

For UK and Norway, a smooth Brexit is crucial

Industries on both sides hope for a frictionless flow of seafood, but it won't likely be simple.

Norwegian and UK representatives of the seafood sector reiterated their hope that the flow of seafood between the two countries goes unhindered during the Brexit transition and after during a [Norway, UK Seafood Summit held by the Norwegian Seafood Council \(NSC\) in London](#).

Hans-Frode Kielland, UK director at the NSC, said the weak pound sterling and uncertainties brought by [Brexit](#) are expected to be solved this year, and that the trade flow in the EU common market, including countries in the Exclusive Economic Zone (EEZ) and the UK, will continue as it is today.

Speakers agreed that the outcome of the exit negotiations – which need to be completed by October 2018 – is still uncertain, especially considering the opposing views between the United Kingdom and the European Union on fisheries issues.

The United Kingdom will become an independent coastal state, like Norway or Iceland, and will be subject to the United Nations Law of the Seas.

However, under current EU regulations, fishing rights are based on historical catch, while in the rest of the EEZ, the distribution of fish stocks is subject to zonal attachment.

“Obviously the EU said that it will maintain the status quo during the transition, but we want to be treated like Norway, and have access to our

waters regardless of historic catch," Barrie Deas, chief executive of the National Federation of Fishermen's Organizations.

Norway and the United Kingdom agree that the existing trade relationship between both countries should continue, and the UK's intention is to implement an exchange quota system with Norway in the North Sea just as Norway has with Russia in the Barents Sea.

"Quota exchanges are the glue to the relationship with Norway, an agreement by which the UK has access to Norwegian waters and Norway has access to UK waters," Deas said.

A recent study by the NSC led by seafood analyst Ingrid Kristine Pettersen shows the United Kingdom is Norway's first market for cod and haddock when including both direct and indirect exports.

"If we count UK direct imports from Norway, one out of 10 Norwegian cod and haddock comes to the UK, but if we include indirect, it is [even higher]," Pettersen said during her presentation at the summit.

UK's seafood markets

In addition to the unilateral agreement with Norway, the UK seafood sector wants unimpeded two-way trade with the European Union.

"The EU fleet lands €585 million (\$713 million) from UK waters while the UK takes €127 million (\$157.7 million) worth of fish from EU waters, but it sells a lot of its fish in the EU market," Deas said.

"Around 68 percent of UK seafood exports go to the EU, while some parts of our fleet -- notably shellfish -- have nothing to gain and a lot to lose, since they export 85 percent of its catch to this market."

The asymmetry between UK seafood exports and imports is the center of discussion: 70 percent of UK seafood exports goes to the EU, and 65

percent of imports comes from outside the European Union.

France alone accounts for between 36 percent and 40 percent of the UK seafood exports to the EU 27, before Spain and Ireland, which account for 14 percent each.

“Meanwhile, the UK is home to the most fabulous lobster and scallops you can find, but they don’t eat it, they export it [only] to import lobster and scallops from the United States and Canada,” said Sebastien Metz, CEO and fisheries economist at Sakana Consultants.

“We export expensive stuff and buy cheap stuff, because the UK consumer can’t tell the difference.”

The five favourite seafood species in the United Kingdom are salmon, tuna, shrimp, cod and haddock -- all of it mainly imported.

In the longer term, Metz said, there is a possibility that demand of these five seafood products remains high, while popularity of other fish species will decline.

Using seafood trade as leverage

This asymmetry is not the only issue when looking to negotiations. Another important matter is whether the fisheries sector will be separated or subordinate to trade talks.

“We are clear that it should be separate from trade, but it’s also quite clear the European Union will use trade as leverage,” Deas said.

“There are legal foundations to achieve what we want, but I foresee some difficulties. Our aim is continuity, the question is whether or not we will be allowed to do that.”

In any case, Deas stressed the necessity to have a contingency plan for

discontinuity. This would entail alternative trade agreements with other countries that are, at least, as beneficial as the agreements the United Kingdom has today.