



CFP Reform Proposal
The Fishing Credits System
Industry Guide



1. The Fishing Credits System - Introduction

ClientEarth and MCS welcome the early preparations for the 2012 CFP reform.

We believe very strongly and passionately in a sustainable future for EU fisheries, but the current CFP is failing. It is time for a completely new approach. That is why we are proposing a different way of managing fisheries under the CFP, which we call the 'Fishing Credits System' (FCS).

The FCS has three simple core goals:

Simplicity: of regulations, so they can be easily applied.

Sustainability: to ensure that EU fisheries have a long-term future.

Incentivisation: using results based management and rewarding best practice.

To achieve these aims, the FCS:

- removes the current micro-management and detailed technical rules made in Brussels. Instead, it gives the industry more responsibility, flexibility and accountability through 'results based management'. This means only an outcome is specified (i.e. catch quota) and it is left to the industry to decide how they achieve that (i.e. what gear is used, what mesh size and twine thickness). This gives fishers the **flexibility** to choose what is best for them. Also with **fewer regulations**, fishers simply have to concentrate on keeping within catch limits.
- strives for much more fisher responsibility and participation, through a regionalised approach and collection of data for stock assessments. It also **incentivises and rewards best practice**.
- uses a mixed catch quota, to **eliminate discarding** and to ensure a solid long-term future for EU fisheries:

The FCS in a nutshell: The FCS introduces a new type of mixed catch quota. Each species caught in a specified fishing region is worth a particular number of 'credits'. Fishers can choose what they catch and in what quantity for each species, as long as it does not exceed their total credits allowance. Therefore there would be no need to discard or worry about going over quota for a species. Almost all technical regulations are eliminated to increase fisher flexibility. Everything caught is recorded and landed - including most bycatch species. To ensure fishers can maximise the return from their credits allowance, a proportion of credits can be traded between active fishers. Compliance and best practice are rewarded with extra credits.

2. Aims and advantages of the FCS

Some of the advantages of the FCS over the current system are:

- **The FCS gives fishers flexibility and independence**, so they can adapt to circumstances, but still comply with the rules: Under the FCS, **fishers can choose what they catch and how much** (within a maximum limit – explained below). There will be no single species quotas leading to unnecessary discards and high grading. Fishers are given **more responsibility, and a higher level of participation is expected**. For example, management is at a regional level involving fishers as key stakeholders, and fisher self-sampling is encouraged, to contribute to data for stock analysis.
- The FCS encourages and rewards best practice. Incentives exist to encourage fishers to target species that are in abundance and to develop new selective technology. Where fishers apply best practice (i.e. good compliance, technical conservation measures, respecting closed areas) they are rewarded with **preferential access and extra catch allowances**.
- **The FCS uses rules that are simple to understand and easy to apply**. The current micro-management and detailed technical rules are largely eliminated (no twine thickness or Minimum Mesh Size rules). Only very limited technical conservation measures are required (mainly for the protection of endangered species caught as bycatch).
- Longer licence periods (2-10 year licences) give fishers a greater degree of **security and durability**. This eliminates the need to race for fish, because each fisher will have a **clear and exclusive right to a guaranteed yearly catch allowance (credits allocation)** - subject to compliance (see details below). In economic theory, this is referred to as **exclusivity**.
- **Management is organised on a regional basis, such as the North Sea or Celtic Seas**, to ensure that management measures are sensitive to local conditions and can be quickly adapted when required.
- **The FCS provides for the transferability of a proportion of each fisher's catch allowance (credits allocation)** (through buying & selling) to other *active* fishers within the same region. This will help short-term **efficiency**, especially towards the end of the year.
- The FCS encourages governments to focus **monetary resources toward marketing under-utilised, plentiful species**, to reward capture of these with a good market price.

Outline of the proposed new Fishing Credits System

3.1 How the FCS works

1) Each fisher is given a **regional licence**

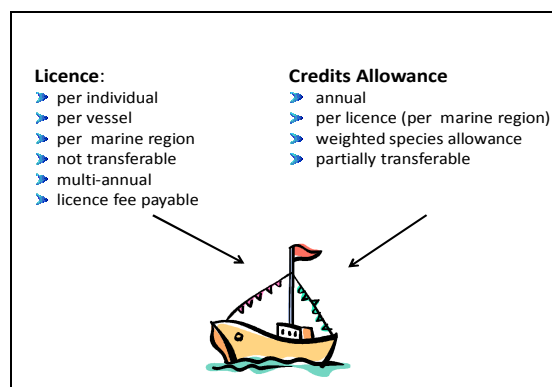
The licence:

- is specific to a particular registered vessel;
- is valid for specified time period (probably 2 -10 years);
- only covers the relevant marine region (e.g. North Sea) – fishers fishing in several marine regions will need a separate licence for each region;
- gives the licensed fisher the right to an annual ‘credits allowance’ (similar to a mixed catch-quota) – see below;
- is **non-transferable**.

2) In relation to each licence, the fisher is then given an annual ‘**credits allowance**’.

The credits allowance:

- is given in relation to the relevant marine region;
- is partially **transferable** to ensure flexibility;
- gives fishers a total catch allowance calculated in terms of credits:
 - each typical target species caught in the particular marine region is worth a particular number of credits (per tonne), different species are worth differing amounts of credits;
 - juveniles of some species may have different credits values;
 - many bycatch species would also have a credits value;
- gives fishers the right to catch any combination of species in any quantity, as long as the overall catch does not exceed the total credits allowance.



3.2 Application of the FCS

The FCS is based on “results based management”, so rather than having to comply with many technical regulations decided by non-fishers in Brussels, fishers only need to keep within their credits allowance, giving them the freedom to decide for themselves what gear they use, how and where they fish, what their mesh size should be, how thick the twine should be etc. This gives the industry **flexibility** and motivation to develop gear technology appropriate to meeting the aims of best practice, and it gives fishers **more responsibility**.

The FCS provides fishers with a number of clear benefits: increased flexibility, security exclusivity and ability to sell or buy up unused credits.

As long as fishers comply with the few rules of the FCS, they will always be **guaranteed a catch allowance** each year (in the form of a credits allocation). Coupled with a longer licence period, this gives fishers more certainty & security.

The credits ‘value’ of each species is determined by scientists, according to a number of criteria, but it should reflect the relative sustainability of the species compared with other species that can be caught in that marine region. For example, a stock that currently has a low quota because the population level is low, would use up more credits than a stock which is relatively healthy. Juvenile fish and certain bycatch species (such as marine mammals) would also have a high credits value. This is to **encourage and reward the capture of abundant, mature fish**.

Each fisher will get an annual baseline number of credits, but the credits value of each individual species may change each year, according to annual scientific assessments and other management considerations.

Some fishers may wish to spend all credits on one particular stock, meaning a concentration of effort on one species. This is permitted because it will have been accounted for whilst developing the species credits values for that year.

For the FCS to work, all species caught must be landed, including previously under-sized or ‘over-quota’ species. Therefore, a discard ban is necessary. Under the FCS, there will not be a minimum landing size for each species, but there will be a minimum marketing size, below which the fish will cost more in credits and cannot be sold for profit (in order to avoid incentivising targeting of juveniles which would be detrimental for the long term health of the stock). However, such fish could still be used, for example, in the fishmeal industry (sold at no profit, as above). Intelligent marketing of under-

A discard ban would be in place.

utilised species would encourage the targeting of species that are currently discarded because they command a low market price.

Extra credits

It would be **possible for fishers to gain extra credits** when demonstrating best practice including the use of environmentally sensitive, selective fishing gear or through respecting voluntary closures (similar to incentives in the Scottish Conservation Credits Scheme).

Transfer of credits

Because fishers risk exceeding their credits allowance near the end of the year (similar to going over-quota in the current system), a **degree of transferability** of some credits between fishers is

allowed (but only within the specified marine region), However, licences themselves are not transferable between persons, vessels, marine regions or countries.

Transfers are only allowed to take place between active fishers, who are either in need of additional credits, or have not fully used up their allowance (and would therefore otherwise stand to lose financially if they did not use up their allowance). This could possibly be done through a regionally managed credits pool into which fishers could sell unused allowances and/or from which they could buy a limited

There could be a degree of transferability of credits between active fishers.

number of credits.

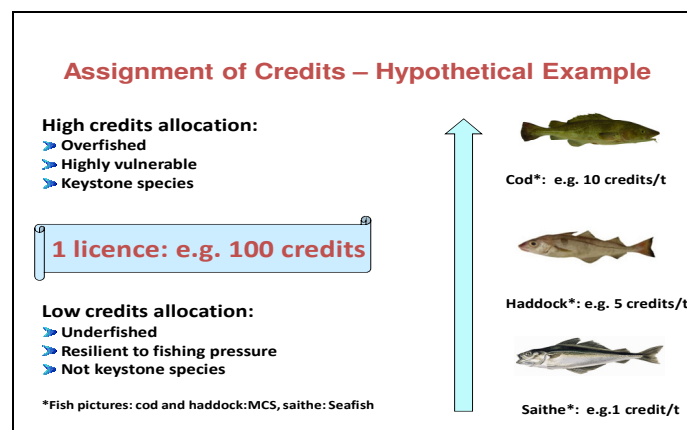
More participation

As fishers have an inherent knowledge of the stocks they target, we feel that they could provide very useful information that could be integrated into scientific assessments, and their knowledge could be put to use in fisheries-science partnerships.

Fishers could also **self-sample** their catch after a period of vocational training, which would mean that fishers, rather than observers would carry out scientific sampling of their catch. This would help to increase fisher participation in management with the added benefit of increasing data collection capacity and resources.

A regionalised approach to management

Fisheries will be managed at a 'marine region' level, using the regions (and sub-regions) defined under the EU Marine Strategy Framework Directive, for example, the greater North Sea and the Celtic Sea. Using this approach will also avoid unnecessary overlap and confusion between different EU laws.



Hypothetical Example

Fishers can spend their credits on any combination of species, as long as they do not exceed their allowance. So in a mixed fishery, fishers do not have to worry about having the required quota for each species their gear might catch. Instead, **they count and land** (with some exceptions) **everything they catch, irrespective of the quantity caught of different species, and everything caught is deducted from the total yearly credits allowance.**

Note: The following example is merely meant to serve as an illustration of the fundamental concept underlying the FCS. It is entirely hypothetical and not based on real-life catch figures.

Fisher A and Fisher B are both licensed fishers in the same marine region. They both have a baseline credits allowance of 100 credits. The following credits values are allocated to species caught in the relevant marine region:

1 tonne of mature cod	=	10 credits
1 tonne of juvenile cod	=	30 credits
1 tonne of haddock	=	5 credits
1 tonne of saithe	=	1 credit
1 dolphin	=	40 credits
1 gannet	=	15 credits

Fisher A has adapted their gear to be more selective and has agreed to respect voluntary closed areas. Fisher B has not adapted their fishing techniques and does not wish to participate in the closed area trials:

Fisher A	
Base rate credits:	100
Extra credits for best practice:	15
Extra credits for respecting closed areas:	15
Total credits allowance:	130
 Fisher A catches:	
2t mature cod: 2x10 credits	= 20
1t juvenile cod: 1x30 credits	= 30
10t saithe: 10x1 credit	= 10
1 gannet: 1x15 credits	= 15
	75
75 credits for 13t fish + 1 gannet bycatch	

Fisher B	
Base rate credits:	100
Extra credits:	0
Total credits allowance:	100
 Fisher B catches:	
10t mature cod: 10x10 credits	= 100
2t juvenile cod: 2x30 credits	= 60
1t saithe 1x1 credit	= 1
1 dolphin 1x40 credits	= 40
	201
201 credits for 13t fish + 1 dolphin bycatch	

Fisher A is within their total credits allowance and can carry on fishing or can transfer (sell) some of their credits to other fishers who have exceeded their credits allowance or expect to do so soon. Also, if Fisher A continues to adapt his/her fishing techniques and gear to be more sustainable and to avoid catching juvenile cod for example, he/she will continue to receive the additional credits in the following year and he/she will be a priority case for receiving public aid for selective gear technology improvements.

Fisher B has exceeded their total credits allowance. They may be able to buy in some additional credits from Fisher A. However, if they cannot buy sufficient additional credits to cover the catch, they may be penalised by losing a proportion of next year's credits allowance, and/or be subject to a fixed penalty fine.

Under the FCS there is an incentive to target more plentiful, mature fish and to use best practice with the most selective and environmentally sensitive gear.

4. A phased transition and the need for trials

Transferring from the current system to the FCS would need to be a gradual process. This could be successfully achieved through a series of transition stages from the current single species approach, toward a multispecies approach and finally the full-blown mixed catch quota. The following is a possible approach to achieving the FCS in a very gradual fashion:

- 1) The implementation of long-term management plans for all commercial fish species, adhering to the precautionary approach, and sufficient coordination between these plans to ensure they are effective. Voluntary reporting of discards.
- 2) Use of credits system for the existing commercially assessed species, but credits criteria would only be based on quotas. Mandatory reporting of discards.
- 3) Use of credits system for the existing commercially assessed species, with credits criteria based only on quotas.
Implementation of a discard ban from now onwards.
- 4) Use of credits system for the existing commercially assessed species, with credits criteria based on quotas but also other sustainability (ecosystem) factors.
- 5) Use of credits system for all fish species likely to be caught in the fishery basing the credits allocations on scientifically recommended ecosystem sustainability factors.
- 6) Use of credits for all fish species and endangered bycatch species likely to be caught in the fishery basing the credits allocations on scientifically recommended ecosystem sustainability factors.
- 7) Use of credits for all species (fish and non-fish) likely to be caught in the fishery basing the credits allocations on all scientifically recommended ecosystem sustainability factors.

Transferring from the current system to the FCS would be gradual and go through a series of transition stages from the current single species to a multi-species to the full ecosystems based approach.

In addition, we are working towards a series of **scientific and commercial trials** to be conducted on a voluntary basis **with the fishing industry**. The purpose of these trials is to test the FCS:

- From **a practical point of view**: e.g. testing the best way to record catches, scoping out any potential difficulties in applying a simple credits system based on current quota allowances.
- From **a scientific point of view**: The most complex part of the FCS is the scientific calculation of credits based on ecosystem sustainability criteria. Data for these assessments is currently lacking, and trials would help to show where scientific resources need to be concentrated and test the credits assessment methodology.

We are beginning the process of discussing such trials with a wide range of stakeholders, most importantly the catching sector, so that they can be set up on a basis that makes them worthwhile for all participants. The trials could follow a similar transition as the steps above or they could begin with a catch quota, which would be the equivalent of stage 3. Such catch quotas are already being advocated by some Member States (Denmark, UK, Germany), and therefore these may be ideal states to voluntarily implement trials of the FCS, for example, in the mixed UK whitefish fishery (where many successful voluntary trials have been conducted), or in the Kattegat (since this would only involve two Member States). In these trials, Member States could use a portion of their own quota to be adapted to a catch quota or ecosystem quota under the FCS.

Alternatively, the EU could agree to dedicate a small percentage of annual fishing opportunities to these trials.

5. About MCS and ClientEarth

The Marine Conservation Society is a leading UK Non-Government Organisation with a long-standing interest in fisheries conservation. MCS works closely with the seafood industry (from net to plate) and the public.

ClientEarth is an environmental law organisation committed to securing a healthy planet. Client Earth works in the UK and Europe, bringing together law, science and policy to create pragmatic solutions to key environmental challenges.

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