

## **EMFF Operational Programme 2014-2020 Seafood Processing Development Measure**

### **BIM Development & Innovation Services**

### **Seafood Scaling & New Market Development Scheme Work Programme Projects**

### **Final Report 2020**



**BENEFICIARY:** BORD IASCAIGH MHARA  
**PROJECT REFERENCE NUMBER:** 20/SSMDS/DI001  
**NAME OF PROJECT:** Whiting & Haddock Category Development  
**IMPLEMENTATION PERIOD:** 1<sup>st</sup> January to 31<sup>st</sup> December 2020

### Project Scope

One of BIM's strategies is to increase Irish exports of processed product from thirty to fifty percent. As both whiting and haddock represent a large part of the Irish whitefish quota it is important that attention is focused on these key resources to achieve this.

Currently c. seventy percent of whiting and haddock caught in Ireland is exported mainly to Scotland and France as whole commodity without further processing and thus no value-add or additional benefit to the Irish economy. Furthermore, the lack of capacity to retain and process at scale results in co-operatives and agents often placing large volumes on the European spot market, often for sub-optimal prices. Shortages in skilled filleters has been a bottleneck to progress in this area. However, advancement in filleting technologies means automated solutions are available. To encourage Irish whitefish processors to orientate at scale there is a clear need to define and communicate the value creation opportunities from catch to plate. To further enhance chances of success there is also a need to improve collaboration and co-ordination between key stakeholders along the supply chain.

Up to just recently no automated line was available for filleting these species which are generally landed at a smaller size than other finfish in European and Irish waters. This barrier has recently begun to fall because of the availability of new filleting machinery to mechanically carry out this process. Early in 2017 BIM sourced one of these machines from the manufacturers and showcased it in Ireland to the whitefish processing sector. Two processors saw the opportunity that this innovation posed and, with grant assistance from the BIM Seafood Processing Capital Investment Scheme, part funded by the EMFF, purchased machines over the last two years. These machines, believed to be the first of their type sold into western Europe, will go a long way to address the capability deficit and enable Ireland to scale up and handle much larger volumes.

As part of this programme during 2019 BIM, with Bord Bia assistance, carried out research into the possible markets for value added products for these species. This helped build insights into what opportunities were out there for building sustainable value and markets for this sector. With this knowledge of the market dynamic we can now help interested parties from both catching and processing create collective growth value propositions.

With the deficit in our processing capability being addressed there is now a need for relevant players in both catching and processing to make collective efforts to create markets for these new products, where both can mutually improve their situations. This year's programme is a continuation of the same project commenced in 2019.

### Objectives

In 2020, the programme team worked closely with one processor and a fisherman's co-op to help create a collective joint approach to marketing value added whiting and haddock into the French market. This process is on-going, and in 2020 BIM had planned to work with other interested parties to build the necessary partnerships in the sector. This will help BIM to understand the barriers being experienced by the Irish seafood processing sector when it comes to processing and exporting these species.

The value opportunity to interested relevant Irish processors and fishing interests will be presented as route-to-market options to encourage them build the scale that is required to optimise the value of these species to the Irish economy.

This programme for 2020 was focused on better planning and collaboration between the key players in the sector including co-ops, processors and fishermen. This collaboration was deemed necessary if BIM are to help maximise value for all players and create an overall benefit to the Irish economy and particularly in coastal areas.

The collective objective was to create a clear view of how the whiting & haddock category operates and understand the opportunities and challenges that influence the growth or otherwise of this category.

**Budget:** €20,000

### **Achievements/Spend**

This project was impacted heavily from late February 2020 due to the Covid-19 crisis and later in the year by Brexit. These factors were major issues for all in the sector and as a result they were not able to give focus to these opportunities at the time.

The project got off to a good start during the months of January and February with the following activities:

- Technical expert was engaged to scope out options to help catching and processing sector players understand and put in place an objective quality evaluation system needed to benchmark against the quality requirements of the French market for value added fillets.
- Five industry engagements and meetings facilitated with Bord Bia presenting market research on the opportunities available for whiting in France.
  - Foyle Fisherman's Co-op and Northcape Seafoods Ltd. in the North West
  - Kingfisher Fresh Ltd. and Atlantis Seafoods Ltd. in the South East
  - Castletownbere Co-op in the South West

### SUMMARY OF SPEND:

<b>Total Approved</b>	<b>€20,000.00</b>
<b>Total Eligible Expenditure</b>	<b>€2,164.10</b>
<b>Total Drawdown</b>	<b>€2,164.10</b>
<b>EU – 50%</b>	<b>€1,082.05</b>
<b>Exchequer – 50%</b>	<b>€1,082.05</b>

**Report by:** John Hackett

**Date:** 3<sup>rd</sup> March 2021

**BENEFICIARY:** BORD IASCAIGH MHARA  
**PROJECT REFERENCE NUMBER:** 20/SSMDS/DI013  
**NAME OF PROJECT:** A Strategic Appraisal of the Irish Pelagic Sector  
**IMPLEMENTATION PERIOD:** 1<sup>st</sup> January to 31<sup>st</sup> December 2020

### **Project Scope**

The Irish pelagic sector has developed a highly successful commodity business model over recent decades. However, increased raw material, logistics and cold store costs have been impacting on competitiveness and profitability. Internationally, larger-scale competitors are often more efficient, have more raw material and have better market reach. New entrants internationally have also heightened competitive challenges and exacerbated raw material access. In addition, the truncated pelagic processing season in Ireland has led to significant seasonal processing over-capacity and employment retention challenges.

Irish pelagic processors recognise these existing competitive headwinds and the emerging threats posed by Brexit and Covid-19. Notwithstanding these challenges, recent global trends also suggest that higher-value opportunities exist for pelagic processors that align with current business models and could also extend the processing season and improve competitiveness.

BIM commissioned Grant Thornton to engage with the pelagic sector to co-develop a strategic plan for the sector. This plan will align state/industry perspectives on future directions and prioritise supports required for the sector.

### **Objectives**

- Review global seafood trends, focusing on the pelagic sectors and the competitive pressures facing the Irish pelagic sector.
- Engage directly with all relevant stakeholders throughout the supply chain from fishers, processors, industry representative groups, customers, agencies and departments to gain views on opportunities and challenges facing the sector and views on longer term growth strategic direction.
- Carry out detailed analysis of trade data to identify key markets for Irish processors and their competitors and review relative performance.
- Develop a market prioritisation model that identifies higher value market opportunities and set out a strategic roadmap that defines actions, enablers, and timelines to progress same.

**Budget:** €113,190

### **Achievements/Spend**

A draft roadmap has been co-developed by Grant Thornton in consultation with the sector. The report comprises:

- An introduction and context to the Irish pelagic sector and the global seafood and pelagic sectors are provided. Challenges and opportunities are also identified and discussed. The section also concludes with the key policies from the EU, DAFM and BIM of relevance to the sector.
- A strategic review of the sector is provided, which included outputs from industry consultations, data analyses of trade data and financial data, and insights from desk research. This provided clarity on the competitive environment within which the Irish pelagic sector operates, and the market prioritisation model developed in conjunction with deep market insights identified the export markets that provide the greatest opportunity for Irish pelagic exports.

The restrictions due to Covid-19 delayed socialisation of project outputs with the pelagic sector. The next phase in 2021 aims to align with the sector regarding future strategic directions and to set up a working group to enable progression of agreed actions.

SUMMARY OF SPEND:

<b>Total Approved</b>	<b>€113,190</b>
<b>Total Eligible Expenditure</b>	<b>€113,190</b>
<b>Total Drawdown</b>	<b>€113,190</b>
<b>EU – 50%</b>	<b>€56,595</b>
<b>Exchequer – 50%</b>	<b>€56,595</b>

**Report by:** Michael Gallagher

**Date:** 17<sup>th</sup> February 2021

