



**FISHING FOR A SOLUTION:
CANADA'S FISHERIES RELATIONS WITH
THE EUROPEAN UNION, 1977-2013**
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THE LONG-TERM FISHERIES AGREEMENT



Fisheries relations between Canada and the European Union have been shaped by changes in international fisheries management since the 1970s. An important impetus was the widespread adoption of 200-mile fishing zones by the world's coastal states. This was reflected in the decision of Prime Minister Pierre Trudeau's government to extend Canada's offshore fisheries jurisdiction from 12 to 200 miles as of January 1, 1977. The announcement was of special concern to the European Union, whose member states had traditionally fished in the waters of the Northwest Atlantic off the coast of Newfoundland and Labrador. Over the next four years the two sides attempted to work out a new fisheries relationship. In December 1981, their efforts culminated in the Canada-EU long-term agreement on fisheries (LTA).

Evolution of Canadian Fisheries Policy

The Canadian government's decision to proclaim a 200-mile zone followed an alarming decline of fish stocks since the 1960s due to sharply increased foreign fishing and the inability of the existing international regional fisheries management organization, the International Commission for the Northwest Atlantic Fisheries (ICNAF), to regulate fisheries effectively beyond the existing 12-mile limit. Overfishing had an especially serious effect on northern cod (NAFO Divisions 2J3KL), the mainstay of the Atlantic groundfish industry. (See Appendix I.) With 90 percent of all significant stocks in the Northwest Atlantic found on rich fishing grounds on the continental shelf within 200 miles of the southern coast of Labrador and northeast coast of Newfoundland, the governments of Newfoundland and Nova Scotia and the fishing industry pressed Ottawa to extend Canada's offshore jurisdiction.

The 200-mile declaration had two important effects on Canadian fisheries diplomacy. First, it required Canada to develop new relationships with states that had historically fished inside 200 miles and, to a lesser extent, outside 200 miles for stocks straddling the offshore limit. Second, the growing ability of Canada's industry to exploit the fisheries resources newly available as a result of the displacement of foreign fleets from inside 200 miles increased the need for access to foreign markets for the increased domestic production. Ottawa's efforts to leverage its developing foreign relationships to increase Canadian fish sales in turn heightened the importance of domestic factors in shaping Canada's external fisheries policy.

The Canadian government's long-term goal was to "Canadianize" all fishing within the 200-mile limit although, in accordance with the then-draft UN Law of the Sea Convention, Ottawa undertook to allocate fish surplus to Canadian harvesting capacity to countries with traditional fisheries inside 200 miles. It allowed ICNAF to set total allowable catches (TAC) and individual country fishing quotas for all managed stocks in the Northwest Atlantic to apply to Canada's waters in 1977, subject to Canadian licensing and enforcement inside 200 miles. This did not include northern cod, which was considered to be a Canadian stock found almost entirely within 200 miles, for which Canada set the TACs and quotas. But

Ottawa emphasized that after 1977, although ICNAF would continue to operate for a transitional period outside 200 miles, Canada would establish all TACs and quotas in Canadian waters. In 1978, Canada and ICNAF, for the area outside 200 miles, began imposing the strict $F_{0.1}$ management strategy to allow the fish stocks to rebuild. The reductions were borne by foreign fleets. Between 1977 and 1982 their quotas for northern cod were reduced from 51 percent to 12 percent of the total allowable catch.

The Canadian government made it clear that it would only allow fishing in Canadian waters by countries that entered into agreements with Canada, and that it would have to receive certain benefits in return. The primary focus was on Canadian-managed stocks for which surpluses were then available. The content of these benefits evolved through four cumulative phases.¹ The first phase encompassed treaties reached in 1976, prior to the 200-mile extension. Ottawa used these so-called “framework agreements” to gain recognition of its planned extension and secure fisheries cooperation outside 200 miles, in return for undertakings to provide annual fishing allocations for surpluses it identified, those surpluses and allocations to be determined by Ottawa. Norway, the Soviet Union, Poland, Spain, and Portugal, which accounted for almost 90 percent of all foreign fishing off the Atlantic coast, signed agreements with Canada during this period.

The second phase comprised framework agreements signed in 1977, after the 200-mile limit had been established. An important objective was to secure acknowledgment of Canada’s “special interest” outside 200 miles in the straddling fish stocks on the Nose (NAFO Division 3L) and Tail (NAFO Division 3NO) of the Grand Banks off the northeast coast of Newfoundland and discrete fish stocks on the Flemish Cap (NAFO Division 3M) in exchange for annual fishing allocation undertakings. Canada reached agreements with Cuba, Romania, East Germany, Bulgaria, and Japan at this time.

Canadian policy entered a third stage in 1978, when Ottawa decided to adopt a “commensurate benefits approach,” through which it sought commercial compensation, in the form of increased fish purchases, in return for fishing quotas in Canada’s waters. This principle was incorporated into annual allocations agreements with Spain, Portugal, and Poland. Prime Minister Joe Clark’s short-lived government expanded the commensurate benefits approach in 1979 by introducing the concept of long-term

fisheries agreements that offered major fish-consuming countries multi-year allocations of Canadian fish stocks in return for improved terms of access to their markets.

The fourth phase of Canada's policy got underway in 1980. Ottawa began seeking to establish "satisfactory fishing relationships" with countries fishing in Canadian waters. This consisted of five elements: a bilateral treaty, a commitment to scientific cooperation, satisfactory trade relations in fishery products, satisfactory fishing behaviour outside 200 miles, and membership in the Northwest Atlantic Fisheries Organization (NAFO), which replaced ICNAF as of January 1, 1979. In return signatories received rights to surplus and in some cases, non-surplus, stocks inside 200 miles. It was during this phase that Canada and the EU negotiated the long-term fisheries agreement.

The Newfoundland government and fishing industry supported the extension of Canadian fisheries jurisdiction and Ottawa's early approach to foreign fisheries agreements. However, they became critical of the government after it began seeking accords that gave other countries fishing rights to non-surplus fish stocks in return for better access to their markets. The government of Newfoundland opposed the principle of allocating non-surplus fish stocks for trade purposes. The province's fish producers and fishers wanted to catch stocks assigned to foreign fleets.

The EU's Common Fisheries Policy

By this time, the European Union had begun establishing its authority over fisheries policy. This occurred in response to three factors: the effect of enlargement in 1973, which brought the United Kingdom, Ireland, and Denmark, all of which have significant fishing interests, into the organization; a serious decline in EU fish stocks due to overfishing; and the adoption of 200-mile fishing limits by increasing numbers of coastal states, which affected the Union's fisheries relations with those countries. Accordingly, in 1976, the EU decided to adopt a comprehensive Common Fisheries Policy (CFP). The Council of Ministers agreed to establish a 200-mile zone effective January 1, 1977, and authorized the European Commission to begin negotiating agreements with third countries. The Union's member states

also agreed to launch discussions leading to the adoption of an overall internal fisheries management scheme consisting of a conservation policy, procedures for determining total allowable catches and national quotas for important fish stocks, access to member states' coastal waters, marketing arrangements, and a structural policy for adapting fleets and onshore processing facilities to changing conditions in the industry.

The conclusion of agreements with countries in whose waters member states' deep sea vessels had traditionally fished was critical to the development of the CFP. The accords enabled the fleets to maintain their foreign operations, thereby easing pressure on allocations in the EU's own waters. The transfer of authority over fisheries policy from member states to the Union as a whole also enhanced the Commission's competence in this sector.

Decisions involving the distribution of limited resources are seldom easy. So it was not surprising that the search for a Common Fisheries Policy led to widespread policy clashes within the EU. The conflicts were compounded by the divergent interests of member states, which were reinforced by the pressures of their small but politically potent fishing constituencies, and by the fisheries policies of third countries with which the Union had to deal. Complicating matters further were the Union's decision-making procedures, which required unanimous agreement among member states for the approval of internal fisheries measures and foreign treaties. This in turn limited the Commission's capacity to manage the Union's internal bargaining. Disagreements over fisheries policy led to protracted deadlocks and solutions based on accommodations of varying stability among member states. Fisheries arrangements with other countries, including Canada, often became entangled in the EU's internal debates.

Negotiating the LTA

In December 1977, Canadian and European Commission officials began discussions to develop a bilateral framework accord. The talks ended in July of the following year after only two meetings because the parties could not reach agreement. The main sticking points were Canadian demands

that the EU make tariff concessions on fish products in exchange for fishing rights inside Canada's waters and recognize Canada's special interest in fish stocks in the Northwest Atlantic outside 200 miles. The Union contended that the General Agreement on Tariffs and Trade (GATT) was "the appropriate setting within which to discuss trade liberalization" and that acceptance of Canada's special interest claim "might prejudice the emerging consensus on the law of the sea."²

The Interim Accords

Ottawa and Brussels were able to agree on an interim accord that gave EU vessels allocations in Canadian waters until December 1979, pending further negotiations on a framework agreement. In return, the Union would limit to 1,190t its Atlantic salmon harvest off Greenland, where high catch volumes were reducing Canadian stocks halfway through their Canada–Greenland–Canada migration route. In a separate understanding, the EU undertook to improve its tariff rate quota on fish imports in the Tokyo Round of GATT negotiations, which were then underway. As part of the eventual GATT agreement the Union lowered its tariff from 15 to 8 percent for all GATT parties on a fixed quantity (10,000t) of certain cod products of principal benefit to Canada. This still left rates levied on Canadian exports well above those applied to Norway and Iceland, Canada's main competitors in the EU market, which benefited from preferential rates set at 3 percent and 0 percent respectively, in their free trade agreements with the Union.³ The two sides finessed Canada's special interest claim by taking note of "discussion on the nature of Canada's interest in the stocks of the Grand Banks–Flemish Cap area seaward of Canadian fishery waters."⁴

Accords Embroiled in EU Politics

The Canadian government quickly approved the interim pact. But when the agreement came before the EU Council of Ministers in November 1978, just before the opening of the annual cod fishing season in the Northwest Atlantic, which runs from early December to early April, it quickly became a pawn in disagreements among member states over Common Fisheries Policy issues. The Danish and British governments both vetoed the accord. Denmark opposed the inclusion of Greenland salmon catch limits in the agreement. The British government's objection was more serious.

As London saw it, other member states were using third party agreements to achieve their CFP priorities while its own demands for stricter conservation measures and a wide exclusive fishing zone for its fishers, a demand sharply contested by France, which wanted wide-ranging fishing rights in EU waters off the UK, went unfulfilled. The UK, accordingly, decided to link its assent to external agreements to approval of CFP measures favourable to British interests. In this case its aim was to force West Germany, the chief beneficiary of the agreement with Canada, to pressure the recalcitrant French to ease their stand on coastal fishing. West Germany was the only member state with a deep sea fleet that depended on access to Canada's offshore zone. Some 12 percent of its overall annual catch came from waters now under Canadian control.⁵

The Canadian government responded to the Union's failure to approve the accord by refusing to allow EU vessels to fish in Canadian waters as of January 1, 1979. The critically timed decision forced German trawlers to suspend their fishing operations after taking their 1978 quota. The West German government began pressuring the Danes and the British to lift their reserves on the pact. Denmark promised to drop its objection if the Greenland salmon quota were included in an exchange of letters rather than in the agreement as Canada had demanded – a condition Ottawa accepted. The UK withdrew its veto after West Germany agreed to give British fishers a share of its cod quota in Norwegian waters in return for the UK's share of a less valuable fish stock in the same region. The settlement left the controversy over fishing in waters off the UK unresolved.⁶

The EU Council approved the agreement in February 1979. The Canadian government then issued the necessary licences allowing the Union's vessels to take their 1979 cod allocation. The agreement was signed in June.⁷ However, Ottawa told the EU that it would not receive its fishing quotas for the following year unless it approved a new agreement by the end of 1979. In December, Canadian and Commission officials agreed to extend the provisions of the interim pact through 1980 so they could begin negotiating a long-term framework agreement. The EU agreed to the extension in January 1980 and the pact was signed three months later.⁸

LTA Negotiation Begins

As an incentive to the European Union, the Canadian government proposed that the two sides negotiate a long-term fisheries agreement that would give the EU assured allocations of Canadian cod in return for improved tariff rate quotas on fish products of interest to Canada. Ottawa raised the possibility of increasing the Union's shrinking cod quota subject to satisfactory progress in the negotiation. At the time, there was widespread optimism about the health of the 2J3KL cod stock. The Canadian government's Task Force on Atlantic Fisheries (Kirby Commission) typified the optimism of the era, predicting that "by 1987, the cod catch should be more than triple the 1976 harvest; the total groundfish catch will have more than doubled."⁹ Therefore, Ottawa believed its offer to the EU would not have a negative impact on the growing Canadian fishing industry.

The new marketing approach, developed under Prime Minister Joe Clark's government and implemented by Prime Minister Pierre Trudeau's administration, was adopted in response to the rapid increase in domestic fish landings and the depressed condition of the onshore processing industry in Atlantic Canada. These factors, combined with a levelling off of sales in the mature US market, made the search for other sales opportunities critical for Canada. The Newfoundland government also called on the EU to lower its tariffs.¹⁰

Having recently reduced catch levels in its waters, the EU welcomed the prospect of assured multi-year fishing allocations. The West German government, which was under pressure from its deep sea trawling fleet, lobbied hard for an agreement. The Commission persuaded other member states to go along by making the case that long-term access to Canadian fishing grounds would reduce West Germany's claims for cod allocations in the North Sea. As a result, the Union abandoned its opposition to linking fishing rights to improved tariff rate quotas. In April 1980, the Council formally authorized the Commission to negotiate a long-term agreement with Canada. The likelihood of an agreement was enhanced by the Council's decision to adopt a Common Fisheries Policy by January 1, 1981. The decision was part of a larger deal averting a budget crisis, by which West Germany agreed to help reduce the UK's payments in return for London's consent to settle CFP issues by the January deadline.¹¹

Negotiations between Canada and the EU began in late April 1980 and continued fitfully until June of that year. The main issues in dispute were the size of the fishing rights and tariff rate quota concessions, and proposed limitations on Greenland salmon catches. The tariff issue was of special concern to the UK. Recent sharp increases in the value of its currency had led to an influx of cheap imports of fish, especially from Denmark and the Netherlands, that had seriously depressed domestic prices. London was under pressure from the fishing industry for protection from foreign imports. Although imports of Canadian fish were small compared to those from Norway, Iceland, and other EU member states, the proposed LTA market concessions became the focus of the industry's opposition. Denmark's interest in the salmon issue stemmed from concern over an approaching referendum on membership in the Union in its dependent territory of Greenland.¹²

The negotiation was finally completed in November 1980 when officials from Canada and the Commission reached agreement on a long-term accord. The pact, which was to last for six years, incorporated the major elements of Canada's recently adopted satisfactory fishing relationship approach, the centrepiece of which was the fishing rights for market access exchange. The pact gave the EU access to up to 16,000t of cod each year in NAFO Divisions 2J3KL (8,000t in the first year, 9,500t in the remaining years) and 2GH (6,500t), together with smaller amounts of squid. In return, Canada received tariff concessions for up to 47,000t of semi-processed cod, redfish, and herring each year at rates ranging from 3.7 percent to 10 percent. The concessions were made on an *erga omnes* basis to comply with GATT obligations, which left them open for use by other countries.¹³ Ottawa's cod allocation to the EU, which represented about 3 percent of the total allowable catch, would increase the Union's quota by about 8 percent. The EU's market access concessions were expected to increase Canadian sales to the Union by up to 12 percent over the life of the agreement. In an accompanying exchange of letters the Union agreed to maintain the existing catch limit on salmon off Greenland pending the signing of an international salmon convention, which was finally reached in 1983. The agreement resolved the issue of EU recognition of Canada's special interest in straddling and discrete stocks outside the 200-mile limit by a reference to the relevant article of the NAFO Convention.¹⁴

The LTA Under Siege

The LTA soon became a casualty of the Union's inability to conclude a Common Fisheries Policy by the agreed deadline of January 1, 1981. The December 1980 Fisheries Council meeting failed to resolve the lingering dispute over coastal fishing between the UK and France. Neither could it agree on a scheme for distributing fishing quotas among member states in EU waters. As a result, the UK, which continued to encounter stiff domestic industry opposition to Canada's improved market access terms, blocked approval of the LTA. London contended that the agreement would not be politically saleable at home unless it were adopted a part of a Common Fisheries Policy package that met the UK's concerns. The Danish government, seeking higher Greenland salmon quotas, also placed a reserve on the pact.¹⁵

The Canadian government decided to approve the agreement. But it refused to issue the licences required for EU vessels to fish in Canada's waters until the Union did so. Ottawa faced growing criticism from the Newfoundland government and the fishing industry. The provincial government was "totally opposed" to the principle of granting non-surplus fish to foreigners in exchange for tariff concessions.¹⁶ The Fisheries Association of Newfoundland and Labrador, which represents the province's major fish producers, and the Fish, Food and Allied Workers Union (FFAW), Newfoundland's largest fisheries workers group, were also against the accord. They argued that the Newfoundland fleet had become capable of taking the entire 2J3KL cod quota and that foreign allocations would force the early suspension of its annual operations. The agreement, moreover, failed to guarantee Canadian fish sales in the EU market. As a spokesman put it, "This deal is just not good enough."¹⁷

Ottawa's action put the onus back on the EU. However, the Commission's capacity to respond was constrained by the Union's unanimous consent requirement. The West German government, pressured by its idle deep sea fishers and the distressed onshore processing industry, soon began pressing the British and the Danes to alter their LTA stands. West Germany got some relief at a Fisheries Council meeting in January 1981, at which Denmark agreed to lift its reserve on a stalled fishing pact with Norway that gave German trawlers access to Norwegian cod. In return, the Danish government received a commitment from the Commission

to renegotiate the Greenland salmon quota with Canada. Ottawa agreed to increase the EU's quota from 1190t to 1270t. But the UK continued to insist that approval of the LTA be linked to the adoption of a Common Fisheries Policy.¹⁸

The West German government, supported by the Commission, continued to press member states to ratify the LTA. At a Council meeting in February, the Commission's president, Gaston Thorn, argued that such agreements were an important test of the EU's credibility and that they should be separated from disputes over internal policy matters.¹⁹ The Commission also took the unusual step of issuing a public statement urging member states to give their approval. All but the UK offered support. The British government blamed France for the fisheries impasse. London would not approve the LTA without a settlement of the coastal fishing dispute and revisions to the Union's marketing arrangements to safeguard the country's beleaguered fishing industry. West Germany offered to absorb the bulk of the reduced tariff imports from Canada if the UK lifted its reserve. But London would only agree if the EU's reference prices, which ensured that fish imported from third countries did not disrupt the market for home production, were increased by 25 percent – a demand other member states considered excessive.²⁰

West Germany's government and the Commission still hoped to break the deadlock over the LTA before the fishing season in Canadian waters ended early in April 1981. Prior to the Council's meeting on March 10, the Commission presented new proposals to settle the Anglo-French coastal fishing dispute. Gaston Thorn also visited London and Paris in an effort to expedite a settlement.²¹ However, the Council meeting ended in failure because British and French representatives could not resolve their differences. The UK also rejected new German proposals to protect the British market from low-cost third country imports in exchange for approving the LTA. Last-minute attempts to avert a West German threat to raise the issue at the EU summit meeting on March 23–24, if the agreement were not confirmed, also failed. The LTA, accordingly, made its way onto the summit agenda.²²

German officials upped the pressure on the British government before the summit by publicly accusing it of breaking its 1980 Common Fisheries Policy pledge. They also warned that there would be repercussions over future budget assessments if the UK refused to lift its veto of the LTA.²³

Despite the threats, Prime Minister Margaret Thatcher remained adamant on her government's demands for improved market protection measures and a solution to the coastal waters access dispute as a precondition for approving the agreement. A bitter Chancellor Helmut Schmidt blamed the fisheries failure on the UK, saying, "The Federal Republic agreed to a financial deal which caused enormous difficulties and higher taxation in Germany. I was deceived and disappointed. There is no point in such an agreement if one side does not stick to it." Mrs. Thatcher was unmoved. "I do not give in to pressure," she replied.²⁴ At the end of March, EU member state fisheries ministers made another attempt to ratify the LTA. But the rapidly approaching end of the Canadian fishing season removed the urgency from the issue and no progress was made.²⁵

Resolving the EU Impasse

The impasse was not resolved until late September 1981, when the Fisheries Council approved the LTA as part of a Common Fisheries Policy mini-package settlement. The action followed renewed German pressure, including the threat to boycott future Fisheries Council meetings, until the accord had been confirmed. The UK agreed to drop its demand for a resolution of the coastal fishing access dispute, but it made the inclusion of revised market support mechanisms in the Common Fisheries Policy settlement the price of its acceptance of the agreement.²⁶

The Canadian government did not immediately ratify the pact. The delay was prompted by uncertainty over how the EU would implement its market access commitments for fish exports covered by the LTA, as well as the continuing hostility of the Newfoundland government and the fishing industry to the accord. The province reiterated its opposition to Ottawa's allocations-for-access marketing strategy. Premier Brian Peckford only half-jokingly likened the federal government's approach to permitting Russian farmers to grow their own wheat in Saskatchewan in return for the Soviet Union's promise to buy Canadian grain. "The principle of giving away raw resources for a reduction in tariff on the same product is wrong," he said.²⁷ For their part, industry representatives made guaranteed purchases of Canadian fish products by the EU a condition for their support of the LTA. However, on December 17, 1981, after consultations with Commission officials and with the expectation that domestic critics

would be appeased by the eventual improvement in Canada's export performance in the EU market after the agreement became operational, Ottawa announced that it would approve the agreement.²⁸

Canada and the European Union agreed to extend the accord by one year, so it would begin in January 1982 and terminate in December 1987. The revised LTA was signed on December 30, 1981, following the EU Council's approval of the accord. The Union assigned the bulk of its fishing allocations to West Germany, with smaller amounts going to the UK, France, and Italy.²⁹ Ratification survived last-minute veto threats by Denmark and Ireland, which demanded and received concessions on unrelated fish import quotas. Although the Canadian government approved the agreement, it remained concerned about how the EU would implement its LTA tariff commitments. Accordingly, at the time of the signing of the agreement it sent a note to the EU stating its trade access expectations and claiming the right to limit the Union's fishing allocations if the anticipated access benefits failed to materialize.³⁰

Problems of Implementation

Canada's fears about the European Union's internal marketing arrangements proved well founded. Canada had expected its new tariff rate quota to apply throughout the EU, so that Canadian producers could expand their markets wherever they could. Instead, in early January 1982, the EU implemented its LTA tariff concessions by means of a tariff rate quota scheme within the EU, distributing the total differentially among members. Designed in response to British demands, the scheme assigned the largest share of Canada's lower tariff rate exports to West Germany. The UK, which had been receiving 80 percent of Canada's cod exports to the EU, and was expected by Canada to absorb most of the increased sales, was assigned only 12 percent of the total. The Canadian government responded by withholding the licences of EU vessels about to begin fishing in Canadian waters, pending the outcome of consultations with Commission officials. Ottawa agreed to issue the licences in late January 1982 after the officials gave assurances that they would do their best to ensure full implementation of the LTA. Ottawa warned that it would monitor export sales under the agreement and that it would reserve the right to reassess the EU's fishing allocations if the Union's compliance were not satisfactory.³¹

Commission officials did not seem to take the Canadian government's threat seriously (a reaction that would be repeated and lead to other conflicts in the future), apparently assuming that Ottawa was too heavily committed to its marketing approach to risk reducing its negotiated improved access to the EU market.³² However, the Union's failure to cooperate seriously weakened Ottawa's ability to maintain domestic support for the LTA. This problem was aggravated on March 11, 1982, when the European Parliament, responding to pressure from aroused publics stirred by animal welfare and environmental groups, voted to recommend that the EU ban the import of seal pup skins and products on the basis of alleged cruelty and conservation concerns. With the Union accounting for some 70 percent of Canadian seal skin exports, it was understood that such a prohibition would be a serious blow to the industry, which was largely based in Newfoundland. The province's fisheries minister, Jim Morgan, who was in Strasbourg for the vote, warned that if the Commission went along with the parliament's motion, his government would pressure Ottawa to retaliate by suspending the Union's fishing rights in Canadian waters. Newfoundland fishing groups, many of whose members were involved in the sealing trade, endorsed the minister's stand.³³

The Canadian government refused to rule out the possibility of withholding the EU's fishing rights, although it did not explicitly link the LTA and seal export issues. But it did threaten to reduce the Union's fishing allocations if the market access rules affected compliance with the LTA. The approaching end of the fishing season, combined with the more extended period required to determine the effects of the market arrangements, reduced the effectiveness of the threat in 1982. But it became more credible when Canadian and Commission officials met to review the agreement in November of that year, shortly before the new fishing season got underway.

At the meeting, Canadian officials complained that although Canada had complied fully with its LTA commitments it had not received sufficient benefits from the EU's tariff concessions. They asked for compensation to offset the losses suffered by Canadian exporters. The EU Council agreed to increase the UK's share of the Union's 1983 quota from 12 percent to 43 percent for certain cod products, together with a share of any unused portion of the Union's overall commitment. Ottawa decided to issue only 80 percent of the licences to EU vessels to fish the less valuable 2GH cod and none for the more valuable 2J3KL cod while it reviewed the Union's

compliance with the LTA. The assessment, completed in late January 1983, showed that Canada had received only 30 percent of its tariff rate quota benefits to which it had been entitled under the agreement in 1982.³⁴

Ottawa then agreed to allow EU vessels to take 20 percent of their quota of 2J3KL cod, pending negotiations with Commission officials over its trade complaint. But in early March 1983, fisheries minister Pierre De Bané announced that Ottawa would withhold the necessary licences permitting the EU fleet to take the remainder of its 1983 quota until there was a satisfactory resolution of the trade access issue. “Our dissatisfaction with the Agreement to date is well-known to the EEC authorities,” the minister said. “The reduction in fishing allocations should bring home to the EEC that actions to avoid their international obligations will rebound to their own disadvantage.” He also warned that the Union’s recent decision to impose a two-year ban on imports of seal pup skins and products had not improved the atmosphere between the two parties.³⁵ The EU’s action had brought renewed pressure on Ottawa from the government of Newfoundland and the fishing industry to retaliate against the Union by excluding its fishing fleets from Canadian waters.³⁶

New LTA Arrangements

The deadlock between Canada and the European Union over the LTA finally ended in December 1983 when they agreed to new implementation arrangements. The EU undertook to reduce tariff rates on certain cod products covered by the agreement and guaranteed that Canada would be able to sell at least 53 percent of its exports in the British market under the LTA. In return, Canada agreed to restore the Union’s fishing rights and to clarify certain administrative regulations governing EU fishing in Canadian waters.³⁷ The Union ratified the new arrangements without incident. Canada also approved the amendments, although the Newfoundland government and fishing industry reiterated their opposition to the LTA.³⁸ However, the respite gained by the new arrangements would be short-lived.

