What are producer organisations (POs) and how is quota shared in the UK?

Fish producer organisations (FPOs or POs) are regional trade bodies established under the Common Fisheries Policy (CFP), who are key players in European fishing by taking such measures as will:4

1. encourage the planning of production and its adjustment to demand, in terms of both quantity, in particular by implementing catch plans;
2. promote the concentration of supply;
3. stabilise prices; and
4. encourage fishing methods which support sustainable fishing.5

In 2011, there were 228 POs in 17 EU member states, of which 185 were in capture fisheries and 43 were in aquaculture.

What can European POs do under the CFP and the EMFF (European Maritime and Fisheries Fund)?6

As described in the regulation above, POs may:

- Plan the fishing activities of their members.
- Make the best use of unwanted catches of commercial stocks.
- Adjust production to market requirements (i.e. POs are empowered to take produce out of the market if prices fall below levels set by the council of ministers and are

As EC Council Regulation No. 14 on the common organisation of the markets in fishery and aquaculture products states:2

..in order to achieve rational and sustainable use of resources, producer organisations should guide the production of their members towards meeting market requirements and foster conditions that will ensure that their members obtain the best possible returns on their catches, particularly of species subject to quota restrictions; for these reasons, it is advisable to require producer organisations to define and submit to the competent authorities at the beginning of each fishing year a proposed programme for planning supply and regulate in advance the deliveries from their members and, where appropriate, specific provisions for products which habitually present marketing difficulties;'3

POs are groups of fishermen or fish farmers who voluntarily come together to form an organisation established for the purpose, in particular, of ensuring that fishing is carried out along rational lines and that conditions for the sale of their members’ products are improved,

1 http://ec.europa.eu/fisheries/cfp/market/producer_organisations/index_en.htm
4 Article 5 (1) (b) of the Council Regulations
6 http://www.eurofish.dk/pdfs/Zadar/14-AA.pdf
entitled to receive compensation from the EC.

- Channel the supply and the marketing of their members’ products.
- Manage the temporary storage of fishery products.
- Generate sufficient economic activity within their geographical area.
- Not discriminate in terms of nationality or location of their members within the EU.

POs also aim to get the voices of fishermen heard at a national and European level, while securing the livelihoods of their members.

At European level, there is the European Association of Fish Producers Organisations (EAPO), founded in 1980. The Association shall try to realize the objectives by means of publications, letters, conferences and meetings with the national and international authorities especially the E.E.C.-authorities qualified in fishery affairs. According to its website, the EAPO’s objectives are:

- Improve relationships between all European POs and solve fish marketing problems.
- Govern resources and contribute towards control measures.
- Adapt and harmonise the common rules in the fisheries sector.
- Put ‘extension of discipline’ into operation.
- Coordinate the actions of Pos.
- Promote common consultation between the different professional structures.
- Obtain recognition by the European Economic Community (EEC) as the official representative of European POs.

There are 23 POs in the UK, which help market their members’ catch, manage fish quotas, and lobby government (UK and EU) on behalf of their members. POs are also able to trade quotas with other POs, just as regions and states are able to trade quotas within the CFP. The United Kingdom Association of Fish Producer Organisations (UKAFPO) is a trade association representing all fish producer organisations in England, Wales, and Northern Ireland. The POs take a number of legal forms. Some, such as Interfish, which is also a member of the EAPO, are companies; others are associations of various types. Some of the POs are cooperatives (there are 69 fishing co-operatives in the UK with a combined turnover of £29.5 million and almost 5000 members). In general, membership has been open to any licensed vessel within the four fishing administrations in the UK. In practice, however, members of POs are in vast majority vessels >10m in length, in the English fishing fleet. Some POs, such as the Cornish Fish Producer Organisation, also have vessels <10m, enabling them to lease quota for the payment of their membership fee.

Fishing quota and POs

EU countries receive a share of the TAC for each quota fish stock, and within the UK these are largely distributed into what are known as fixed quota allocation (FQA) holdings (Box 1). Each FQA gives the holder access to a share of the quota for particular fish stocks. Currently there are over 8 million FQAs ‘in circulation’ in the UK.

11 http://www.marinemanagement.org.uk/fisheries/management/licences_current_o10s.htm#ifpo
15 https://www.fqaregister.service.gov.uk/
17 Vessels in the English, Scottish, Welsh, and Northern Irish fishing fleets might not be members of POs in their own jurisdiction. Thus, on 1 January 2012, in addition to 301 English vessels, English POs had 60 Scottish, and 11 Welsh vessels as members. Nine English vessels were members of Scottish POs, although the membership of Scottish POs was overwhelmingly Scottish (386 out of 400 vessels). Eighteen of the 176 members of the two Northern Irish POs were English vessels and 11 were Scottish.
Under current quota management arrangements, the UK’s quota (effectively, permission to catch a certain amount of certain species of fish, within a specific area) is shared out, or allocated to the following three groups:

- **The sector**
  
  **The sector:**
  Vessels >10ms which are members of POs. Individual POs (23 in the UK) manage the quota for the vessels in their membership.
  
  Photo credit: Billy Rowney
  https://www.flickr.com/photos/28121598@N03/9141349735/

- **The non-sector**
  
  **The non-sector:**
  vessels >10m not fishing against quota allocations managed by POs.
  
  Photo credit: Anna Hall
  http://www.flickr.com/photos/35811354@N02/3778724497/

- **The inshore fleet**
  
  **The inshore fleet:**
  Vessels <10m not fishing against quota allocations managed by POs. More than half of the vessels in the inshore fleet are <8m in length. The inshore fleet employs some 65% of the workforce of the fleet as a whole.
  
  Photo credit: Mooganic
  https://www.flickr.com/photos/64588110@N00/12227247015/

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**BOX 1. Fixed quota allocations (FQAs)**

Although they are abstract units of measurement, FQA units have been the principal way of allocating fishing quota within the UK fishing industry since 1999. The UK receives a share of the total allowable catch (TAC) for each quota stock (referred to as FQA holdings). Each individual FQA entitles the holder to part of the quota for that stock, although these entitlements are adjusted by the Fisheries Administration (FA) in each country.

The value in terms of quota each FQA relates to cannot be determined or fixed from year to year as it depends on the amount of quota allocated (by the EU to the UK that year) and on FA adjustments. After the adjustments have taken place, a pool of quota is made available and then divided into FQAs.

This system came into being as the number of FQA units which were originally allocated to each vessel >10m (the sector) was calculated based on each vessel’s share of landings from 1994 to 1996. The number of FQAs allocated to each vessel did not change from that point unless fishermen traded these FQAs amongst themselves. FQA entitlement is not fixed as such, as they can be traded.19

“Dummy licences” refer to administrative mechanisms (rather than licenses) which enable POs to hold FQAs which have been secured from other sources and for a variety of purposes.20

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18 https://www.fqaregister.service.gov.uk/
19 FQAs should have been officially ‘fixed’ although the UK government unofficially accepted trading by reconciling quota movements periodically.
20 https://www.fqaregister.service.gov.uk/
To understand the significance of quota allocation and how this relates to fishing capacity and employment within different parts of the industry, the fact that the majority of active fishermen are not members of POs stands out, mainly because they fish for non-quota species or shellfish and therefore have no need to join a PO. Active fishermen, however, may be members of their local Fishermen’s Association (generally named regionally, e.g. Thanet Fishermen’s Association in Kent), or the South West Handline Fishermen Association, which represents over 150 handline fishermen in south-west England.

**Fishermen’s organisations and lobbying:** A group of eight POs in England, together with the North Devon Fishermen’s Association, Morcambe and Heysham Fishermen’s Association, and Whitehaven Fishermen’s Association, formed the National Federation of Fishermen’s Organisations (NFFO) in 1977. The Scottish Fishermen’s Federation (SFF) was formed in Scotland in 1973.

Together, the NFFO and the SFF formed the MPA Coalition (MPAC) in 2009. Their combined purpose is to ensure that the marine protected areas foreseen in the Marine & Coastal Access Act are introduced in a way that minimises adverse consequences for fishermen. This lobbying body has had a significant impact on the Marine Conservation Zone (MCZ) process and wider decision-making concerning the marine environment and fisheries. The NFFO’s view of the success of the MPAC with regard to MCZ boundaries is made apparent on its website: On the other hand, where concerns that particular fishing ground hotspots have been captured within the boundary of a site, such as in the case of Swallow Hole in the North Sea, DEFRA has made an important recognition that a zonal approach to site management will be necessary to ensure these grounds are not lost to fishing. This vindicates the case made by the MPA Fishing Coalition and the NFFO that closing such areas are likely to have undesirable consequences in conservation terms through the displacement of fishing activity elsewhere.

The New Under Tens Fisherman Association (NUTFA) and the Scottish Creelers and Divers (SCAD) association (part of the bigger Scottish Creel Fishermen’s Federation -SCFF) have been set up recently to provide a platform for the voices of small-scale fishermen to be heard. NUTFA represents all <0m sectors, but originally was formed to represent the <10m vessels in the debate over UK fishing quota allocation. SCAD members generally fish for non-quota species or those which do not have major issues surrounding quota (e.g. nephrops) and aim to reduce conflict between gear types by forming a unified body.

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21 http://linecaught.org.uk/
22 http://www.nffo.org.uk/
23 http://www.sff.co.uk/
27 http://www.nffo.org.uk/news/mcz_site_by_site.html
28 http://www.nutfa.org/#/the-fishing-industry/4543398810
29 http://www.bigbrayne.co.uk/scad/
30 http://www.scottishcreelfishermensfederation.co.uk/members.htm
31 Read more about NUTFA and its call for an Inshore Fisherman’s Producer Organisation here http://www.nutfa.org/#/inshore-producer-organisation/4559328963
BOX 2. The chronology of a long-standing debate over the UK quota.

The UK government tried to stop foreign ownership of its quota back in the 1980s (1985 licencing conditions and 1988 Merchant Shipping Act on having to demonstrate an economic link) and lost in the European Court of Justice. By the mid-1990s, about a fifth of the tonnage of the UK fleet were owned and crewed by Spanish and Dutch fishers. Their catches were landed in Spain or the Netherlands or at UK ports for shipment by freezer truck to their home countries. The vessels, however, flew UK flags and held UK fishing licences, so their catches were counted against the UK quota. The UK government decided in 1988 that this was unacceptable and passed a law requiring three-quarters of the shareholders of UK-trawler-owning companies to be from the UK. Three years later, the law was quashed by the European Court of Justice (ECJ) as contrary to EU rules on freedom of movement of people and capital. The case – Factortame Limited v. Secretary of State for Transport – was taken against the UK government by a company of Spanish fishermen who claimed that the UK had breached EU law by requiring ships to have a majority of UK owners, if they wished to be registered in the UK.

Quota hopping (the practice of obtaining the right to catch a part of a country’s national quota for fish in European waters by buying licences from its fishermen) is more widespread in the UK than in any other EU member state.32

A Greenpeace investigation in 2013 revealed that a considerable amount of fishing quota held by members of the NFFO is actually in the hands of Spanish, Dutch, and Icelandic interests, which a 2009 report by Defra found to be contributing little or nothing to the UK economy. The fishing interests that the NFFO represent is reflected by the fact that 57% of gross tonnage of the NFFO’s fleet is controlled by companies or individuals from overseas. As a consequence, the UK fishing quota used by these vessels and the resulting profits do not contribute to the UK economy (at a time where any additional funds are needed and where they are licensed based on the condition of contributing to the UK economy). The MMO licence conditions stipulate that (8.2) The licence holder must ensure that there is a real economic link between the vessel to which this licence relates and the United Kingdom, Channel Islands or Isle of Man, in so far as this link concerns only the connections between the fishing activities of the vessel and those communities which are dependent on fisheries and related industries.

Lobbying by the NFFO in the interests of UK fishermen is what the national federation was set up for. Representation of companies producing fish is its remit. Transparency regarding

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32 http://eprints.port.ac.uk/11380/
34 http://www.nffo.org.uk/membership.html
36 http://www.greenpeace.org.uk/media/reports/wolf-shrimps-clothing
37 http://issuu.com/greenpeace/docs/nffo_infographic?e=1103685/1786577
38 http://www.marinemanagement.org.uk/fisheries/management/licences_current_o10s.htm
39 8.3 The real economic link condition shall be deemed to have been complied with where any one of the following options is satisfied during each of the periods specified in paragraph 8.1 above: (a) at least 50 per cent by weight of the total landings of all stocks subject to EC quotas landed by the vessel, and which the vessel is licensed to retain on board, has been landed in the United Kingdom, Channel Islands or Isle of Man; or (b) at least 50 per cent of the vessel’s crew (measured by reference to the total number of crew-days at sea) is made up of persons who normally reside in UK coastal areas or the Channel Islands or Isle of Man; or (c) the vessel owner achieves another arrangement which consists of: (i) a combination of two or three of the above options (the minimum percentage chosen for any one option may be less than 50 per cent but the percentages chosen individually and in combination must genuinely provide a real economic link); or (ii) criteria other than the above options which genuinely provide a real economic link; or (iii) a combination of (i) and (ii) which genuinely provides a real economic link.
membership is in the UK public’s interest. Despite the issues surrounding quota,\textsuperscript{40} the NFFO states the following on its website: Decentralised quota management through producer organisations has been one of the few unambiguous success stories to emerge over the last 20 years and is increasingly copied in other member states.\textsuperscript{41} If done well, PO quota management has shown itself to be a reasonable tool for local management – an example is Shetland PO, where there is no foreign ownership, strong local control of the fishery, integrated systems, community quota, etc. Fife PO has some foreign ownership but is still very community oriented, the Scottish Fishermen’s Organisation (SFO) manages its quota on a pool, rather than on an individual transferrable quota (ITQ) basis.

Box 3. Who ultimately controls the UK’s fishing quota – a public resource estimated to be worth billions of pounds?

In 2013, the UKAFPO took Defra to court over its decision to reallocate a small amount of consistently unused fishing quota (FQAs) from POs to small-scale fishermen (vessels <10m in length). The UKAFPO argued that reallocating part of its share of fishing quota is tantamount to deprivation of possessions.\textsuperscript{42}

Issues surrounding the ownership of fishing quota are complex. To understand some of the complexities surrounding ownership, rights-based management, and how these relate to quota allocation, read Tom Appleby’s Privatising fishing rights: The way to a fishing wonderland.\textsuperscript{43}

As a result of public campaigns and as a requirement of the CFP Basic Regulation,\textsuperscript{44} the UK government realised the first FQA (quota) register for the UK in December 2013.\textsuperscript{45}

The FQA register\textsuperscript{46} is a useful tool aiding transparency and democracy when it comes to who owns the right to fish in the UK, but needs to be improved on and presented more clearly (showing real-time quota transfers online – an improvement expected in the first half of 2014). Fish stocks are common pool resources\textsuperscript{47} until the point at which they are landed, at which point (economically) they become private goods.\textsuperscript{48} Ownership of fish stocks and the right to fish are therefore of fundamental importance to how fisheries are managed in the UK and in the EU. A better understanding of the issues surrounding quota ownership, quota trading, transparency around quota ownership, and of what information is in the public interest, needs to be addressed to ensure that this public resource (fish stocks) is managed in the best interests of society, future generations, and the environment.

\textsuperscript{41} http://www.nffo.org.uk/news/quota_register.html
\textsuperscript{43} http://eprints.uwe.ac.uk/17827/2/Appleby%20Privatising%20Fishing%20Rights%20Public%20Law.pdf
\textsuperscript{44} http://cfp-reformwatch.eu/wp-content/uploads/2013/06/2013-06-14_Basic_regulation_on_the_CFP_final_compromise_text.pdf
\textsuperscript{45} https://www.fqaregister.service.gov.uk
\textsuperscript{46} https://www.fqaregister.service.gov.uk/
\textsuperscript{47} http://r4d.dfid.gov.uk/PDF/outputs/R8467_Ann3-1.pdf
\textsuperscript{48} http://www.neweconomics.org/page/-/Economics%20Briefing%2010.pdf
Briefings on capture fisheries

1. UK fisheries: An overview
2. How the EU decides how much fish to catch
3. What are producer organisations (POs) and how is quota shared in the UK?
   3a. An overview of UK fishing quota (FQA) ownership
   3b. How the distribution of quota is decided in the UK
4. Fishing limits and the sharing of catches among EU member states
5. Fleet structure and economic performance
6. Composition of UK landings
7. The regional breakdown of UK fisheries: The importance of Scotland
8. How important is fishing to the UK economy?
9. What are fishing effort and fishing capacity?

Suggested further reading:


