



irish fish producers' organisation

Simon Coveney TD
Minister for Agriculture, Food and the Marine
Agriculture House
Kildare Street
Dublin 2

13.6.11

Dear Minister,

Thank you for your letter of May 12th requesting the IFPO's views on the management of Celtic Sea herring, Northwest herring and Atlanto-Scandian herring, with the intention of introducing revised policy and management arrangements. We note your intention that the new arrangements would deliver efficient and effective administration.

Our response is rather long but the subject is of great complexity and a detailed consideration of the various aspects is necessary.

The IFPO has consistently sought a comprehensive approach to the management of pelagic fisheries and our approach to herring management is informed by general considerations which we submitted in respect of mackerel in recent years. Many of the considerations which informed the mackerel debate are also relevant to herring management but there are specific issues related to herring which require a differentiated approach.

The current arrangements and conditions differ markedly between the three main geographical fisheries under consideration in terms of the pattern, evolution and the economics of the fisheries. We propose to consider each area separately but as part of an overall approach.

There are some general points which inform our analysis:

1 WHAT WE NEED FROM REVISED ARRANGEMENTS

In the IFPO's view, the industry needs the Minister to take resolute, considered decisions on herring, to contribute to providing a fair and stable operating environment for pelagic fisheries in Ireland. Instability is causing skewed investment decisions, having the potential to putting undue pressure on the resource, causing huge financial pressure upon which no industry can go forward on a sound basis.

While appreciating that you as Minister or future Ministers reserve the capacity to make management decisions according to circumstances, it would be very useful if you could provide an indication that the final proposals to be adopted following the current consultations are intended to hold for a period i.e. that a five or ten year time horizon would be envisaged before further change.

2 HIGHLY COMPLEX EXISTING SYSTEMS - NOT A CLEAN SHEET

There is no avoiding that we are not starting from a clean sheet – there are very significant investments made already on the basis of the existing set of policy, licensing and management arrangements and perceptions of entitlements also exist.

3 ISSUES WHICH NEED TO BE TAKEN ACCOUNT OF

The formulation of revised arrangements needs to strike a balance which takes account of the:

- evolution to date of the quota utilisation by different categories of vessel;
- characteristics of previous management;
- the merits and de-merits of limiting access to the herring resource to certain vessels as opposed to open access;
- evolution to date of licensing policy and categorisation;
- need for rational management which gives participants a chance to be economically viable having regard to all the species which they have rights to fish;
- investments made by existing participants versus allowing additional entrants which dilute returns;
- impact of possible policy, licensing and management policies on asset values;
- need for equity of treatment and not to unfairly disadvantage vessels with similar replacement capacity;
- Maximising the quality standards essential for the market consistent with food safety and market requirements;
- Safety of vessels and crews;
- Maintaining to the greatest extent possible fishing possibilities for Irish fishing vessels;
- The maintenance and development of a viable processing sector and employment opportunities in peripheral areas.

4 FLEET SEGMENTATION, ENTITLEMENTS AT PRESENT AND NUMBER OF VESSELS BOOKING IN TO CELTIC SEA AND NORTHWEST HERRING FISHERIES

Polyvalent vessels over 65 feet fishing Herring are limited in number by the need to have Active Pelagic status, an entitlement built up over a series of years under a highly complex evolution of policy. *Thus there is a cap on the numbers save for amalgamated under 65 foot replacement capacity with active pelagic transferrable status.*

There were "moratoria" introduced for example which meant that entitlements were maintained from year to year for vessels in the case vessels did not participate in pelagic fisheries, or on a limited basis, in order not to force un-economic participation in declining fisheries in those years.

All polyvalent vessels under 65 feet have herring entitlement at present, which means that any vessel under 65 feet can enter the herring fishery at will. The number of vessels under 65 feet booking in has risen consistently in recent years, as has the number of actual participants and booked in vessels not participating at all.

Only a small number of Pelagic RSW vessels have participated in the Celtic Sea herring fishery in recent years due to the low quota and the low weekly allocations.

This evolution has given rise to divergent opinions as to future management which are articulated in detail in section 6.5 below. This makes the challenge of devising a rational and sensible arrangements extremely difficult.

5 DEFINING PREVIOUS PARTICIPATION

This is an important issue to be considered if decisions are to be made which relate to previous participation. The question of defining previous participation is in itself not straightforward. We note the views expressed in other submissions concerning previous take-up of quota as relates to future management.

In the context of what is a pair fishery i.e. where vessels operating in a pair (or occasionally as a threesome) it has been permitted for one vessel in the pair to land both vessels' quota. Logged landings by an individual vessel are therefore not a reliable measure of previous participation.

In order to avoid confusion, any consideration of previous participation should be defined as vessels which are duly booked into a fishery and have actually participated as evidenced by verified and submitted logbooks and VMS records of participation. The level of quota landed by any individual vessel in a pair would be immaterial, with the record of any vessel being 50% of that of the total any pair in which they have legally been engaged in, regardless of which vessel landed the fish from such a pair.

In the event of replacement capacity being sold or transferred, the record appropriate to the replacement capacity would be retained by the current owner of the replacement capacity.

6 CELTIC SEA FISHERY

6.1 INTRODUCTION

Because the Celtic Sea Herring stock and quotas are rising significantly at present, this fishery is the most contentious in terms of policy, management and access.

6.2 BACKGROUND

The Celtic Sea was for many years a mainstay of the Irish fishing industry with a large fleet targeting stocks from Kerry Head off Kerry to south of Dunmore East. The fishery was closed in the early nineteen-eighties due to a major collapse. It was also the scene of a major herring roe based fishery in the nineteen-nineties which itself collapsed.

There are only a handful of processing companies still in operation in the southwest at present which are heavily dependent on Celtic Sea herring for survival.

The TAC for Celtic Sea Herring fell steadily in the years up to 2009 when it reached 5,115 tonnes.

The management of the fishery, influenced heavily by the Celtic Sea Herring Management Advisory Committee, has been based on weekly booking in to the fishery, specific opening and closing dates and seasonal or semi-permanent closed areas.

6.3 CURRENT MANAGEMENT

Responding to falling quotas, there were developments in the seasonal patterns for the fishery and the development of a differentiated sentinel fishery for small (under 15 metre) vessels in Dunmore East. Currently 8% of the quota is set aside for the Dunmore Sentinel Fishery.

A very contentious balance has been struck between the size of maximum allocations to the various categories of vessel in the fishery, and attempts to keep the fishery open as long as possible each season in order to keep factories in the south and west supplied for a long a season as possible.

6.4 QUOTA LEVELS

The Irish quota for Celtic Sea Herring has risen as outlined below, and is likely to rise substantially in coming years if current trends are maintained, as outlined below.

2009	5,115 T
2010	8,770 T
2011	11,407 T
2012	14,258 T (estimate)

It is possible that the Irish Celtic Sea quota could exceed 20,000 tonnes in 2014 according to the current management plan for the stock.

6.5 DIVERGENT VIEWS ON FUTURE MANAGEMENT OF CELTIC SEA HERRING

In response to a draft proposal circulated internally within IFPO, it is clear that divergent views exist on future management. **There is an obvious obligation on the IFPO to ensure that these opinions are articulated clearly to you as Minister.** The positions are summarised below:

6.5.1 *Existing participants with considerable track record*

It is the strong view of participants which have long-standing involvement in the Celtic Sea Herring fishery that participation be confined to vessels with three years' participation in the past five years. This is effectively also the view of the Celtic Sea Herring Management Advisory Committee. The argument advanced is that the existing participants have managed the fishery successfully and that rational future policy would be served by limiting access in this manner. This view has been expressed directly in writing to the Minister by a number of IFPO members.

6.5.2 *Recent Participants*

An equally strongly held variation on the view advanced above in 6.5.1 is that put forward by more recent participants who do not meet the three year threshold. They argue that they have made the significant investment required to participate in the fishery, that they have a legitimate expectation of continued participation, that the fishery is an integral part of their fishing plans and that to deprive them of access in the future would both be very unfair as well as jeopardising the viability of their vessels.

6.5.3 Pelagic RSW Vessels with no recent record of participation

All Pelagic RSW vessels are currently entitled to participate in the Celtic Sea herring fishery. Pelagic RSW vessels which have not participated in the fishery in recent years consider that the management of the fishery was specifically designed to exclude their participation by managing the fishery on a weekly basis and setting uneconomic quota levels.

They point to the fact that they are designated pelagic specialist vessels which have had full entitlement to participate and should retain this right. They also maintain that their non-participation in the fishery in the years of decline actually assisted the viability of those that did participate as well as helping to recover the stock.

6.5.4 Polyvalent Under 65 feet vessels who have not participated in recent years or possibly ever.

A strong view that the current entitlement for all under 65 foot vessels to fish Herring must be maintained as an absolute right and that no further subdivision of access to fisheries should be contemplated. This is based on the long term flexibility required to respond to changes in fisheries as well as asset values of fishing licenses.

The various views above are irreconcilable. All that the Minister can do is consider and balance the issues as fairly as possible. IFPO submits that the principles we have set out in Section 3 above may be a useful guide to consideration of these issues.

6.6 TO RING FENCE OR NOT TO RING FENCE?

There are two basic decisions as to whether to ring-fence (fully or partially) the relevant to the current review of herring management, and specifically in respect of the Celtic Sea. **While the IFPO is unable to reach a definitive conclusion due to conflicting views, the following might provide some assistance in considering the issue:**

6.6.1 Should the entitlement for all vessels under 65 feet to participate in herring fisheries be removed?

While the maintenance of the entitlement is attractive to the majority which comprise that segment - i.e. the generality of the polyvalent vessels under 65 feet, it is clear that unlimited potential access poses difficulties for the actual participants in terms of economic rationality as regards harvesting the stock, or in terms of investment in this fishery.

The approach outlined below would maintain the general entitlement under 65 feet which exists but allow for better management of actual participation. It does however not have the support of existing actual participants in pelagic fisheries.

Rather than unlimited access or complete ring-fencing, a compromise approach could be considered. Access could be **prioritised** for those with records of actual participation as in Section 5 above and Pelagic RSW vessels as set out below (6.6.3), with a portion of the quota be set aside for other polyvalent vessels - subject to the unused portion being reallocated to the vessels with track record at a point in the year which the latter could actually utilise it.

Additional under 65 foot vessels could be allowed to participate on a strictly controlled basis subject to meeting verified criteria about vessel characteristics, vessels safety, investment in requisite gear and equipment. Vessels would have to book in annually with subsequent non-participation penalised by suspending eligibility for a number of following years.

In addition, if the Celtic Sea Herring quota were to increase to 25,000 tones, a strictly limited number of additional under-65 foot vessels might be permitted, subject to detailed criteria as set out above being established and the maintenance of economic returns for participating vessels.

6.6.2 To what degree should access to main Celtic Sea herring fisheries be ring-fenced *among existing participants* or vessels with established rights to participate?

This relates specifically to consideration of the issue as to whether vessels with three years record of participation should be favoured (as in the CSHMAC proposal and also of some IFPO members), or whether vessels with shorter records (one or two years) should also be treated equally with them.

The IFPO as a whole (notwithstanding and respecting the views of various members as expressed) cannot propose displacing vessels from pre-existing participation in a fishery. The IFPO cannot recommend the exclusion of any vessel which has participated in the fishery (as defined in section 5 above) in the previous 5 years. This will be reflected in our proposal below.

6.6.3 What about Pelagic RSW vessels without recent track record in the Celtic Sea?

Having regard to the arguments in Section 6.5 above, Pelagic RSW vessels should have some access to Celtic Sea fishery by having access to a specified portion of the quota.

7 IFPO PROPOSAL FOR THE CELTIC SEA HERRING FISHERY MANAGEMENT

7.1 Main Fishery

75% of the Celtic Sea Herring Quota would be reserved for vessels with a record of actual participation in the fishery in any of the past five years i.e. 2006,2007, 2008,2009,2010. See note in 7.3 below relating to RSW vessels with track record in the Celtic Sea.

7.2 Sentinel Fishery

8% of the Celtic Sea herring quota should be reserved for the Dunmore Sentinel Fishery, with future access limited to those who participated prior to 2011, with limited future additional entry to be decided by the Minister following advice from the CSMAC depending on quota levels and economic considerations.

7.3 RSW Pelagic Fishery (the 23 vessels in the Pelagic RSW segment)

12% of the Celtic Sea herring quota to be reserved for Pelagic RSW vessels, on the basis that a limited number of pairs of vessels would be drawn by lot in rotation having regard to the size of allocations required to make such participation economic.

This would mean that RSW vessels would participate in rotation, once every few years as currently the case in some other fisheries with limited quota. The number of vessels involved any year would depend on quota available and price achievable.

N.B. *In the event that an RSW vessel had actually a record of participation, that vessel would be entitled to its annual track-record based share of quota in the MAIN fishery (as opposed to its share in rotation of the RSW Pelagic segment's quota).*

7.4 *Non track record vessels under 65 feet*

Up to 5% of the Celtic Sea herring quota would be maintained for vessels under 65 feet without track record subject to detailed criteria as set out in section 6.6.1 above i.e.:

"Additional under 65 foot vessels would be allowed to participate subject to meeting verified criteria about vessel characteristics, vessels safety, investment in requisite gear and equipment. Vessels would have to book in annually with subsequent non-participation penalised by suspending eligibility for a number of following years"

Maximum individual allocations to the non-track record under 65 feet vessels would be on the same ratio as existing under 50 foot vessels (see 7.5 below) or a share of the available total for that segment, whichever is the lower. This is to ensure that decisions are not distorted by additional vessels having greater quota levels than vessels with previous records of participation. Unused portions of this quota would revert to the main fishery at a date pre-specified to ensure full utilisation of quota.

In addition, if the Celtic Sea Herring quota were to increase beyond 25,000 tonnes (or other appropriate trigger points, a strictly limited number of additional under 65 foot vessels might be permitted, subject to detailed criteria as set out above being established and the maintenance of economic returns for participating vessels which would be determined at the time. Specific arrangements could detailed by DAFM at the time such a decision becomes relevant.

7.5 *Ratios / Allocation Keys for Distribution of Quotas*

Quotas for the main fishery would be allocated on a ratio as follows:

> 65 feet (or equivalent metric)	8
> 50 feet < 65 feet (or metric equivalent)	5
< 50 feet (or metric equivalent)	3

7.6 *Dates of Opening of Main Fishery*

The opening dates for the Main Fishery and decisions as to holding Spring / Autumn fisheries would be determined by DAFM with advice from CSHMAC. However, the different circumstances of vessels which have other alternative pelagic fisheries - e.g. Mackerel, Blue Whiting, Atlanto Scandian Herring, would have to be taken into account such that no group is discommoded by such decisions.

7.7 *Management Periods*

Quotas in the main fishery and the sentinel fishery would be allocated on a monthly basis among vessels booked in, with opening dates and the overall amount to be allocated to be determined by DAFM with advice from CSHMAC. This is to facilitate economic amounts being allocated but to spread out supplies somewhat for the benefit of processing operations. Suppliers could then make commercial arrangements with processors as to the scheduling of supplies in order to optimise the economic operation of vessels and processing factories. This would also be of considerable benefit in terms of administrative simplicity for DAFM, which is a stated consideration of the Minister's review.

7.8 *Pelagic RSW Fishery*

For the quota allocated to the RSW Pelagic Segment, the number of vessels to be entered in the fishery would be advised by the vessels via CSHMAC to DAFM, with vessels' annual allocations being issued on January 1, with redistribution on November 20th each year if underutilised. This reflects the fact that such vessels would be participating on a rotational basis over a period of years and the allocations should not hinder economic considerations as regards vessel operations.

8 NORTHWEST HERRING FISHERY

8.1 BACKGROUND

The Northwest Herring fishery has been in serious decline for a number of years. The fishery is based on two subdivisions: VIa South and VIa North. The combined quota in recent years has been:

2009	11,654 T
2010	10,463 T
2011	7,371 T

It is likely that the quota will decline further in 2012 but it is highly likely that the quota in VIa South will increase significantly in subsequent years as scientific advice catches up with the state of stocks which are in fact far better than is currently acknowledged.

8.2 CURRENT NORTHWEST HERRING MANAGEMENT ARRANGEMENTS

The current management arrangement for this fishery is on a pilot basis in which the quota is allocated at the beginning of the year on the basis of allocation keys as follow:

RSW Pelagic Tier 1	10
RSW Pelagic Tier 2	7
RSW Pelagic Tier 3	4.5
Polyvalent > 65 feet	2.68
Polyvalent >50 <65 feet	2.1
Polyvalent < 50 feet	1.75

8.3 IFPO PROPOSAL FOR THE NORTHWEST HERRING FISHERY POLICY AND MANAGEMENT

The Northwest Herring fishery constitutes the quotas for Areas VIa North and VIa South combined

8.3.1 Main Northwest Herring Fishery

Access to the bulk of the fishery should be confined to vessels which have access (a) to the Main Celtic Sea herring fishery under our proposals (b) all Pelagic RSW vessels or (c) or any other vessels with records of participation in Northwest Herring fishery in any year over the past 5 years.

8.3.2 Distribution of Quota in Main Fishery

95% of the available quota would be allocated to vessels with previous involvement. Allocations to be made according to existing ratios to be issued at the beginning of the year, with reallocation as necessary at the end of November for unused quota.

8.3.3 Provision for General Polyvalent Vessels under 65 feet

Up to 5% of the overall quota would be available to vessels under 65 feet with no history of previous participation, subject to the similar provisions as in Section 7.4 for the Celtic Sea.

Allocations per vessel in this category would not exceed that the 1.75 ratio above or a share of the 5%, whatever is the lesser for reasons outlined in the analogous section of our proposal on the Celtic Sea. Unused quota from this segment would be returned for reallocation to the main fishery at such a time as to be capable of being utilised by the participants.

8.3.4 Provision for future additional under 65 ft vessels to join main fishery if quota rises substantially

Provision for a specified additional number of under 65 foot vessels to be included in the main fishery would be made at pre-specified trigger levels of quota to be determined for the annual quota on a similar basis our proposal for the Celtic Sea in Section 7.4 above. *However, given the current state of quotas in the Northwest Herring Fishery and the marginal viability of the fishery at best, such trigger points are likely to be greatly in excess of the current levels.*

8.3.5 Rationing access to ensure economic viability

Currently, many vessels participate in pelagic fisheries to maintain entitlements and track record. *This point is covered more comprehensively in section 10 below.*

In view of the current low level of quota available in the Northwest Herring fishery currently, a system should be devised following discussions with the fishing organisations whereby DAFM would issue authorisations to a number in each category above (rather than to all vessels), so as to ensure that quota amounts have regard to viability, with the intention that when the stocks and quota have increased substantially that this reverts to being a fully annual fishery for all qualifying vessels.

9 ATLANTO SCANDIAN HERRING FISHERY

9.1. BACKGROUND

Atlanto-Scandian herring is a limited fishery off the Norwegian coast. The trend is the Irish quota has been as follows:

2009	9,487 T
2010	8,563 T
2011	5,705 T

9.2 CURRENT MANAGEMENT

Ireland is permitted to have up to 9 vessels operating in this fishery but the low volumes available mean that seven is the highest number that have participated in any year.

The area is prone to very bad weather and is more suitable for larger vessels but a number of the under 65 foot vessels have been successful in this fishery in recent years.

In recent years, five Pelagic RSW vessels have participated each year by agreement of the vessels in the category. In recent years also, two Polyvalent vessels with pelagic entitlements were allowed to participate. These have been drawn by lot from applicants.

9.3 IFPO PROPOSALS FOR ATLANTO-SCANDIAN HERRING FISHERY POLICY AND MANAGEMENT

9.3.1 Maintain Current Arrangements

The IFPO proposes that the arrangements currently in place be continued, with the proviso that the numbers be reduced should the overall quota available fall below viability thresholds as advised by the fishing organisations to DAFM.

9.3.2 Safety and Certification Requirements

Vessels selected to participate should be in compliance with all safety requirements for operating in the relevant area as well as crew certification, and comply with all Norwegian regulations necessary.

10 ANNUAL ROTATION OF FISHING OPERATIONS IN SOME FISHERIES WHERE QUOTAS OR SO LIMITED AS TO REQUIRE ANNUAL ROTATION OF PARTICIPATION

As has been alluded to earlier in respect of the Northwest Herring Fishery, quota availability for the Northwest Herring, Atlanto-Scandian Herring or Blue Whiting fisheries can only viably support a limited participation in any one year. This requires participation by rotation in these fisheries which is currently organised on an agreed basis within the sector

It is proposed by IFPO that a system be devised by DAFM in consultation with the industry whereby vessels which are participating in any of these particular fisheries - such that a vessel can only participate in one of those "rotating" fisheries in any one year.

This is to allow a spread of participation in any one year and reduce major fluctuations in income over time and would facilitate planning and benefit all participants.

This system should take account of access in the past three years to "rationed" fisheries to the greatest extent possible to maximise fairness.

We commend this comprehensive submission to you Minister. It is a genuine attempt to address the complex issues and divergent views. It is safe to say that no one of our members would be happy with all its contents but it represents the best we can come up with as an organisation with diverse membership.

Should it prove useful or necessary, I will be more than happy to discuss any aspect of it with you or your officials.

Yours sincerely,

Lorcán Ó Cinnéide
CEO