

ECONOMIC LINK DRAFT NEW GUIDANCE

Context

The economic link is a devolved policy area and therefore this guidance applies only to English registered vessels which are more than 10 metres in length and which land more than 2 tonnes of quota stocks a year.

The economic link is a condition within the fishing vessel licence. It is designed to ensure that all UK-registered vessels that fish against UK quota, provide genuine economic benefits to communities in the UK dependent on fisheries and fisheries related industries. The current policy is implemented through licence conditions.

All those allocated a share of UK quota must meet the requirements of the economic link condition that ensures the UK derives an economic benefit from the quota fished.

Compliance

Compliance with the economic link can be achieved via one of three options, or a combination: (Option A) landings of quota stocks into the UK, (Option B) employment of UK crew and (Option C) quota transfers to the Under-10m pool. A hypothetical summary showing how these options work can be found in Annex 1.

The assessment will initially be made via landings in terms of volume or value. Any vessel that does not meet the 70% by volume or value requirement will then be contacted and asked how they wish to comply.

When calculating landings value and quota transfers to the Under-10m pool quota value will be determined as the average value at 1st sale for all English over-10m vessels for the year of compliance (£).

Option A: The landings requirement

At least 70% by weight or value of the total landings of all quota stocks in a given year must be landed in the United Kingdom, Channel Islands or Isle of Man.

Option B: The crewing requirement

- At least 70% of the total crew days at sea in a given year must be accounted for by crew who are domiciled in the UK, Channel Islands or Isle of Man.
- Crew days will be calculated by multiplying the number of days at sea by the proportion of crew for each trip.

$$((\text{No. of UK crew}) \times (\text{No. of days at sea})) / ((\text{Total crew}) \times (\text{No. of days at sea}))$$

For example: A vessel may be crewed by 5 UK crew members and 1 foreign crew member for 150 days and 5 UK crew and 2 foreign members for another 50 days in a year (total 200 days at sea). The calculation would be made as follows giving 80% crew days:

1. $(5 \times 150) + (5 \times 50) = 1000$, no. of UK crew days
2. $(6 \times 150) + (7 \times 50) = 1250$, no. of total crew days
3. $1000/1250 = 0.8$, 80%

For this to be calculated you need to provide the following details for each fishing trip:

- a) dates and ports of departure and return.
- b) the names and addresses of crew employed on each trip.

This information will be verified against vessel logbooks and publicly available records.

Option C: Quota Transfer

- To comply you must make a transfer of quota to the English Under-10m pool equivalent to 20% of the shortfall in value from the 70% landings requirement calculated as follows:

$$\text{(Total annual landings (£))} \times (0.7 - (\% \text{ of landings into the UK by value})) \times 0.2$$

- For example, for a vessel that had £50,000 landings abroad and £50,000 landings into the UK the value of quota to be donated would be:

$$(100,000 \times (0.7 - 0.5)) \times 0.2 = \text{£4,000 quota transfer}$$

Combinations

A combination of landings into the UK with % UK employed and / or quota transfer can be used to comply with the economic link. Compliance can be summarised as follows:

$$\text{Compliance} = \text{UK Share of Landings} + \text{UK Share of Crew} + \text{Quota Transfer}$$

$$\text{Quota Transfer (\%)} = (70\% - \text{UK Share of Landings} - \text{UK Share of Crew}) \times 20\%$$

$$\text{Quota Transfer (£)} = \text{Quota Transfer Share (\%)} \times \text{Total annual landings (£)}$$

Note that the UK share of landings is calculated by value.

There are two possible combination scenarios:

1. Where the vessel employs sufficient UK crew to make up for the shortfall landings.
2. Where the vessel employs some UK crew but is still required to make a quota transfer.

Example 1

The vessel employs sufficient UK crew to make up for the shortfall in landings.

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The vessel lands 50% quota stocks into the UK and employs an average of 20% crew across the whole year, no quota transfer needed.

$((\text{Total annual landings (£)}) \times (0.7 - (\% \text{ of landings into the UK (£)}) - (\% \text{UK crew})) \times 0.2$

$(100,000 \times (0.7-0.5-0.2)) \times 0.2 = \text{£0 quota transfer}$

Example 2

The vessel lands 50% quota stocks into the UK and employs an average of 10% crew across the whole year.

$((\text{Total annual landings (£)}) \times (0.7 - (\% \text{ of landings into the UK (£)}) - (\% \text{UK crew})) \times 0.2$

$(100,000 \times (0.7-0.5-0.1)) \times 0.2 = \text{£2000 quota transfer.}$

This method for calculating compliance via combination differs from how it was previously calculated. A description of the previous calculation is in Annex 2

Further examples outlined in the annex table.

Notes on Quota Transfers

Quota transfers are made into the Under-10m pool. The quota is either fished directly by the pool vessels or swapped for other quotas.

The MMO will provide a list of preferred quotas and quantities that can be transferred at the start of each year. This is not mandated but will help identify useful quota that could support the U10s.

Other options for utilisation are being considered for the future e.g. for scientific purposes or to alleviate choke risks.

The quota stocks and quantities transferred into the pool will be published by the MMO along with information as to how the transferred quota has been used.

Monitoring

Compliance with the economic link vessel licence condition is based on a calendar year and will be finalised once final landings figures for the year are published. Compliance will be assessed initially via monitoring of the proportion (by weight or value) of quota stock landings made into the UK.

Assessment of landings data will be made at least once during the year of compliance as well as at the end of the year in order to maximise the useability of potential quota transfers. Vessels and POs will be contacted if it appears that they will not meet the landings requirement by year end and asked how they intend to comply. If their intention is to use quota transfer as

a method of compliance then transfers may be agreed at this point, either for the current year or the beginning of the following year.

A final assessment will be made once the landings data for the year of compliance has been finalised. This is normally February/March of the year following the compliance year. On completion of this final assessment vessels and POs will be contacted to determine how compliance will be fulfilled if it has not been met completely via landings, and vessels that transferred quota in-year will be notified of any remaining compliance debt.

The MMO will publish a summary of compliance in terms of the number of English vessels that comply with the economic link via landings, crew, quota transfer or combination.

Sanctions

Failure to comply with the Economic Link conditions will be assessed in line with the MMO's Compliance and Enforcement Strategy. The range of enforcement options available to the MMO are used in proportion to the level of offending and include Official Written Warning, Fixed Administrative Penalties and Criminal Prosecution.

<https://www.gov.uk/government/publications/compliance-and-enforcement-strategy>

Appendix 1

Hypothetical example demonstrating alternative compliance options for a vessel that has £100,000 landings of quota species in total.

Example Vessel	Total Landings (£)	Into UK (£)	Abroad (£)	UK (£) (%)	UK CREW (%)	Compliance Gap (Landings Value %)	Gap (£) notional "landings value"	(Value of Quota to be Transferred)
Option 1.	£100,000	£70,000	£30,000	70%	0%	0%	£0	£0
Option 2.	£100,000	£50,000	£50,000	50%	0%	20%	£20,000	£4,000
Option 3.	£100,000	£50,000	£50,000	50%	20%	0%	£0	£0
Option 4.	£100,000	£0	£100,000	0%	20%	50%	£50,000	£10,000
Option 5.	£100,000	£0	£100,000	0%	0%	70%	£70,000	£14,000

Option 1. 70% of landings are made into UK, or Channel Islands or Isle of Man.

Option 2. 50% of landings are made into UK, Channel Islands or Isle of Man ports, and the 20% "compliance gap" is met through quota transferred calculated at 20% of the compliance gap.

Option 3. 50% of landings are made into UK, Channel Islands or Isle of Man ports, and the 20% "compliance gap" is met through 20% of crew days accounted for by UK resident crew.

Option 4. 100% of landings are made abroad, by a vessel with of crew days accounted for by UK resident crew, the remaining 50% "compliance gap" is met with quota transfer calculated at 20% of the compliance gap.

Option 5. 100% of landings are made abroad, by a vessel with zero UK resident crew, the remaining 70% "compliance gap" is met with quota transfer calculated at 20% of the compliance gap.

Annex 2

Previous approach to quota transfer

A combination of the crewing and quota transfers were allowed by deducting the % crew days from the total value of quota transfer required. This meant that any shortfall in landings automatically required quota transfer, but the quantity of transfer could be reduced slightly relative to the proportion of UK crew.

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Quota to be Transferred (£) = (Target Landings Value – Landings to UK) * (1 – UK Crew Share) * 20%

For example: A vessel permanently crewed by 4 foreign members and 1 UK member, at sea for 200 days, would have: $200 / 1000 = 20\%$ crew days.

Therefore 20% could be deducted from any value of quota that must be transferred:

((Total annual landings (£)) x (0.7 – (% of landings into the UK by value)) x (1 – UK Crew Share) x 0.2

((100,000 x (0.7-0.5)) x (1-0.2)) x 0.2 = £3,200 quota transfer

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