger cuts than there would be have been suggested, there have then been attempts to talk things down and everybody has gone home and presented the outcome as a great victory.

We are trying to get away from such an approach and move towards a more multi-annual approach. We are trying to put sustainability at the heart of fisheries management. The Commission was reluctant to move from the 80 per cent reduction and had a strong scientific case on its side. It was also reluctant to move on the number of days. There were tough negotiations, but we achieved the maximum that we could while following the scientific advice. We should not have gone against the scientific advice—I am therefore grateful for the endorsement that has been given.

Rhoda Grant: I will ask my three questions together for speed. The first concerns decommissioning and information on boats that are involved with it. We have received evidence

that, if only white-fish boats are involved, the money put aside for decommissioning might be too much, as it would cover most of the white-fishing sector. Will the minister give any moneys left over from decommissioning to dependent onshore businesses and communities that will suffer badly? We have not yet seen any plans to assist them.

Secondly, could bids for decommissioning be considered carefully and preference be given to bids that include redundancy payments for crew members, many of whom are self-employed? As they are self-employed and the days-at-sea regulation means that they are mostly now part time, they cannot claim the benefits that they could if they were in salaried posts. Will the minister take that matter back to his colleagues in Westminster? It is a big issue.

Thirdly, on fishing stocks that are available for processors and the onshore industry, should not the importance of aquaculture be underlined? Are the ministers concerned that the only dedicated research and development institute for aquaculture in the UK is currently faced with closure? Are they willing to put pressure on the Sea Fish Industry Authority, which owns the research and development facility at Ardtoe, to ensure that that facility remains available for the good of the whole industry?

The Convener: You have asked about 10 questions, but I am happy to pass them to Ross Finnie.

Ross Finnie: There are three discernible questions. On decommissioning, the calculation is not too scientific. We are seeking to decommission not less than 15 per cent of the current fishing effort on cod. According to our records, nearly 500 vessels that have a record of engagement in the white fishery sufficient to have an impact on cod effort would come into that category.

When we publish the final details of the scheme, we hope that it will have sufficient flexibility in respect of the age and size of vessels to enable individual owners and ports to reach decisions. We have absolutely no fixed view about the number of vessels. Indeed, we would probably be happier if there was a decent mix within that, which would allow ports to decide—if they could come to a collective decision—on the balance of the number of vessels that they want to stay in the industry. We are looking for bids that will, in aggregate, come to 15 per cent.

We were asked about money. I simply cannot speculate on that. Last time, we decommissioned somewhere between 10 and 11 per cent of fishing effort, which cost £25 million. By simple arithmetic, we are now talking about £37 million and a bit, but it is difficult for me to indicate at this stage quite

what the sum will be. However, we are required to indicate that we have allocated sufficient funds for the purposes of decommissioning as part of the regulations.

As I say, we have no fixed view on the number of vessels and I hope that the regulation will include sufficient flexibility to allow individual owners, individual port associations, or any combination of owners and associations, to decide what might be most appropriate.

I shall leave the second question about the self-employed.

On fish stocks, aquaculture is now, for the first time, part of the common fisheries policy. As Rhoda Grant rightly says, that increases its importance. I am aware of the Sea Fish Industry Authority proposals for the aquaculture institute that she mentioned, but I am not aware that that is the only place where research is done. It may be the only one owned by Sea Fish.

Rhoda Grant: It is the only dedicated aquaculture centre.

Ross Finnie: I was going to say that I have not received final word from Sea Fish. However, the last time that I had a meeting with Sea Fish representatives, which was not that long ago, they seemed to be pretty clear that the level and nature of research being carried out by other institutes were more sophisticated. I would like to check that, but that was the basis of my advice from Sea Fish. If that is not the case, I would certainly like to pursue the issue.

Mr Morley: There was a question about the share fisherman's stamp, which is an issue for the Department for Work and Pensions. I have some sympathy with the representations that I have had from fishermen. I have written to the Department for Work and Pensions to ask it to look again at the workings of the stamp. As members will appreciate, that is not within my departmental responsibility, but I have sympathy with the approach that has been suggested.

The Convener: We are over time already, but several members still want to ask questions. Are you willing to go on until 6 o'clock?

Ross Finnie: Yes.

The Convener: We will try to finish the meeting at 6 o'clock.

John Farquhar Munro: I have a simple question. The conservation measures seemed to be introduced to sustain the industry, not only at sea but onshore. That is acceptable and, as was demonstrated earlier, you have the support of members of the committee for the steps that you have taken, from a scientific point of view. However, I find it difficult to convince fishing

communities that the measure is appropriate while the industrial fishery is allowed to continue and has a huge bycatch that includes cod. One thing seems to strike against the other.

Ross Finnie: I can only agree with that. I do not know how many times we made that point in the five days of the negotiation. It seemed to us to be completely inexplicable that the industrial fishery should be allowed. I understand that, although it is a bit late, scientists are to do more work on the relationship between the industrial fishery and feedstock of fish. It seems extraordinary that that has not been done before. It is a point that we made several times.

When the biomass of cod is so low, bycatches in other fisheries grow in importance. If there is a large biomass, we might declare that bycatches are not terribly relevant, but that cannot be the case when the biomass is threatened. Any fishery that takes a material amount of cod as a bycatch must be dealt with in the same way as the haddock and whiting fishery in the North sea is being dealt with.

17:45

Mr Morley: I endorse Ross Finnie's comments entirely. My department has done some work on the current published bycatch figures for the industrial fishery, which I will provide for the committee, but more needs to be done. As I mentioned, the UK has been a voice in the wilderness for many years on the issue, but other countries are beginning to show an interest in it. One of the gains that we achieved in the CFP negotiations was the commitment to scientific study. The lack of scientific information makes it understandable that, when we say that the industrial fishery has a detrimental effect, the people in that fishery simply ask us to prove it and provide evidence.

To be fair to the Danish Government, I should add that we have co-operated with the Danes by putting our scientists on industrial vessels to do joint studies on bycatches in order to give us a better understanding of the effects of industrial fishing. I have been a long-time campaigner against such fishing because I believe that human-consumption fisheries must always take precedence over industrial fisheries.

The point has been made that there is disagreement between some sections of the industry and the scientists, which is not good for the industry or for long-term sustainability. I want to address that issue on a UK basis. Ross Finnie and I are addressing that issue in relation to our respective responsibilities. I want more joint working between the fishing industry and scientists and I want the fishing industry to be more involved in scientific analyses and decision making.

We have taken steps towards meeting that aim. For example, we have invited representatives of the fishing industry to sail on research ships and we commission fishing vessels to work for us—I know that the Executive takes similar actions. However, more needs to be done, because there is an unwelcome gulf of opinion between the fishing industry and the scientists. One of my priorities is to bring them closer together.

John Farquhar Munro: That is essential.

I bring to your attention another anomaly: as a result of decommissioning, there will be a surplus of licences in various areas. What advice can you give us on what will happen to those licences? Might the licences be retained in the relevant port or will the Executive and the UK Government make an offer to the UK industry to retain the licences within the fishery?

Ross Finnie: You use the word "licences", but you should have said "quotas". When a vessel is decommissioned, the licence is surrendered. However, your question remains in place if we substitute "quotas" for "licences".

I am concerned about two or three related issues. There are rules governing the quotas. Quotas were issued at nil value, but acquired value under a previous Government and are now traded, which makes it difficult for Governments to intervene. The Commission has raised issues in relation to the genuine attempt in Shetland to try to intervene in the matter. We are awaiting the outcome of the Commission's deliberations on whether that attempt is in breach of the state-aid rules.

The problem is the lack of liquidity in the sector. I have tried to support the sector on that issue—when I met representatives of the joint-stock banks yesterday, it was among the matters that were aired, because the banks also want to support the industry. There is nothing in our current proposals that would allow the Government to acquire quota. However, I am concerned about the tradeability of quota and the liquidity that is involved. I will keep a close watch on that. The rules for the 2001 decommissioning scheme gave the vessel owners two years in which to dispose of the quota relating to their vessels. We are monitoring quota purchases and licensing as well as deals in quota so that we have a better picture of the amount of trade and of trading-in values.

Stewart Stevenson: I welcome Elliot Morley to the committee and thank him for coming to hear our views. I particularly thank him for speaking to a number of my constituents who were standing outside as he came in. I am not sure that he would have liked what they said, but I thank him for hearing it nonetheless. Likewise, I am not entirely

clear that the representatives of the SFF who are in the gallery and the Scottish White Fish Producers Association gave a ringing endorsement to the minister's assertion that they were satisfied with the outcome of the talks in Brussels.

As the minister is a former teacher, I will ask him, somewhat didactically, a series of short questions, with which we might travel to a particular point. Does the minister agree that the scientific method is important in the consideration of scientific advice that is presented to politicians when they are making decisions? Should the method have experimentation or observation to give data? Should there be rigorous analysis of those data to deliver knowledge that relates to the questions that were posed? Should the overall process be rigorous and visible?

Does Elliot Morley agree that that is one way to describe the scientific method?

Mr Morley: That is not an unreasonable way to describe the scientific method.

I am sure that committee members are aware that all those countries that are members of ICES collaborate to gather the science. Incidentally, the founding member of ICES was a Scottish scientist. That organisation is long established, as are its sampling methods and science, so it marks very clear trends. Fisheries science, by its nature, will never be absolute, but one can see the trends and have confidence in the scientific advice that ICES establishes.

I am sure that the member would not want, inadvertently, to misquote me; I have never stated that the fishing industry thought that the outcome was satisfactory with regard to the cod quota. On the CFP reforms, the outcome was very much what the joint paper from the Scottish Fishermen's Federation and the National Federation of Fishermen's Organisations argued for, with regard to regional management and its structure. The paper also argued for relative stability, coastal limits, the Hague preference and the Shetland box. Those are all key issues that the fishing industry wanted us to secure, and we ensured that we did so.

Stewart Stevenson: There are still no nodding heads in the gallery.

Mr Morley: So this is playing to the gallery, is it?

The Convener: I suspect so.

Stewart Stevenson: If the minister were to look in the gallery, he might recognise very senior members of the organisations concerned.

Mr Morley: I do indeed, and they know that what I am saying is true.

Stewart Stevenson: Let me move on to science. I do not reject what the minister says

about ICES. However, does he agree that whenever scientific investigation is commissioned, the scientists will answer the questions that are asked?

Mr Morley: I hope that they answer those questions. I am not sure what the member's point is. Is he suggesting that the questions are in some way skewed, or designed to give some kind of particular untrue answer?

Stewart Stevenson: I merely wish to ask the next question, which is to confirm that, therefore, the scientists have not answered questions that they were not asked.

Mr Morley: We are into ethereal territory. I wonder whether Stewart Stevenson could spell out his point in language that we can all understand.

The Convener: I ask Mr Stevenson to ask a final question.

Stewart Stevenson: Let me move on. There are two other sources of science. We seem to be talking about ICES as the only source of science.

Mr Morley: Is it the wrong kind of science?

Stewart Stevenson: One moment, minister. The Commission's deliberations have, in part, been informed by returns from states, for example on bycatch. I understand that a DEFRA survey showed where the various stocks of fish—cod, haddock and other species in the North sea—were deployed. I assume that the minister accepts that those returns represent science and that they have, in part, informed the council's decision-making.

Does the minister agree that although there was clear and unambiguous evidence of gross under-reporting of the Danish industrial fisheries in the state returns, that evidence was disregarded? Does he agree that the DEFRA survey that showed that there was a clear division between where cod and haddock may be caught was totally ignored in the council's decision? Does he further agree that, therefore, there were many strands to the science in the council decision and that some strands were accepted and some were rejected? That is quite irrational and unreasonable.

Mr Morley: That is wrong. Stewart Stevenson is right that there are many strands to the science—it includes landing figures by the industry, catch data, ground fish surveys and constant effort sampling. The science includes all the points that have been made, which are all part of coming to the conclusions.

I emphasise to the committee that I am no friend of industrial fishing; I have made that clear over many years. However, it is wrong to suggest that industrial fishing on its own is the cause of the decline in fish stocks, and I am glad that that is not

being suggested. It is true that some vessels were prosecuted for illegal bycatch above their take, but illegal catches are not unique to any one country. Any fishermen who are involved in illegal catching—whoever they are and whatever country they are in—are doing enormous harm to stocks, science and the figures. Illegal catching undermines the scientific base and the credibility of those industries' reputation. It is against the principle of sustainability.

The scientists try, as far as they can, to take into account some of the published figures on illegal activity but, because of the nature of that activity, it is hard to know its exact scale. I repeat that what we need is good evidence about bycatch across the European fleet.

Bycatch and discards are also a problem in our own fishery; our scientists estimate that in the past year more than 100,000 tonnes of juvenile haddock were discarded. We must take steps to deal with issues such as the bycatch. The first important thing is to find out exactly what the bycatch is and what impact it has. As I said, we very much welcome the fact that the council has agreed—this point has, understandably, been lost among all the small print—that there will be a commitment to the studies of the industrial fishery bycatch, and other fisheries bycatches; the studies extend to the impact on the marine ecosystem. The UK asked for that and that is what we have got. That proper scientific assessment may help us to understand the impact and, once we have that information, it may strengthen the case for taking action against the industrial fishery.

Ross Finnie: I think that Struan raises—

Stewart Stevenson: Excuse me, minister.

Ross Finnie: Stewart. I am very sorry.

Stewart Stevenson: That is the biggest of all insults.

Ross Finnie: I could have thought of another, but I will not go down that road.

We must step back and recognise that there are strands that form a scientific opinion and there are other scientists. We must recognise that ICES has particular cachet. It has existed for a while. It is well established and it goes through methodology at the top end, particularly when we bring the strands together.

18:00

A real point exists, in that the fishermen—I am talking particularly about Scottish fishermen—demonstrably were, and remain, extremely unhappy about a number of the conclusions and a number of the measures. We cannot get round the problem simply by trying to undermine ICES. I am not saying that Stewart Stevenson is saying that

we should do that. However, we must be careful how we develop the argument. If I make that point—or if SFF or anyone else makes that point—in the Commission, the finger is pointed at me and people say, "Ay, well, you would say that, wouldn't you."

My serious proposition—Elliot Morley has referred to it and I have talked to the industry about it—is that we need, as a matter of urgency, to get our fishermen and scientists back round the table. We have to have them talking sensibly about the real reservations that they have expressed about the results from the end of last year. If they have serious concerns, we must be able to discuss them in a measured, sensible and rational way.

It may be, therefore, that there will have to be give and take on both sides. I will not anticipate the outcome of such discussions. However, such is the gulf between the fishermen and the scientists that it has to be bridged. Clearly, it is difficult for the fishermen to accept the outcome and decisions of a council meeting if they feel fundamentally uncomfortable about the methodology to which Stewart Stevenson referred.

The right approach is to buttress the work of ICES by getting the respective parties round the table, not to suggest that we pick a number of different scientists. Stewart Stevenson was not suggesting that. Such a solution would not commend itself in the Commission or in the council meetings.

The Convener: I ask our two visiting members to ask one question each.

Elaine Thomson: Fish processing is another vital aspect of the overall fishing industry. It supports many thousands of jobs throughout Scotland and a large number in Aberdeen, which I represent. It is vital to the sustainability of our fishing industry that we be able to sustain the fish processors as well as the fish catchers. One of the sector's fears is that we will end up going down the same route that we did when the herring fishing was stopped a number of years ago. The onshore side of the industry was not supported, with the result that markets and therefore companies were lost.

What assistance will be given to the fish processors and all the people whom they represent? In particular, has consideration been given to the specific matters that the processors have been asking about, such as the levy that they pay to sustain the Sea Fish Industry Authority? They consider that to be unsustainable, given their current situation.

Another problem that the fish processors raise consistently, despite the contraction of the industry overall, is that they have a shortage of workers.

They have difficulty with recruitment and retention and they are running into problems. Much of their work force is made up of immigrants of one sort or another.

The Convener: Could you ask the question, please?

Elaine Thomson: What assistance will be given to the processing sector to see it through this difficult period? Will consideration be given to the levy to sustain the Sea Fish Industry Authority, cuts in rates and assistance with the recruitment and retention of staff?

Ross Finnie: There are several aspects to that. The evidence of difficulty is extraordinarily spread—far more so than in the catching sector. Take, for example, the figures in the English processing sector, which, even today, imports almost 90 per cent of its requirement. Prior to the imposition of the days-at-sea rules and the recent cuts in quotas, the Scottish industry was probably importing something more in the order of 60 per cent or 65 per cent.

We have spoken to a number of processor organisations, large and small. It appears that, regrettably, they will have recourse to higher levels of imported fish. That is not in our long-term interests. However, in so far as the processors do that, they will mitigate the financial effect on their business. Equally, if they can sustain a level of throughput, it will also enable them to retain members of staff for whom there are difficulties already.

Elaine Thomson's point about the Aberdeen area is well known—it is one of the issues that was considered as part of the previous funding. That is an overarching fact. In our discussions, we have had different answers from a range of people about the likely financial impact. It appears that a substantial number of people will have recourse to import substitution. I do not regard that as desirable, but as I said, it mitigates the financial effect. We have indicated clearly that the balance of the fish processor action plan will be made available again for those in the industry. Other than the catching sector, the segment of the industry that has benefited most from our allocation of FIFG moneys—such as they are—has been the processing sector. Those moneys will continue to be available to the processors. The enterprise agencies that are charged with examining all the onshore facilities, and the level of support that they might require, continue to do that job.

We will help, in so far as we are able to do so, to use the balance of those funds and the FIFG moneys. Furthermore, that element of the sector will be less affected by import substitution and I hope that it will retain some of the current

processing. We continue to monitor that situation, but it is variable because we do not know where the precise difficulties will emerge for the reasons I have just given.

The Convener: Finally, we go to the very patient Margaret Ewing.

Mrs Ewing: You will be glad to hear that I will not ask the 15 questions that I wanted to ask.

The points that I want to make arise from comments by both ministers in response to other questions. The first is on the fixed quota allocation. Ross Finnie said that many of the boats had been decommissioned since 2001, but that the quotas had not yet been sold. That is because there is an unwillingness to sell the quotas because it is feared that they will be removed from the national waters of Scotland. That should be placed on the agenda for the March meeting of the council, which seems to be gathering significance, as we have heard in evidence today. I realise that Ross Finnie is currently considering the legal implications.

In his evidence, John Farnell said:

“quota is national and will remain national for the foreseeable future.”

I do not know what is meant by that “foreseeable”. Will Ross Finnie give us a hint about the long-term attitude of the Commission and the council?

My second question concerns the progress on industrial fishing. As Elliot Morley knows, we were on upper corridor north at Westminster for a long time. I know that he has a strong inclination towards environmental matters—I remember the posters on his wall only too well. Is it possible for him to give me a time scale for how long he thinks it will take to gather the scientific evidence on industrial fishing and the bycatches?

Ross Finnie: The quota situation is complex. If someone who is not a Scottish fisherman, and is instead a member of another European state, seeks to acquire Scottish quota, I understand that they would first have to acquire a UK-registered licence. That does not mean that it then becomes a UK quota, but that is what they have to do. They would also have to enter into arrangements whereby at least a proportion of their catch would be landed in a UK port. As I said in response to an earlier question, although I recognise the dangers and potential dangers, I would be a little surprised if people were holding on to the quotas simply because of fear of overseas buyers. I would have thought that they would know who the inquirer was, but perhaps they do not. Perhaps the inquirer keeps a blank front, in which case I understand the problem.

The rules are not absolutely foolproof, but they act as a discouragement to potential non-UK

buyers because they have to go through hoops in order to get there, but there might be an incentive so to do. As I said in an earlier answer, that is an issue that causes me concern and I am having discussions about it with the industry and other organisations that might be interested in how to facilitate the trading of quota into and around Scottish hands.

Mr Morley: I remember upper committee corridor well. If I remember, Margaret Ewing had a window in her room, which was superior to my room—I used to covet her room.

We want to see work start on industrial fishing as soon as possible. We want a clear work programme from the Commission in the course of the coming year; that is one of the things that we will press for at the council meeting. As I said, a variety of studies has been done and they need to be pulled together as part of the work on analysing the impact. I assure the committee that I know that that is an issue that it takes seriously and which the industry is concerned about it. We want progress to be made on the matter as soon as possible.

The Convener: On that note, I draw this meeting to an end. I thank both ministers very much, particularly for their flexibility over time, given the gravity of the situation.

The committee will receive a draft report next week based on the two evidence sessions. I ask for the committee's agreement that the draft report be considered in private at that meeting and at any subsequent meetings, if necessary.

Members indicated agreement.

The Convener: We will discuss the two negative statutory instruments that relate to the decisions on 4 March and two affirmative statutory instruments and one negative on 11 March. There is much debate yet to come. I thank everybody for their time; in particular, I thank those in the gallery for their patience. Thank you for joining us this afternoon.

Meeting closed at 18:11.

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