



Icy fishing: UK and Iceland fish stock disputes

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In spite of generally excellent bilateral relations, Iceland and the UK have had a number of fisheries disputes. The Cod Wars from 1958 to 1976 saw violent clashes between Icelandic and British fishing vessels as Iceland asserted control over the seas surrounding the island.

There are now increasing tensions between the two parties after Iceland started catching large quantities of mackerel. Iceland has been condemned for 'plundering' the stock and for threatening its long-term future. The stock is worth some £200 million to the UK economy. Iceland claims it has a legitimate right to the fish, which are found within its territorial waters.

The dispute has become known as the Mackerel War, and trade sanctions have been threatened by the EU. The dispute could jeopardise Iceland's EU accession.

This note gives a short history of the Cod Wars and describes the current mackerel dispute. It also briefly describes the renowned Icelandic sustainable fisheries model. More information about Iceland can be found in House of Commons Library Standard Note [Iceland: an overview](#).

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1 The Cod Wars

Prior to Icelandic independence in 1944, the seas around the island were fished by foreign vessels, including vessels from the UK. These fleets were contributing to over-fishing in the region and were threatening the fish stocks.

After independence Iceland sought to establish rights over its seas and fisheries. In 1958 Iceland unilaterally declared a 12 mile limit to its territorial waters, after negotiations at the first International Conference on the Law of the Sea (UNCLOS) failed to reach an agreement on the issue.¹

The UK rejected the Icelandic declaration as it would limit access to the fisheries found there. A significant proportion of the total British catch was taken within 12 miles of Iceland at the time.² This led to the first Cod War as Icelandic vessels harassed British trawlers. There was some violence and the Royal Navy was sent to protect British vessels. Britain finally agreed to the 12-mile limit following negotiations at UNCLOS in 1961.

In 1972 Iceland again unilaterally extended its territorial waters to 50 miles, which led to the second Cod War. The Icelanders employed net cutters to sabotage the nets of British and German trawlers fishing within the limit. A temporary agreement was reached permitting limited access to Icelandic waters to British trawlers.³ It appears that Iceland's strategic importance played a role in the negotiations. Iceland had threatened to close a military base of importance to NATO. The [National Archives](#) contain more information about this.⁴

In 1976 Iceland extended its territorial waters for the last time. It granted itself a 200 nautical mile limit, leading to the third Cod War. There were violent clashes between Icelandic and British vessels and British trawlers had their nets cut. The Royal Navy escorted British trawlers to protect them.

At the time Iceland claimed that it was simply enforcing what would soon become international law under UNCLOS.⁵ A number of other countries had also declared 200 mile limits, including the United States of America and Canada, and Britain had asked the EU to make a similar declaration. The British Minister at the time noted that continuing with the third Cod War and its "certainty of dangerous escalation" did not make sense in the face of these international moves.⁶ The UK finally accepted Iceland's 200 mile limit in 1976.

The closure of the Icelandic fishery to UK fishing vessels effectively ended the UK's distant water fleet. In 2000 the UK Government paid compensation to fishers who had lost their jobs because of loss of access to the fishery.⁷

¹ "The Cod Wars: The Cabinet Papers 1915-1981", *The National Archives*, accessed on 19 December 2012

² HC Deb 16 June 1958 vol 589 cc652-3

³ "FISH STOCKS DWINDLE - THE DECLINE OF THE EAST COAST FISHING FLEET: Nation on Film", BBC, March 2004 (accessed 19 December 2012)

⁴ "The Cod Wars: The Cabinet Papers 1915-1981", *The National Archives*, accessed on 19 December 2012

⁵ "FISH STOCKS DWINDLE - THE DECLINE OF THE EAST COAST FISHING FLEET: Nation on Film", BBC, March 2004 (accessed 19 December 2012)

⁶ HC Deb 7 June 1976 vol 912 cc936-47

⁷ The EU Common Fisheries Policy, Research Paper 96/6, 16 January 1996

2 Modern Icelandic fisheries management

The Icelandic economy is heavily reliant on fishing. Fishing and seafood processing contributed more than 11% of its GDP in 2010 and employed over 5% of the workforce.⁸

OECD economists noted in 2011 that Iceland managed its fish stocks “in a sustainable and profitable manner”.⁹ Iceland has achieved this by broadly following scientific advice about the total amount of fish that can be sustainably caught. As a result some Icelandic fish stocks, including the valuable cod stock, are recovering from historic overfishing.¹⁰ Allowing these stocks to recover should lead to larger sustainable catches in future years, and increase the overall value of the fisheries.¹¹

Arguably, Iceland’s use Individual Transferable Quota (ITQ) has played an important role in keeping catches at a sustainable level.¹² ITQ is a market system that gives individual boat owners the right to a percentage of the yearly catch. The ITQ are tradeable between fishermen, so that they can sell all or part of their ITQ. The history of the system can be summarised as follows:

- 1 Access to Icelandic fisheries was traditionally open to all.
- 2 In the 1960s and 1970s excessive catches of herring and then cod led to a decline in stocks of these important species in Iceland’s waters.
- 3 In response, Iceland’s government imposed restrictions on the number of days trawlers could put to sea to catch certain species.
- 4 This led to fishing Derbies, where fishermen competed to catch as many fish as possible in the limited time available. Inevitably, catches continued to exceed sustainable levels.
- 5 Starting in 1979, the Icelandic government gradually introduced a system of individual share quotas (ITQs), which essentially give boat owners the right to catch a specific proportion of the total allowable catch (TAC) of certain species.
- 6 If a boat owner does not wish to use all his ITQ he can sell part of it to someone else. This encourages more efficient use of the capital invested in boats and equipment.
- 7 Because ITQs entitle their owners to a specific share of the future stock of fish, they create incentives to ensure that stocks are sustainable.
- 8 Since the introduction of ITQs, capital invested in Icelandic fisheries (boats and equipment) has been gradually falling and catches have fallen to sustainable levels, whilst the value of catches has risen.
- 9 Because of the success of the ITQ system and the wealth it has created, there is now political pressure for the imposition of a resource rent tax...¹³

⁸ “[ENSURING A SUSTAINABLE AND EFFICIENT FISHERY IN ICELAND: ECONOMICS DEPARTMENT WORKING PAPER No. 891](#)”, OECD, 19 September 2011

⁹ Ibid

¹⁰ “[Cod in Division Va \(Icelandic cod\)](#)”, ICES, June 2011 (viewed 20 December 2012)

¹¹ “[ENSURING A SUSTAINABLE AND EFFICIENT FISHERY IN ICELAND: ECONOMICS DEPARTMENT WORKING PAPER No. 891](#)”, OECD, 19 September 2011

¹² Ibid

¹³ [Overfishing; The Icelandic Solution \(Executive summary\)](#), Hannes H.Gissurason, IEA, August 2000

3 The current dispute: the ‘Mackerel War’

Mackerel is a migratory species that moves between the territorial waters of different countries including Iceland, Norway, the Faroe Islands and the UK (although UK fisheries management is shared with other EU states). Therefore these countries have to coordinate to prevent over-fishing.

In recent years the mackerel migration has changed so that more mackerel are now found in Icelandic waters. This could be related to climate change.¹⁴ Iceland claims that between 20-30% of the summer mackerel stock is now found in its waters.¹⁵ This has led to Icelandic demands for a share of the mackerel catch—in the past it did not catch this fish.

The arguments

In 2010 Iceland was accepted into the international management of the fishery. However the parties have not been able to reach an agreement on quotas.

Iceland has called for cuts to EU and Norwegian quotas to allow it to take more of the stock. It went on that the EU and Norwegian claim of “90 per cent of the total advised catch” was “vastly oversized” given the large proportion of mackerel now found in its waters.¹⁶ It set itself a quota of 17% of the total allowable catch in 2012, which was based on an evaluation of the proportion of the mackerel fishery found within its waters.¹⁷ The Faroe Islands also set themselves a large mackerel quota.

However, the EU and Norway have been unwilling to reduce their mackerel quotas to the extent demanded by Iceland. This is perhaps unsurprising given the value of the fishery—according to the Minister, Richard Benyon, it is the UK’s “most important single fishery by value, worth around £200 million a year to the UK economy”.¹⁸

The EU claims that the Icelandic demands are unreasonable as they fail to take into account historic access to the fishery and the impact that a change in quota would have on fishing communities.¹⁹ It believes that Icelandic quotas should be set lower to account for this historic fishing.

Iceland believes that not permitting its fishers to take a fair proportion of the mackerel would have negative implications for its own fishing communities. It calculated that the mackerel consume 3 million tonnes of food in Icelandic seas, leading to impacts on their other fish stocks.

The EU has offered to reduce its mackerel quota and offer other concessions, but not to the extent demanded by Iceland. An agreement has not been reached.^{20 21} It has been speculated that the dispute could undermine Iceland’s chances of EU succession.^{22 23}

¹⁴ “[ENSURING A SUSTAINABLE AND EFFICIENT FISHERY IN ICELAND: ECONOMICS DEPARTMENT WORKING PAPER No. 891](#)”, OECD, 19 September 2011

¹⁵ “[Iceland takes its scientific argument on mackerel to Humber](#)”, FISHupdate.com, 3 December 2012 (accessed 19 December 2012)

¹⁶ “[Icelanders respond to mackerel jibes](#)”, Fishnews.eu, 21 November 2012

¹⁷ “[Icelandic fisheries: a review](#)”, Policy Department of the European Parliament, March 2012 (accessed 19 December 2013)

¹⁸ HC Deb 6 December 2012 c365WH

¹⁹ “[No agreement on mackerel quotas](#)”, Europolitics, 17 February 2012 (accessed 19 December 2012)

²⁰ “[EU-Norway round two fish talks fail to find agreement](#)”, FISHupdate.com, 7 December 2012 (accessed 19 December)

²¹ “[No agreement on mackerel quotas](#)”, Europolitics, 17 February 2012 (accessed 19 December 2012)

Implications for the fishery

The result of the impasse is that the quotas considerably exceed the catch recommended by scientists, meaning that the stock is at risk of over-fishing. The failure to come to an agreement has led to the entire fishery losing its sustainability certification from the Marine Stewardship Council (MSC). Some UK supermarkets will no longer stock the fish as a result.²⁴ Scientists have recently recommended a reduction of 42% to 47% in mackerel catches in 2013 compared to 2012.²⁵

EU trade ban threats

There has been escalating rhetoric against Iceland and the Faroe Islands for fishing for mackerel, which has led to statements about a 'Mackerel War'.²⁶ The European Parliament recently voted for sanctions against the two countries.²⁷ The EU [can now impose sanctions](#) on Iceland and the Faroe Islands, although the sanctions have not yet been used. These sanctions allow the EU to put into place limits or bans on imports of fish from "third countries engaged in unsustainable practices in the management of fish resources they share with the EU".²⁸

In spite of the legislation, it is not clear how compatible a ban would be with international trade rules. For example, under World Trade Organisation (WTO) agreements countries are not allowed to discriminate between trading partners.²⁹ It may be that Iceland could successfully argue that its mackerel cannot be discriminated against on sustainability grounds while the EU accepts imports of unsustainable fish from other countries.

In addition, WTO rules require foreign businesses to be treated in the same way as local businesses.³⁰ As the EU is also unsustainably fishing the mackerel stock this rule might also be broken. However, it is important to note that more analysis is required to determine the compatibility of an Icelandic mackerel ban with WTO rules.

Next steps

The EU and Norway will meet in spring 2013 to discuss their position.³¹ The EU will also discuss the issue with Iceland as part of its EU accession process. See the House of Commons Library Standard Note [Iceland: an overview](#) for more information on EU accession.

²² ["Resolving Iceland's mackerel war may be crucial to the country joining the EU"](#), Benjamin Leruth, LSE blog, 13 December 2012

²³ ["Icelandic fisheries: a review"](#), Policy Department of the European Parliament, March 2012 (accessed 19 December 2013)

²⁴ ["Joint bid to meet retailers on mackerel"](#), BBC News, 3 July 2013 (accessed 19 December 2012)

²⁵ ["Mackerel War: Talks resume in London"](#), Europolitics, 16 October 2013 (accessed 19 December 2012)

²⁶ HC Deb 8 November 2010 c100

²⁷ ["Mackerel sanction plan is adopted by European Parliament"](#), BBC News, 12 September 2012

²⁸ ["EU raises stakes in Iceland mackerel spat"](#), Reuters, 25 September 2012 (accessed 19 December 2012)

²⁹ ["Principles of the trading system"](#), World Trade Organisation, accessed 19 December 2012

³⁰ ["Principles of the trading system"](#), World Trade Organisation, accessed 19 December 2012

³¹ ["EU-Norway fish talks"](#), Scottish Government, 7 December 2012 (accessed 20 December 2012)