

The Outcome of Free Trade Negotiations – No Place for the Faint-hearted

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Fish, it seems, are significant in determining the final outcome of the free trade negotiations taking place between the representatives of the UK government led by David Frost, known by some wags in Brussels as ‘Frosty the No-man’ and the representing the 27 EU members led by Michel Barnier.

According to [Times Brussels Correspondent](#), Bruno Waterfield, Barnier has ruled out further discussion on British proposals contained in what are referred to as ‘room documents’, intended to achieve a fisheries treaty based on management of fish stocks through agreed quotas. Barnier, because of ‘parallelism’ – that there must be significant concessions on other issues – is not prepared to deal with fish in isolation.

An [increasingly depressing characteristic of the ongoing negotiations](#) is the tendency for each side to blame the other for intransigence in blocking progress. Waterfield’s report cites Jean-Yves Le Drian, French foreign minister, blaming the British of exactly this and their “frankly unrealistic attitude”. Waterfield reports that Frost is equally frustrated by the EU’s unwillingness to negotiate on terms, it appears, dictated by his side.

The usual objective of negotiation is that both sides should end up feeling they’ve gained and lost roughly equally. Crucially, if one side has to ‘give ground’ on any issue, it should be matched by the other by being magnanimous by giving something in return; what’s known as dealing in ‘tradeables’.

The ‘art’ of negotiation is, of course, a game of power. How much do you possess and how much are you willing to use it? However, over-use of power can make you appear a bully and there is a limit beyond

which the other side feels it has been pushed too far and would rather walk away.

As books on negotiation explain, prior to commencement it's essential to decide on desirable outcome. What you'd ideally like to achieve even at the upper end of probability? Pragmatically, there should be likely goal(s) considered achievable and address mutual interests for both sides.

This is where success is likely through 'win-win'.

Unfortunately, the 'mood music' emanating from the free trade negotiations indicates that both sides are, at best, at the stage in the process known as, 'least acceptable agreement' which is attempting to achieve the minimum required to avoid walking away.

Critically, you need to be able to sell any deal made to the people on whose behalf you are negotiating. After all, they will have to live with the consequences of the terms and conditions. As any good negotiator will know, trying to convince people to abide by terms considered unfavourable is a thankless task.

Negotiation theory includes what's known as 'BATNA', developed by researchers Roger Fisher and William Ury of the Harvard Program on Negotiation (PON) and included in their book *Getting to Yes: Negotiating Agreement Without Giving In* published by Penguin Books in 1981. As they emphasise, a BATNA is a preconceived strategy of having a 'fallback' position if you feel what's on offer is inferior to that which experienced by walking away.

Pretty much all reports on the progress of free trade negotiations in recent weeks suggests that both sides are close to walking away. Aside from ardent Brexiters, the vast majority believe that failure to achieve a deal will make both the UK and EU worse off.

Indeed, the week before last, at the culmination of discussions, which commenced on 17th August, [Barnier expressed his exasperation at the lack of progress](#) being made on fishing and the matter of a 'level playing field' (particularly subsidies to industry).

“Today at this stage, an agreement between the UK and the EU seems unlikely. I simply do not understand why we are wasting valuable time.”

It is useful to be reminded of the recently leaked cabinet document which included details of potential scenarios resulting from ‘no-deal’ combined with further waves of infection due to Covid-19 the “wretched” thing, [Prime Minister Boris Johnson](#), contends is highly likely. This document acknowledged the possibility of food and fuel shortages because of checks on documentation at ports and airports.

Imposition of tariffs on goods coming from the EU, the first time since the UK joined in January 1973 could potentially mean higher prices for foods imported from EU countries. For families struggling with reduced income because of increasing unemployment this is will mean additional financial pressure.

Not much of a BATNA it seems?

Which brings us back to the conundrum of why fish are seen as so crucial.

As the House of Commons research library ‘debate pack’, *The UK Fishing Industry* (Number CDP 2017/0256, 6 December 2017), the UK’s fishing and fish processing industries is made up of 4,200 businesses that collectively contribute £1.441 billion to the economy and employ a total of 24,000 people.

Fishing industry in the UK, 2016

	Fishing	Processing	<i>Total</i>
Economic output (£ millions)	788	653	<i>1,441</i>
Employment	8,000	16,000	<i>24,000</i>
Businesses	3,900	300	<i>4,200</i>

Source: Output and businesses: ONS, Annual Business Survey, 2017

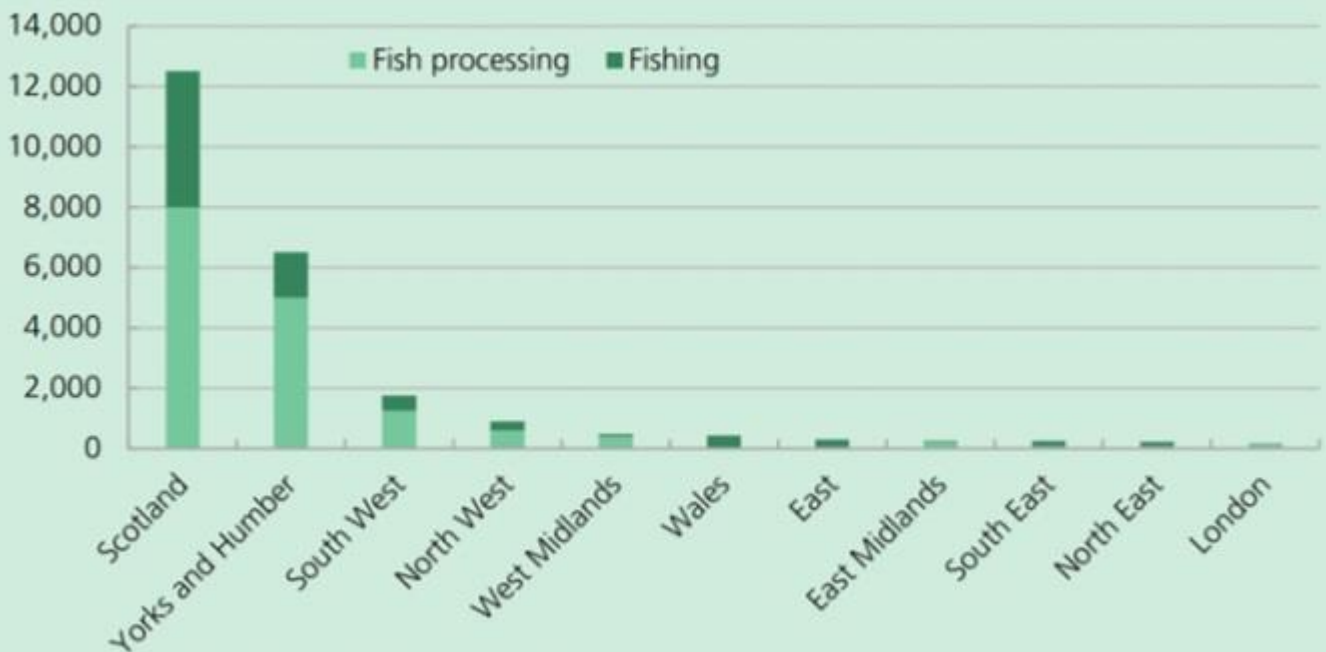
Source: Employment: ONS, Business register and employment survey, 2017

Notes: Industry = fishing and aquaculture , and processing and preserving of fish; SIC codes 03, 10.2

Economic output is Gross Value Added (GVA)

The ‘significance’ of this country’s fishing industry becomes when it is pointed out that it is worth only 0.12% to the UK economy and its workforce represents less than 0.1%. Unsurprisingly, fishing is a coastal activity. However, as the House of Commons document shows, 53% of the “Great Britain fishing industry” in 2016 was based in Scotland employing 4,500 in fishing/aquaculture and 8,000 in processing (see below).

Employment in the fishing and fish processing industry, 2016



Source: ONS, Business register and employment survey

As this table demonstrates, Scotland dominates employment in Great Britain's fishing industry; the only other region of significance being Yorkshire and Humberside (6,500).

Fishing industry employment in Great Britain, 2016

	Fishing	Processing	Total
Scotland	4,500	8,000	12,500
Yorks and Humber	1,500	5,000	6,500
South West	500	1,250	1,750
North West	300	600	900
West Midlands	75	400	475
Wales	400	35	435
East	250	50	300
East Midlands	50	200	250
South East	175	75	250
North East	150	75	225
London	40	125	165
Great Britain	7,940	15,810	23,750

Source: ONS, Business register and employment survey, 2017

Notes: Industry = fishing and aquaculture, and processing and preserving of fish; SIC codes 03, 10.2

The value of the trade in fish is equally intriguing in that in 2016, there was a deficit of £1.4 billion. As the table below indicates, there was a trade surplus of £127.2 million for fish with the EU (71% of UK fish exported and 34% of imported).

UK trade in fish*, 2016 (£ millions)			
	Exports	Imports	Balance
Total, EU	1,167.3	1,040.1	127.2
Total, non-EU	475.5	2,029.0	-1,553.5
Total, world	1,642.8	3,069.0	-1,426.3

Source: UK Trade Info

* Defined as fish, crustaceans, molluscs & aq. inverts & preps thereof

As the figures clearly show, we import far more non-EU fish than we export (respectively for all fish being 66% to 29%). In the strange times in which we live, there is a certain irony that France, with which there is concern that the Royal Navy may be required to intervene in disputes between fishing vessels from this country and Britain is, by value, the UK's largest export market. Iceland with which there were similar disputes in the 1970s – the 'Cod Wars' – is the greatest source of import of fish.

UK's largest trading partners in fish, 2016					
Exports	£ millions	% of total	Imports	£ millions	% of total
France	452.4	27.5%	Iceland	333.8	10.9%
United States	202.6	12.3%	Faroe Islands	213.3	7.0%
Spain	169.9	10.3%	Germany	213.2	6.9%
Irish Republic	142.8	8.7%	China	192.6	6.3%
Italy	111.8	6.8%	Denmark	169.0	5.5%
China	90.0	5.5%	Sweden	161.4	5.3%
Netherlands	76.2	4.6%	Vietnam	141.6	4.6%
Germany	69.7	4.2%	Netherlands	121.1	3.9%
South Korea	29.9	1.8%	Norway	115.1	3.8%
Poland	28.7	1.7%	India	111.2	3.6%

Source: UK Trade Info

These statistics surface some fascinating questions.

Perhaps, most poignantly, why is David Frost willing to threaten no-deal on the basis of fishing which, as statistics clearly demonstrate, has so little significance and, besides, is dominated by Scotland? Indeed, [the 'direction of travel' that the independence movement is taking in Scotland](#), 'no-deal' as an outcome to the ongoing of negotiations would seem to be a gift.

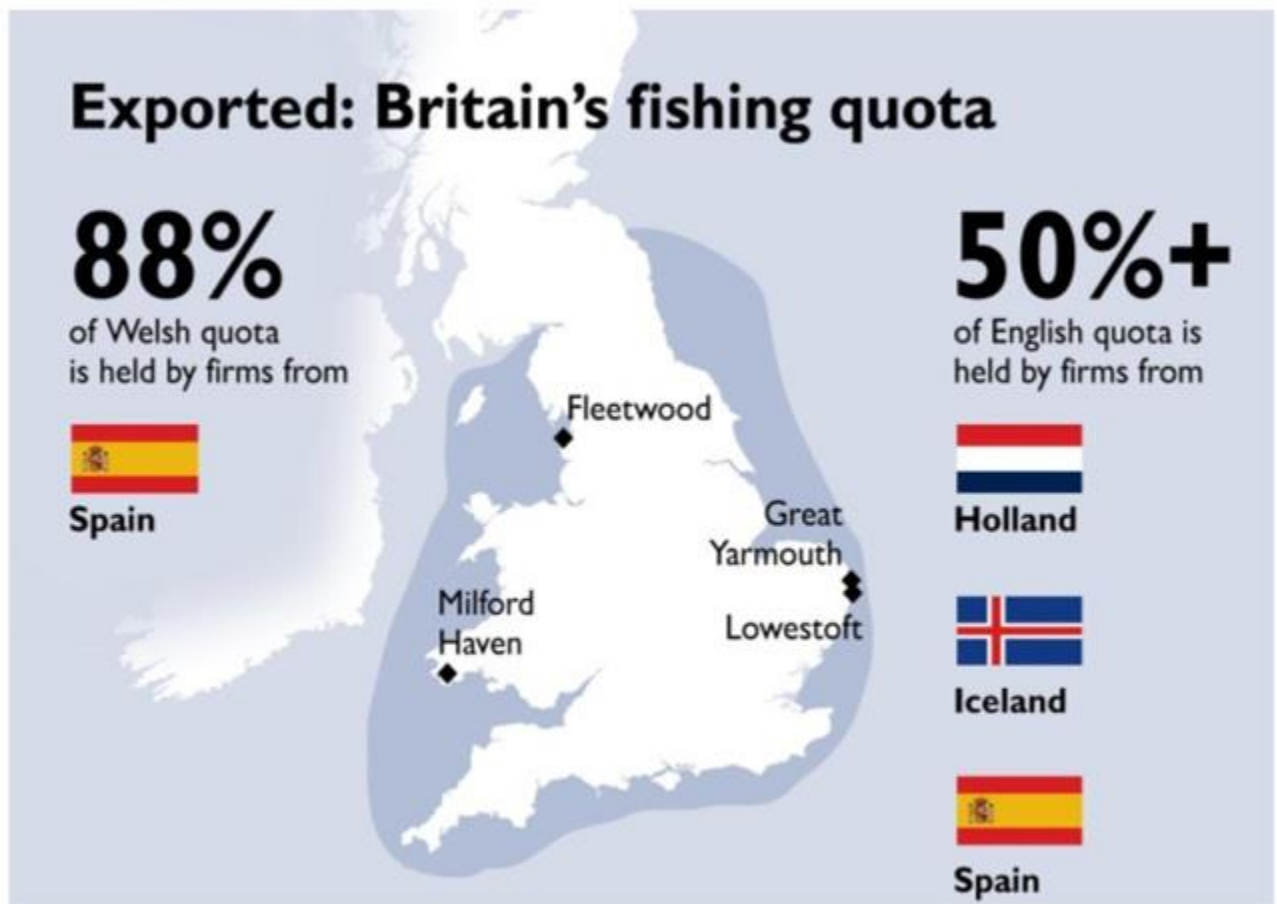
As many speculate, there must surely be more to this than meets the eye?

That fishing has assumed such importance in the free trade negotiations should come as no surprise. As [Philip Sim in his article published online](#) in November 2018 by the BBC News website, 'Brexit: Why is everyone talking about fishing?' asserted, fishing "became a symbol of dissatisfaction with the EU, an illustration of the "take back control" narrative of the Leave campaign"

Reasserting control over UK waters, Sim states, "by exiting the unpopular Common Fisheries Policy" would demonstrate Brexit had been delivered.

However, there is another dimension to fishing that has been somewhat overlooked in the brouhaha surrounding the increasingly acrimonious negotiations in which positions have become more, not less, entrenched. The system of quotas, fishing rights, by which the quantities of fish is determined, are no longer owned in this country.

Jonathan Leake, *Times*' Environment Editor, in March 2018, in ['Foreigners to net UK fish after Brexit'](#) reported, "Spain, Holland and Iceland have bought up nearly 90% of the entire fishing quota of Wales and more than half the quota assigned to England":



Source: Times Publishing PLC

Leake reports that the overseas owners of the fishing rights have “set up UK businesses to hold the quota, making meaningful change unlikely after the country leaves the EU.” Leake also explains that the information, from Department for Environment, Food and Rural Affairs (Defra), was then headed by Michael Gove.

Gove, a leading politician in the campaign to leave during the 2016 EU Referendum, though surely aware of the transfer of quotas, continued to argue being out of the EU would allow this country to “take back control” of its seas.

In his article Leake presented the views of a Defra spokesperson asserting the UK’s departure from the EU provides an “opportunity to design a new domestic fishing policy.” This was juxtaposed with the opinion of law lecturer at the University of the West of England, Thomas Appleby; “England and Wales have mismanaged their fishing quota and Brexit will do nothing to put it right.”

In January this this year, the Financial Times carried an article, [‘Brexit: why fishing threatens to derail EU-UK trade talks’](#) in which Michel Barnier was quoted as making clear his belief that though ‘no-deal’ would result in the loss of EU fishing rights in UK waters, Britain had more to lose than the EU27.

If there is ever a Carry-On film is made about Brexit, the issue of fish would provide abundant material for comedy.

It’s unfortunate that the Clownfish (anemonefish) would not feature as it only exists in waters much warmer than those found around the British Isles.

Sadly, there’s no such fish named ‘Economically self-destructive’ as its inclusion in any Brexit comedy film would neatly summarise the current state of Brexit free trade negotiations!

Dr. Steven McCabe is co-editor of *Brexit and Northern Ireland, Bordering on Confusion* (published by Bite-Sized Books, ISBN-13:978-1694447807), contributor to *Boris, Brexit and the Media* edited by Mair, Clark, Fowler, Snoddy and Tait (published by Abramis Academic Publishing, ISBN-13: 978-1845497644), *The Virus and the Media: How British Journalists Covered the Pandemic*, edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8643725824), *The Wolves in the Forest: Tackling Inequality in the 21st Century* edited by Paul Hindley and Paul Hishman (published by Social Liberal Forum), *The Pandemic, Where Did We Go Wrong?* edited by John Mair (forthcoming to be published by Bite-Sized Books, ISBN-13: 979-8665858326) and *English Regions After Brexit: Examining Potential Change through Devolved Power*, jointly edited with Beverley Nielsen (published by Bite-Sized Books, ISBN-13: 979-8666953099).