



Rabobank

Fishing for Answers I

Brexit's Effect on the European Fishing Industry

RaboResearch

Food & Agribusiness
far.rabobank.com

[Beyhan de Jong](#)

Associate Analyst
+31 (0) 6 1170 4802

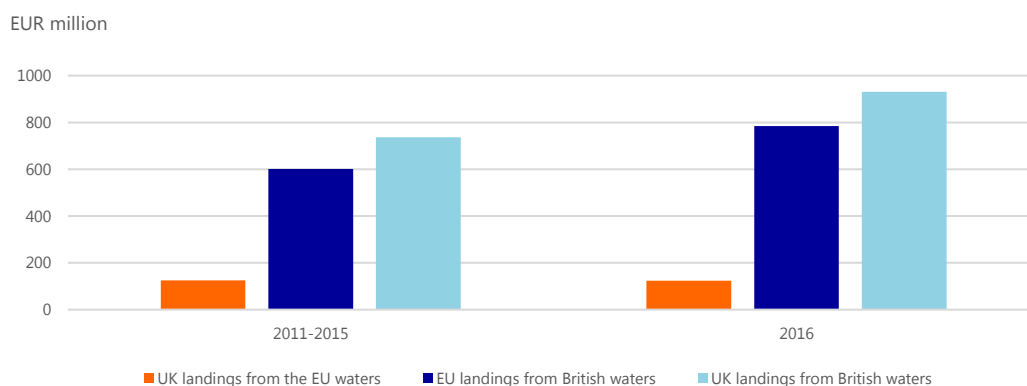
Access to UK fishing grounds is crucial to the EU's fishing fleet, as the EU lands nearly EUR 800 million worth of (shell)fish from British waters. Brexit may change the fishing quota allocation in UK waters and could bring increased landings to the UK, while the EU's catch rate is likely to decrease.

Brexit: Plenty at stake for the EU fishing industry

UK waters bring the EU seven times more (shell)fish than that landed by UK vessels from EU waters. Post-Brexit, and depending on the future UK-EU relationship, the UK may be able to change the fishing quota allocation in its waters, if the UK leaves the EU's Common Fisheries Policy (CFP). If the UK decides to withdraw from this policy, it would have the opportunity to manage the quota ownerships for its waters. Allocation of all fishing quotas in the UK's extensive economic zone (EEZ) to British fishing vessels could lead to the full exclusion of foreign vessels from British waters.

Full exclusion could mean an increase in the UK's landings by up to 50% to 60% in value terms, together with a decrease in the western EU's catch rate by up to 20% to 30%. This would imply a considerable decrease in catch rates of the EU's fishing fleet, as EU vessels landed EUR 785 million of (shell)fish from British waters in 2016. In contrast, the UK's catch in common EU waters was only EUR 123 million (see Figure 1). For the UK to manage such an increase, it would need to up the capacity of its fishing fleet and would need access to EU markets for the increased landings, as currently, 70% of the UK's seafood is exported to the EU.

Figure 1: EU fishing vessels land more (shell)fish from UK waters than that landed by UK vessels from EU waters, 2011-2016

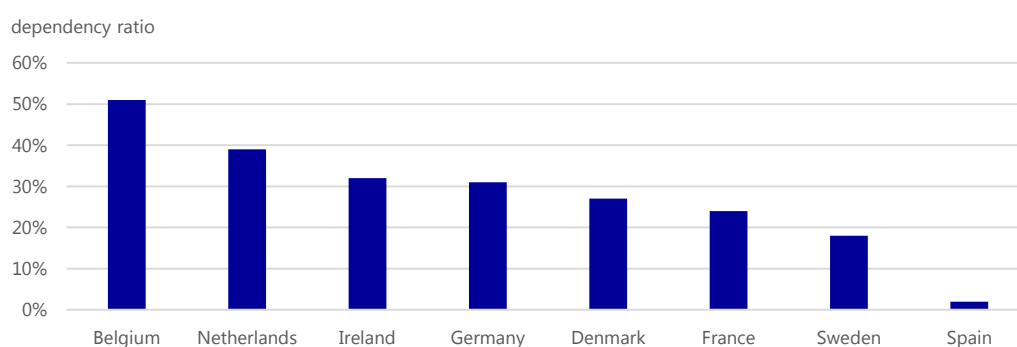


Source: NAFC Marine Centre 2016, 2017, Rabobank 2018

More than one-third of the total catch of western EU nations comes from UK waters

France, the Netherlands, Ireland, and Denmark are the EU member states that extract the highest value of seafood from the UK EEZ, ahead of Belgium, Germany, Spain, and Sweden. On average, 30% to 40% of (shell)fish landings of these eight nations come from the UK EEZ. Belgium and the Netherlands have the highest dependency rates on fishing in British waters (see Figure 2). In 2015, the total value of the Dutch fishermen's catch from the UK fishing grounds accounted for 39% of the total Dutch landings – by volume it amounts to up to 60%. For Belgian fishermen, the dependency ratio on the UK EEZ exceeds 50%. Per species, landings of EU fishing vessels are the highest in mackerel and herring, which are not preferred by British consumers. In fact, most of what UK vessels catch is not consumed in the UK, but exported to the EU.

Figure 2: Belgium and the Netherlands most dependent on fishing in UK waters, 2015



Source: Visned 2017, Rabobank 2018

Brexit could decrease the western EU's (shell)fish landings by up to 30%

The size of the quota shift from EU fishing vessels to UK vessels will depend on the result of the Brexit negotiations. Any increase in quota ownership by British vessels would allow the UK to expand its national fleet. It could also lead the UK to further invest in its processing industry, allowing for increased capacity to process the extra catch.

Under a scenario that the UK government allocates all quotas to UK fishing vessels, we assume that UK landings would increase up to 50% to 60% in value terms. However, the EU might retaliate and impose tariff barriers on its seafood imports from the UK. In this case, the UK could have difficulties in finding export markets for its increased catch, since more than 70% of British seafood exports are to the EU market, and a quarter of the UK's total (shell)fish catch is also landed to foreign harbours.

Under the same scenario, we assume that the landings of the remaining EU member states that fish in UK waters would decrease by 20% to 30% in value terms. If this happens, the immediate effect of the full quota shift will not only be felt by the EU fishing fleet, but also by the coastal population, seafood processors, and traders in other member states. However, this situation could open up new opportunities for non-EU countries to trade with both the UK and the EU. The UK would, for instance, need to find new markets for langoustine, mackerel, and herring – which are landed in UK waters and exported to EU member states.

Imprint

RaboResearch

Food & Agribusiness

far.rabobank.com

Beyhan de Jong

Associate Analyst

beyhan.de.jong@rabobank.com

+31 (0) 6 1170 4802

© 2018 – All rights reserved

This document is meant exclusively for you and does not carry any right of publication or disclosure other than to Coöperatieve Rabobank U.A. ("Rabobank"), registered in Amsterdam. Neither this document nor any of its contents may be distributed, reproduced, or used for any other purpose without the prior written consent of Rabobank. The information in this document reflects prevailing market conditions and our judgement as of this date, all of which may be subject to change. This document is based on public information. The information and opinions contained in this document have been compiled or derived from sources believed to be reliable; however, Rabobank does not guarantee the correctness or completeness of this document, and does not accept any liability in this respect. The information and opinions contained in this document are indicative and for discussion purposes only. No rights may be derived from any potential offers, transactions, commercial ideas, et cetera contained in this document. This document does not constitute an offer, invitation, or recommendation. This document shall not form the basis of, or cannot be relied upon in connection with, any contract or commitment whatsoever. The information in this document is not intended, and may not be understood, as an advice (including, without limitation, an advice within the meaning of article 1:1 and article 4:23 of the Dutch Financial Supervision Act). This document is governed by Dutch law. The competent court in Amsterdam, the Netherlands has exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, this document and/or any discussions or negotiations based on it. This report has been published in line with Rabobank's long-term commitment to international food and agribusiness. It is one of a series of publications undertaken by the global department of RaboResearch Food & Agribusiness.

