

BENEFICIARY: **BORD IASCAIGH MHARA**
PROJECT REFERENCE NUMBER: **19/SSMDS/DI013**
NAME OF PROJECT: **A Strategic Appraisal of the Irish Pelagic Sector**
IMPLEMENTATION PERIOD: **1st January to 31st December 2019**

Project Scope

In 2018 Irish pelagic exports represented c. 25% of the total €653 million seafood exports and Killybegs had the highest value of landings worth €114 million of the €370 million national total. The success of the pelagic sector can largely be attributed to the development of a highly efficient commodity business model.

Despite this, there are several significant competitive threats evident. In more recent years, a combination of higher production costs and raw material volume constraints have impacted on the sector's profitability. In addition, increasing freight and cold store costs are becoming significant threats, particularly as Irish processors are further from key markets relative to their competitors. Focus on commodity production has also led to processing over-capacity within the sector, poor utilization of assets and poor employee retention as the processing seasons are typically truncated. Brexit is also a serious concern for both fishers and processors, particularly in terms of raw material access. Despite the challenges, the overall macro-economic trends indicate a continually growing global demand for high quality innovative seafood proteins, which represents significant opportunities for appropriately aligned pelagic processors.

Objectives

This project sought to work closely with the pelagic sector to develop a bespoke strategy by:

- Benchmarking the existing commodity business model against international competitors to assess levels of innovation, efficiencies; and scope to adopt new technologies.
- Assessing scaled complementary value-add opportunities for the main commercial pelagic species.
- Mapping out strategic options for processors to include key enablers.

Budget: €80,000

Achievements/Spend

The impending threat of a no deal Brexit in 2019 created significant concern for the pelagic sector. Specifically, the potential preclusion from UK waters towards the latter end of that year meant a loss of up to fifty percent of the mackerel quota. Consequently, Irish fishers caught their entire mackerel quota in the first three months of 2019. This presented challenges for processors as they had to process, store and sell a large volume of fish within a short 'window'. Following consultation with key stakeholders it was deemed prudent to provide space to the sector to deal with operational issues and defer strategy development until 2020. It was also hoped that a clearer perspective on Brexit would be available at that stage.

The concentration in catching and processing activities within the first three months of 2019 due to concerns over Brexit exacerbated the existing cold storage and logistics access and cost challenges that Irish pelagic processors are increasingly facing. Processors engaged with Maersk to seek a sustainable logistics solution for Killybegs where full containers could be collected on a bi-weekly basis by vessel from Killybegs to mainland Europe for onward transport to key markets. BIM commissioned Model Logic, a UK logistics consultancy company, to scope the viability of this proposed solution and consideration for other solutions.

A report was produced for the pelagic sector detailing the various options. Pelagic stakeholders continued to engage Maersk to progress this opportunity and other opportunities are being assessed. These specific options will feed into the proposed pelagic strategy development in 2020.

SUMMARY OF SPEND:

Total Approved	
Total Eligible Expenditure	€8,806.24
Total Drawdown	€8,806.24
EU – 50%	€4,403.12
Exchequer – 50%	€4,403.12

Report by: Michael Gallagher

Date: May 2020