Report of the Seafood Task Force

Navigating Change

The way forward for our Seafood Sector and Coastal Communities in the wake of the EU/UK Trade & Cooperation Agreement

October 2021

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1. Foreword

This is the final Report of the Task Force established by Minister for Agriculture, Food & the Marine, Charlie McConalogue TD, to examine the implications of the EU/UK Trade & Cooperation Agreement (TCA) for the Fishing Industry and Coastal Communities and to consider initiatives to address those implications.

At the start of January 2021, the UK left the European Union. A TCA had previously been negotiated between the UK and the European Commission and finalised in late December 2020. On 25th December 2020, the EU Commission published plans for a Brexit Adjustment Reserve (BAR) to 'mitigate the economic impacts of the withdrawal of the UK and to show solidarity with member states, especially those most affected'.

It has been recognized that the end of the Brexit withdrawal period has brought about the biggest change and disruption in EU-UK relations in 50 years, across all aspects of trade and society. The Irish seafood sector is, in many ways 'in the eye of the storm'. It has been shaped by the common experience of EU membership, alongside the UK, since both joined the EC, as it then was, in 1973. Irish boats fished the shared waters in the English Channel or off Scotland and Killybegs trawlers became familiar sights in ports such as Ullapool and Lerwick, in the Shetland Islands. The Brexit/TCA deal has brought a sudden and dramatic shift in the landscape for the entire Irish seafood sector, in a number of respects:

- Irish fleet has lost access to 15% of its annual quota, mainly affecting pelagic stocks, prawns (Nephrops) and whitefish stocks such as megrim, monkfish and haddock.
- Irish seafood exports to UK, a key market, worth €80 million pre-Brexit, are impacted.
- Irish seafood imports from UK (worth €219 million in 2018), a key input to the Irish retail and processing supply chain, have been disrupted.
- Vital seafood export routes, primarily the 'land-bridge' via the UK, have been curtailed.
- Established Irish/UK links at scientific and policy levels in EU and ICES have been lost.

Taking account of these sudden and massive disruptions for the sector, Minister Charlie McConalogue TD, decided in late January to set up a broadly-based Task Force to examine the implications of the EU/UK TCA for the Fishing Industry and Coastal Communities. The membership of the Task Force included the representatives of the fishing sector (Producer organisations, Cooperatives, Inshore, Aquaculture and Processing) as well as key State Agencies (DAFM, Bord Iascaigh Mhara (BIM), Údarás na Gaeltachta, Enterprise Ireland, Bord Bia, Tourism Ireland), local development groups and the City & County Managers Association. The full list of members is given at Appendix I.

Since it commenced its deliberations in March 2021, the Task Force has met on fourteen occasions and received over 72 submissions and communications submissions from its members, as well as a further 27 submissions through public consultation.

Notwithstanding the sense of dismay at the impacts of the TCA on the Fishing Industry, there has been a positive sense of engagement and co-operation throughout and a commitment by all members to meet the challenges presented, as we seek to chart a new future for the seafood sector and coastal communities.

At its opening meeting, there was strong support in respect of three key priorities identified by members and flowing from the TCA, that will be fundamental to informing future outcomes. These are:

- The issue of 'burden sharing' arising from the disproportionate transfer of quota share by Ireland compared with that from other EU member states to the UK, and how to address the loss of quota arising
- The funding streams available to finance initiatives, the rules governing how funds are to be allocated, and the sectoral priority of seafood to access available funding; and
- The opportunity presented by the forthcoming review of the Common Fisheries Policy (CFP) due to be finalised by the end of 2022, to renegotiate Ireland's quota allocation post-TCA.

As an immediate priority in 2021, the imbalances emerging as a result of the TCA, between fleet capacity and resource availability, were recognised as requiring a response in terms of short-term supports for those affected by quota losses. The establishment of a voluntary, temporary cessation scheme that would operate in the period to December 2021 was identified by the Task Force as a first step and was at the centre of the recommendations of the Interim report in June 2021. This Voluntary Tie-Up scheme has been approved by the EU Commission and commenced from 1 October 2021.

The Task Force went on to consider a further range of proposals, prepared by the representative organisations and with inputs from the relevant state agencies, for measures to support the Refrigerated Seawater (RSW) and Demersal segments of the fleet, the inshore sector and fishing cooperatives, processing and aquaculture, as well as strategic onshore and offshore initiatives that have the capacity to sustain coastal communities by providing jobs and economic activity. Areas of investment have been assessed in relation to transition needs and increased funding has been recommended, to include seafood processing, marine support industries, Community Led Local Development (CLLD), harbour infrastructure development and aquaculture. The Task Force has been encouraged by the scope, vision and emergence of new concepts in these proposals around the circular economy, marine clusters and coastal investments that can

benefit multiple sectors. The broad spectrum of Task Force membership, including the DAFM, State Agencies, local authorities and development groups, has added impetus and insights to the shaping of these programmes.

One of the many encouraging aspects of the Task Force's work has been the fostering of synergies and shared learnings across the parts of the seafood and marine sector. Two such examples are the plans for the processing sector and the growth of national/ local cooperation in the area of marine infrastructure. The Task Force has considered the impacts of Brexit on the various parts of the Irish seafood industry in some detail, with analysis from DAFM, BIM, EI and Bord Bia as well as detailed research from the industry. The proposals in this report reflect a collective will to turn the challenges of the TCA shake-up into an opportunity for re-structuring and strategic investments in strengthening the Irish seafood value chain.

Much of our marine public infrastructure (piers, harbours and facilities) is old and is holding back the full development of a range of marine water-based activity. Accordingly, and in line with the Terms of Reference, the Task Force has recommended an €80 million initiative for the development of publicly owned marine infrastructure. The resulting infrastructure development can provide a platform for the development of new and diversified economic activity in our coastal communities. The provision of this modernized, publicly owned marine infrastructure will be a key enabler in allowing integrated application at a local level of the Task Force's initiatives for the seafood sector, such as community led local development and tourism initiatives.

The scale of investment needed to address the Brexit losses, to sustain a new sense of momentum and transition in our seafood and coastal communities will be significant. The overall funding required has been determined by the Task Force, as in the order of €423.3 million (Table 1).

In the context of above the Task Force has discussed and understands that, as with all proposals for new public expenditure, these proposals must be fully assessed nationally and at EU level. The State officials on the Task Force have not been in a position to assess or verify the case for some of the funding measures included in the final report. Those that meet the necessary criteria nationally for expending public finances will, subject to any necessary modifications, need to be considered for funding under the BAR or other available funding sources as appropriate and considered in the context of any competing priorities. In advancing many of the recommendations of the Task Force, detailed schemes will have to be prepared and finalised and will be subject to EU State Aid approval before it will be possible to implement the funding related recommendations of the Task Force.

Recognising the various demands on the Exchequer, the Task Force recommends that during the 2021-2023 period, eligible measures necessary to implement the Task Force recommendations should, to the greatest extent possible, be funded from the allocation of the EU BAR funding provided to Ireland.

On behalf of the Steering Group, we wish to express our deepest thanks to all the Task Force members on their professional approach in tackling these matters within a limited timeframe. We also wish to acknowledge the excellent support work and advice from senior officials in the Department of Agriculture, Food & the Marine (DAFM) and Bord Iascaigh Mhara (BIM) in the demanding work of the Task Force and in compiling this final report.

Aidan Cotter
Chair

Margaret Daly
Steering Group

Micheál Ó Cinnéide
Steering Group

2. Task Force Executive Summary

The Task Force was established by the Minister for Agriculture, Food & the Marine, Charlie McConalogue TD with a wide range of representation from across the seafood sector, local authorities and development groups as well as DAFM and relevant Government State Agencies. Chaired by Aidan Cotter assisted by a Steering Committee comprising Margaret Daly and Micheál Ó Cinnéide , the Task Force has held fourteen meetings during the period March – October 2021.

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In addressing the Terms of Reference set, the Task Force has focused on the following issues:

- The burden imposed by the TCA and how to address losses, necessary funding arrangements and the role of the Common Fisheries Policy Review.

- Longer-term fleet re-structuring measures through Voluntary Permanent Cessation schemes for the whitefish and inshore sectors that will restore balance between fishing capacity and available fishing opportunities.

- Short-term supports including a possible Voluntary Temporary Cessation Scheme and support schemes for the catching sectors, processors and Fishermen's Co-operatives to mitigate the immediate impacts of the TCA.

- Potential onshore initiatives in the areas of processing, aquaculture, public marine infrastructure and Community Led Local Development (CLLD) that will help to strengthen and enhance coastal communities especially dependent on the seafood industry.

To assist the work of the Task Force, a public consultation was launched on 22 March and was open for one month. It was advertised in twelve papers (one National, two Trade Papers, nine Local Papers) and on the DAFM and BIM websites as well as BIM Social Media platforms. In total, 27 submissions were received from around the country representing the primary seafood producers and coastal community stakeholders. Multiple submissions were also received by the members of the Task Force that helped the deliberations of the Task Force.

The Task Force findings and recommendations are presented in this Executive Summary and in greater detail in sections 7-12.

2.1 Terms of Reference

The Terms of Reference of the Task Force were to examine the implications arising from the EU/UK TCA for the Irish fishing industry and coastal communities particularly dependent upon it. It will, in particular, outline initiatives that could be taken to provide supports for development and restructuring so as to ensure a profitable and sustainable fishing fleet and to identify opportunities for jobs and economic activity in coastal communities dependent on fishing. The Task Force will consider how all available funding streams could be used to address, to the extent possible, the initiatives identified and the State agencies to support those initiatives. The Task Force will also consider and recommend constructive actions that would help to alleviate the inequitable relative contribution of quota share by Ireland in the EU/UK TCA.

The examination and initiatives identified will relate to:

- The Irish fishing fleet,

- The Irish seafood processing industry,

- Other marine support industries, and

– Coastal communities particularly dependent on the seafood industry.

The Task Force will be charged with producing an interim report within two months of establishment. This will focus on arrangements for a temporary voluntary fleet tie-up scheme, to counter the impact of the reduction in quotas which will begin to occur from January 2021. The Task Force will also be charged with producing a full report within four months. This will cover the arrangements for a voluntary decommissioning scheme or other initiatives to address the implications of the TCA and outline other developmental strategies to strengthen and enhance coastal communities especially dependent on the seafood industry. It will also review the options and recommend actions that may be pursued which would assist in reducing the burden on Ireland from the transfers of quota shares to the UK.

2.2 Funding provision

The seafood sector and dependent coastal communities are among the areas most negatively impacted by the TCA. The impacts are significant, immediate and long lasting. The impacts of the TCA on the seafood sector and coastal communities need to be addressed. The objective of the EU BAR is "to provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions and sectors, in particular those that are worst affected by that withdrawal, and to mitigate the related impact on the economic, social and territorial cohesion".

The recommendations that the Task Force is making in its Final Report, and in the June 2021 Interim Report, will give rise to substantial public expenditure which will need careful consideration to ensure that the best possible value for money is obtained whenever public money is being spent or invested as required under the Government's Public Spending Code. The voluntary tie-up scheme and the voluntary decommission scheme are clearly within the EU BAR State Aid Guidelines for the fishery and aquaculture sector. Other fleet measures may also be eligible for BAR funding as well as some of the proposed supports for onshore initiatives, which may also be eligible under the BAR up until the end of 2023. Other elements which require funding subsequent to 2023 may be eligible to be funded under Ireland's European Maritime Fisheries and Aquaculture Fund Operational Programme (EMFAF), once finalised. The Task Force accepts that the assessment of the range of measures recommended, the development of detailed schemes and submission for State aid approval can only be approached on a phased basis and accordingly will be progressed on a prioritised basis.

The Task Force requests that a full assessment of the proposed support schemes, by the relevant Government departments and State agencies, against the necessary Government criteria for public expenditure be carried out with a view to implementing the schemes, subject to any necessary modifications. The Task Force proposes that during the 2021- 2023 period, the measures necessary to implement the Task Force recommendations should, to the greatest extent possible, be funded from the allocation of the EU BAR (BAR) funding provided to Ireland. Table 1 provides a summary of the proposed schemes and funding recommended.

Table 1 Summary of proposed schemes and funding recommendations

Decommissioning	Million Euro
Whitefish	€66.00
Inshore	€6.00
Off Register/Inshore Inactive	€3.70
Total	**€75.70**
Short-term Measures TBC	
Co-ops	€1.00
Polyvalent tie-up (1 year)	€12.00
Polyvalent tie-up (2022)	€12.00
Inshore Short-term Support	€3.50
Pelagic Liquidity	€8.00
Processing Liquidity	€12.00
Scallop Liquidity	€0.60
Pelagic Tie-up (TBC)	€21.00
Total	**€70.10**
Onshore/Offshore Initiatives	
Aquaculture	€60.00
Small scale Public Marine Infrastructure	€80.00
Community Led Local Development	€35.00
Inshore Longer-term Supports	€10.00
Inshore marketing	€2.50
Processing Capital (Including Inshore)	€90.00
Total	**€277.50**
Overall Total	**€423.30**

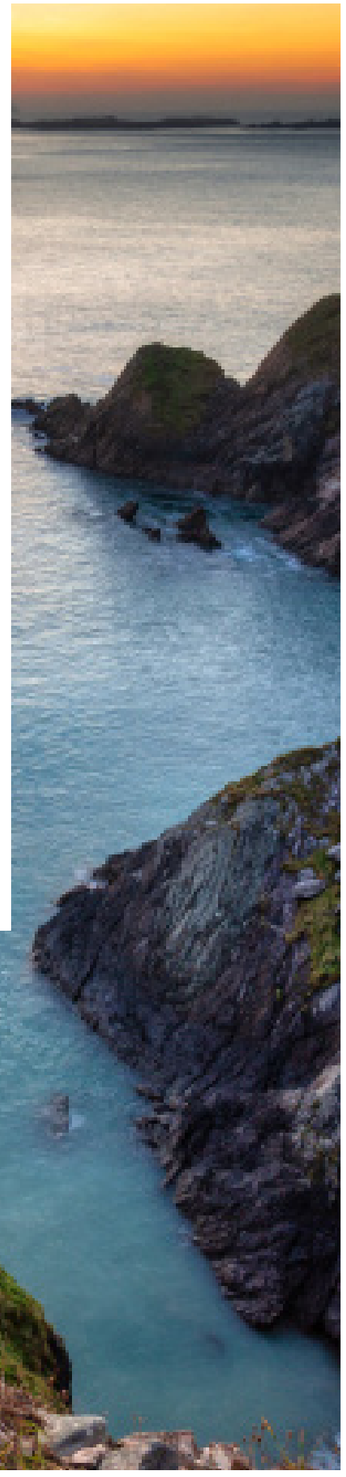
2.3 Burden sharing

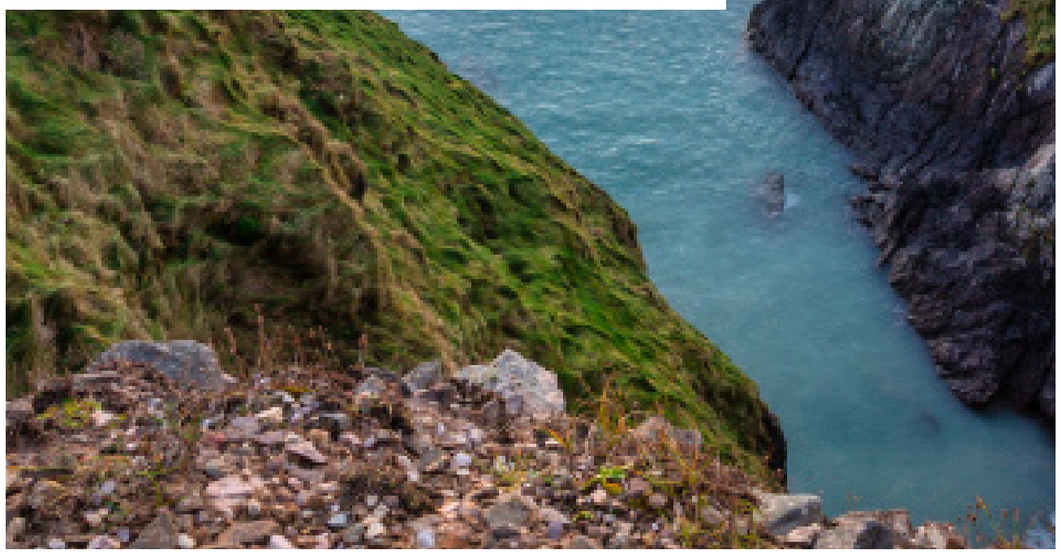
The Task Force considered proposals submitted by members to alleviate the loss of quota share suffered by Ireland under the TCA. The recommended actions, are set down in detail in this report, including specific challenges arising and how the actions may be progressed. The Task Force recommends that all options to alleviate the loss of quota share be pursued at every available opportunity and treated as a matter of urgency. This should involve a whole of Government approach supported by a lobbying exercise by industry and Government at all EU levels.

In summary, Ireland contributed about 15% of the total value of our total 2020 fisheries quota to the Agreement. Proportionally, this is substantially more than that of any other Member State impacted by the TCA. The Task Force notes that the case was made by some members that if the transfers to the UK were evenly divided across each Member State with fishing rights, it would involve a 5.8% transfer per Member State.

For Ireland, mackerel, prawns (Nephrops) and whitefish stocks off the northwest of Ireland were the most impacted. Before Brexit, about a third of the fish caught by the Irish fleet was from UK waters. In totality, quotas were cut by an average of 13% in the TCA, but our two main fisheries, mackerel and prawns were cut by 26% and 14% respectively. Most of the transfer of mackerel came from the North-western stock where Ireland has the majority share, and a minimal transfer was applied to the North Sea component of the mackerel stock. Some of the important whitefish stocks in the northwest are subject to substantial cuts including monkfish by 20%, Rockall haddock by 23% and megrim by 19%.

The Task Force recommends the following specific actions. These are divided between actions targeted at pelagic quotas and actions targeted at demersal quotas.





Actions targeted at pelagic quotas

i. As the largest EU shareholder, Ireland must lead the case, working with other EU Member States, for an increased share of mackerel quota for the EU and specifically for the North-western waters component in the negotiations with Norway, Faeroes, Iceland and the UK under the Coastal States agreement.

ii. Continue to work with other EU Member States for the EU to seek a larger share of blue whiting in the upcoming negotiations at Coastal States negotiations.

iii. Work for the EU to further reduce the transfer of blue whiting to Norway and to reduce the impact of this transfer by including the Southern Component of blue whiting in the transfer in the context of the EU/Norway bilateral negotiations.

iv. As part of the EU/UK consultations under the TCA, pursue all opportunities that encourage and facilitate swaps for North-western waters mackerel to the EU.

v. Use any available opportunity to seek a re-distribution of the mackerel quota transfer under the TCA across the four management areas (i.e. North-western waters, North Sea, southern component and Norwegian waters).

vi. Consider within the CFP review a "surplus plus" model whereby when the mackerel combined TACs for all areas exceeds an agreed set level, a higher percentage would be allocated to the North-western Waters TAC area.

vii. Consider within the CFP review a proposal to increase Ireland's Hague preference for mackerel based on allocating the UK's North-western waters and North Sea preferences to Ireland's existing preference.

viii. Ireland leads the EU in seeking to leverage greater quota share in mackerel and blue whiting from Iceland and Norway in exchange for market access in the current EEA negotiations.

Actions targeted at demersal quotas

i. At a national level, complete a review of the benefit accruing to certain Member States from the non-application of The Hague Preferences to the UK and use this as a basis for adjusting relative stability shares for certain stocks at EU level within the CFP review.

ii. Seek an EU review of quota utilisation with a view to rebalancing the quota shares for Nephrops and other key quota stocks and seek that this is integrated into the review of the CFP.

iii. Set as a priority, efforts to copper fasten the annual application of Irish Hague Preferences as a permanent binding legal requirement under the CFP under the CFP review or in advance where an opportunity may arise.

iv. Seek a complete review of all existing relative stability shares as part of the CFP review process taking specific account of quota share loss under the TCA and utilisation.

v. Within the CFP review, seek beneficial changes in management areas. The background analysis of the management of certain stocks should be a first priority for the national forum of stakeholders to be set up by the Minister on the CFP review.

2.4 Supporting, Restructuring and Developing the Whitefish Fleet

The Task Force is recommending a restructuring of the Irish whitefish fleet, to align the fleet with the fishing opportunities available post-Brexit must be given consideration along with the burden sharing measures described. Restructuring of the fleet has been considered by the Task Force in the context of short-term and longer-term measures. The Task Force acknowledges that there is an immediate need to implement support measures for the areas of the catching sector that have been directly impacted by the TCA cuts through short-term schemes (e.g. temporary cessation and liquidity aid). However, such schemes should be seen very much as transitioning to the new reality under the TCA with less quota available, which will require permanent restructuring through voluntary decommissioning and other initiatives described under the processing, CLLD and aquaculture chapters.

2.4.1 Voluntary Permanent Cessation Scheme for the Whitefish Fleet

The introduction of a voluntary permanent cessation scheme to permanently remove vessels from the Irish fleet register and help restore balance between fleet capacity and available quota post-TCA was discussed at length by the Task Force. A general consensus emerged among the membership of the Task Force that such a scheme is required, in combination with the short-term support measures, longer-term onshore initiatives and actions relating to burden sharing.

To inform the Task Force on the scale of restructuring required, a profitability analysis was carried out by BIM. This analysis quantified the number of vessels required to be removed from the Irish fleet in order to return the various fleet segments to the current level of profitability (estimated at 16%), pre-TCA. This analysis focused on the polyvalent and beam trawl fleet segments and estimated that some 60 whitefish polyvalent and beam trawl vessels of a Gross Tonnage of 8,000 GT and engine power of over 21,000 kW would need to be removed so as to return these fleet segments to profitability. This equates to 26% of the vessels in number, and 29% in terms of engine power and gross tonnage. Removing this amount of capacity would potentially free up approximately €38 million of quota.

For the RSW pelagic vessel segment, given the scale of the quota reduction under the TCA, the Task Force has identified that some level of permanent restructuring/rebalancing will be needed. However, this fleet segment is made up of a small number of large modern vessels with an average age of less than 16 years and capital build costs in excess of €20 million. To decommission such vessels would represent a huge financial undertaking and would be difficult to justify from a cost benefit basis. Therefore, the Task Force considers that they should not be the focus of any voluntary decommissioning scheme. Likewise, the Task Force has noted the high prices being paid for Tier 1 polyvalent vessels (€20,000+ per GT) are similarly over and above what the State could safely be expected to pay to decommission and therefore, the current market value for these vessels should not be used as a determining factor in setting the payment levels for voluntary decommissioning.

The main elements of a proposed restructuring programme discussed by the Task Force were as follows:

1. Restructuring requires several separate schemes to address overcapacity in the whitefish polyvalent and beam trawl fleet segments, the inshore sector including the issue of inactive tonnage and dealing with off-register tonnage to prevent re-entry.

2. A permanent cessation scheme targeted at whitefish polyvalent and beam trawl vessels with the objective of removing 60 vessels of 8,000 GT and 21,000 KW should be put in place, funded under the BAR. The cost of this scheme is estimated at €66 million, at an estimated cost of €12,000 per GT. This covers all costs associated with voluntary permanent cessation including crew payments and costs for scrapping vessels.

3. Additionally, adjustments made to the taxation treatment of voluntary decommissioning monies in the 2008 Finance Act should be re-instated to maximise uptake.

4. A specific set of measures is required to deal with the issue of off-register tonnage to offset the risk posed by re-entry to the fleet through activating off-register capacity. A combination of measures is needed to address this issue. In addition to the mandatory restrictions around the registering of vessels after voluntary decommissioning, a once-off buyout of a significant proportion of this tonnage by the State is required. It would also be necessary to introduce fleet policy measures to disincentivise the use of this capacity for re-entry.

5. The estimated total cost of the whitefish restructuring programme, including the removal of off-register tonnage is around €70 million.

6. The KFO, in supporting the voluntary permanent cessation scheme is very concerned that the open-ended nature of the whitefish quota management arrangements has not been addressed which has the potential to undermine the effectiveness of voluntary permanent cessation scheme.

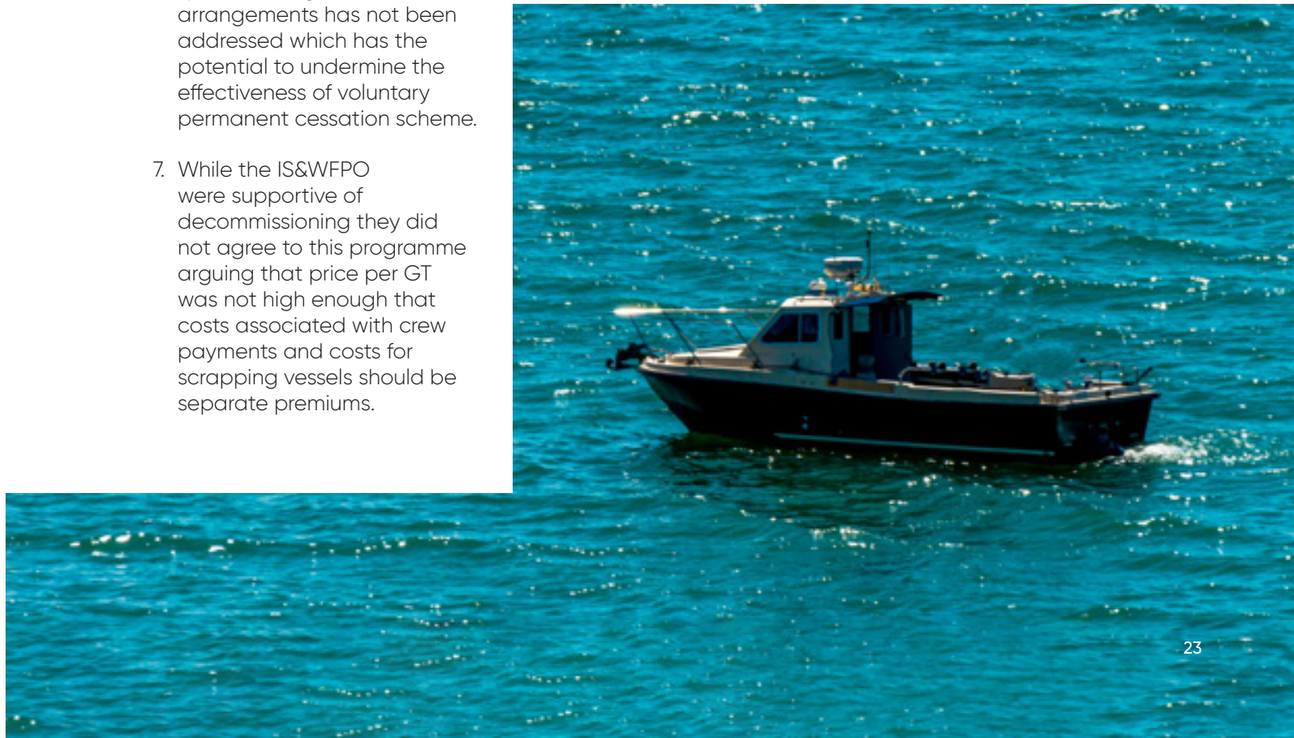
7. While the IS&WFPO were supportive of decommissioning they did not agree to this programme arguing that price per GT was not high enough that costs associated with crew payments and costs for scrapping vessels should be separate premiums.

2.4.1.1. Recommendation of the Task Force

The Task Force considers that this package of measures will help to restore balance between fleet capacity and available quotas, therefore ensuring the profitability of vessels remaining. The Task Force recommends that the proposed restructuring programme including appropriate payments to crew should be developed into fully costed schemes as a matter of urgency, noting that to avail of BAR funding permanent cessation must be completed by the end of 2022.

The Task Force recommends that a package of tax measures similar to the 2008 permanent cessation scheme is put in place. The Task Force also recommends that the 5-year preclusion for crew re-entering the sector following the receipt of support that is included under the EMFAF should be omitted from the scheme, if at all possible.

Additionally, The Task Force acknowledges that the full impact of the quota transfers under the TCA will not be seen until 2022. In 2021, decreases in quota under the TCA have largely been offset by quota carryovers from 2020. This, in combination with the fact that the full effects of a voluntary decommissioning scheme will not be seen immediately, the Task Force recommends the need to extend the temporary cessation scheme into 2022. The estimated total cost for extending the temporary cessation scheme is €12 million. This will require a new State Aid Application.



2.4.2 Voluntary Temporary Cessation Scheme for the Whitefish Fleet

As part of the interim report, the Task Force recommended a voluntary temporary cessation scheme for approximately 220 polyvalent vessels and beam trawlers directly impacted by quota transfers under the TCA. This scheme should run during Q4 of 2021.

The main elements of the original scheme were as follows:

1. This scheme should operate over the period September – December 2021 with each vessel having an opportunity to tie-up for a period of one calendar month[1].

2. The vessel payments are to be calculated based on average gross earnings (2017-2019) aggregated by Length Overall (LOA) excluding the cost of fuel and food. This is based on official data on turnover of vessels in each of the length categories and reflect the loss of income incurred as a direct consequence of the TCA-induced quota reductions.

3. Beneficiaries must have carried out fishing activities at sea for at least 120 days in total over the calendar years 2018 and 2019 and have made a first sale of quota fish covered by the TCA to a minimum value of €5,000 in the calendar year 2019 or 2018, by reference to the Irish Sales Note System administered by the Sea Fisheries Protection Authority.

4. Beneficiaries must cease all fishing activities for the calendar month concerned and must surrender their sea fishing boat license for that period.

5. Beneficiaries must ensure that a minimum of one-third of the payment is distributed amongst the crew members of the vessel. This will be based on verifiable evidence that all the listed crew members have been paid. Crew members availing of the scheme must not take up alternative employment or claim unemployment benefits/assistance, PUP, etc. during the period of voluntary temporary cessation.

6. The cost of this scheme is in the order of €10 million to be funded from the BAR.

On foot of this recommendation, this scheme has been progressed, with State Aid Approval being received from the European Commission on the 3rd of September and at the time of writing this report, is now open to applications. Additionally, given the restriction placed by the UK on fishing by Irish vessels in the waters around Rockall in 2021, which has resulted in the loss of the important squid fishery in 2021, the Task Force discussed an extension of this scheme that would allow vessels involved in this fishery to tie-up for an additional month. An extension of the scheme to include vessels targeting squid would cost an additional €2 million.

2.4.2.1 Recommendations of the Task Force

The Task Force recommends an extension to this scheme to cover vessels that could not participate in the Rockall squid fishery during 2021 due to a lack of agreement with the UK on access to the waters within 12 miles of Rockall. This extension should allow for vessels with a track record in this fishery to tie-up for an additional month during the period October – December 2021 at the same payment rates as per the current temporary cessation scheme. The estimated cost of this extension to the scheme is €2 million and is subject to receiving State Aid Approval from the EU.

Additionally, as stated in section 2.4.1.1, The Task Force recommends the need to extend the temporary cessation scheme into 2022. The estimated total cost for extending the temporary cessation scheme is **€12 million**. This will require a new State Aid Application.

1. Following delays in attaining State Aid Approval, the period has been reduced to October- December 2021.

2.4.3 Fishing Co-operatives Scheme

The four Fishermen's Cooperatives – Foyle Fishermen's, Clogherhead, Castletownbere and Galway and Aran - submitted a proposal to the Task Force seeking a temporary liquidity aid scheme specifically for them. Collectively, these Co-ops manage the sales from around 90 whitefish vessels. They are different to fish processors in that they are totally reliant on the landings of their member vessels and the % commission they earn from the first point of sale.

The Cooperatives outlined that this scheme is needed to offset the reduction in raw material available to their businesses due to the TCA-induced quota share reductions, as well as negative impacts experienced to trade patterns and logistics (non-tariff barriers) as a consequence of the UK's departure from the EU. This temporary aid will facilitate an orderly transition in the short-term to allow the Co-ops to re-configure and re-structure their businesses in the longer-term to adapt to the changed trading environment under the TCA. Separately, the Co-ops have made submissions to the Task Force detailing the types of longer-term initiatives that they are planning around the areas of increasing processing capacity on-site, added-value opportunities, improved logistics and increased cooperation.

The main elements of the scheme as proposed by the four Co-ops were as follows:

1. The scheme would support the four Fishermen's Co-operatives through the provision of liquidity aid, to offset the reductions in sales experienced in the first 9 months of 2021 and during the period of the temporary cessation scheme.

2. The scheme is targeted at the Fishermen's Co-operatives that are totally reliant on the commission earned from landings from Irish registered vessels for revenue.

3. The payments under the scheme would be split into two parts. Part 1 dealing with losses in turnover for the first 9 months of 2021 retrospectively. Part 2 dealing with the loss of sales during the temporary cessation scheme for the period October to December 2021, given 100% of the Co-op member vessels would be tied up during this period, meaning the loss of one month's turnover from associated fish sales foregone.

4. The payment for part 1 would be based on 7.5% (Co-op commission taken from landings) of the reduction in fish sales for the Co-operative's boats compared to 2019 up to a maximum of €100,000 per Co-op.

5. The payment for part 2 would be calculated by taking 7.5% of the fish sales for the equivalent period in 2019 September to December, divided by 4 to give 1 month's support, up to a maximum of €150,000 per Co-op.

6. The Co-ops would provide evidence to establish a causal link between the reduction in sales is directly linked to quota transfers under the TCA as well as evidence of the difficulties in market access and trading conditions.

7. The total cost of the scheme is estimated to be in the region of **€1 million**, with each Co-op receiving a maximum of €250,000. The scheme would be funded under the BAR.

2.4.3.1. Recommendations of the Task Force

The Task Force acknowledges that the Cooperatives have been directly impacted by the quota transfers under the TCA. In most cases they have challenges, in the short-term, sourcing fish from foreign boats or importing processed fish to sell on. Their sales have been, and will continue to be, impacted significantly by the loss of quota available to their member vessels.

Based on the proposal submitted by the four Co-ops, the Task Force considers that this proposal is broadly in line with Section V of the EU BAR State Aid Guidelines for the fishery and aquaculture sector. The Task Force recommends that it should be developed into a fully costed proposal subject to the caveats detailed in section 2.2.

2.5 Supporting, restructuring and developing the inshore sector

The Task Force acknowledges the importance of the inshore sector to local communities. While large parts of the inshore sector have not been directly impacted by the quota transfers under the TCA, many have been impacted by route to market issues and increased operating costs. These, in combination with a range of non-Brexit related issues relating to the state of certain important shellfish stocks, have led the Task Force to recommend a range of specific initiatives to assist this vulnerable sector. These initiatives include a range of short-term and longer-term measures that aim to return this to a vibrant sector providing employment across coastal communities as well as specific measures to assist in the marketing and processing of catches from inshore vessels.

2.5.1 Inshore Voluntary Permanent Cessation

The Task Force recognises that there are clear indications from the inshore sector that an imbalance between capacity and available fishing opportunities exist that needs to be urgently addressed. Therefore, the Task Force considers a targeted decommissioning scheme would help to rebalance the sector, in combination with the other short-term and longer-term initiatives highlighted.

The Task Force has not had a substantive debate on the details of an inshore decommissioning scheme, so no concrete targets have been set for the level of reduction required. There has also been only limited debate on the structure and level of payment that should be included in any scheme. Consultation with the inshore sector will be required to develop the scheme in its entirety.

Additionally, all indications suggest that the serious imbalance in the sector is uniquely exaggerated by the fact that approximately 40% of the registered inshore fleet demonstrate relatively low levels of activity. In time, it is anticipated, that as this capacity changes ownership, economic drivers will lead it to become more active, putting further pressure on existing fishing opportunities. Given the amount of registered capacity that has relatively low levels of activity in existence, consideration should be given to removing some of this "latent" tonnage as a secondary objective of an inshore restructuring scheme.

2.5.1.1 Recommendations of the Task Force

The Task Force recommends a voluntary permanent cessation scheme targeted at inshore vessels should be developed in consultation with the industry representatives. The objective of this scheme should be to bring the inshore sector back into balance with the available fishing opportunities while ensuring profitability of the sector going forward. Fleet restructuring should be considered in parallel with accompanying management measures.

While no specific targets and level of payment have been agreed, the Task Force recommends a budget of €6 million should be sought to fund this scheme.

The Task Force recommends that, in developing a voluntary permanent cessation scheme, consideration should be given to whether it could be funded under the EMFAF rather than the BAR, given the issues with the inshore sector are wider than the direct impacts of the TCA.

Given it is estimated that as much as 40% of inshore vessels less than 12m are inactive, the Task Force also recommends that an investigation is needed into ways of removing a proportion of this inactive tonnage from the inshore sector. Without addressing this issue, the effectiveness of any voluntary permanent cessation scheme will be lessened.

2.5.2 Inshore Short-term Support

The Task Force recognised the difficulties being faced by inshore vessels targeting non-quota species in the interim report. The Task Force encouraged the inshore representative groups to actively explore short-term support measures for the inshore sector with a view to submitting a reasoned case for such support measures in the final report of the Task Force.

In this context, the National Inshore Fisheries Forum (NIFF) has developed a short-term aid scheme that partially offsets the increased costs and losses impacting on the inshore sector.

The main elements of the scheme as proposed by the NIFF are as follows:

1. The scheme should operate in 2021 through the provision of an ex-gratia payment to active vessels below 18m (LOA) operating in the inshore sector that are not eligible for support under the Brexit Temporary Cessation Scheme.
2. For the purposes of this scheme, inshore fishermen are defined as fishing vessels with a maximum length overall (LOA) of up to 18m, registered on the Irish sea-fishing boat register on 1 January 2021 and holding a valid sea-fishing boat license issued by the licensing authority for sea-fishing boats on 1 January 2021.
3. For vessels to be eligible, they must demonstrate they were active during 2021 through sales notes and logbook data. In the absence of such data, verifiable sales invoices from registered buyers would be accepted.
4. The proposed payments are calculated based on the average monthly landings over the period 2017-2019 taken from DCMAP economic data.
5. The payments would be capped at a level of €2,700 per vessel for vessels less than 8m and €4,000 per vessel greater than 8m.
6. Based on the proposed payment rates put forward by the inshore sector, the estimated total cost of the scheme is €3.7 million based on an estimated 60% of vessels being active.

2.5.2.1 Recommendation of the Task Force

The Task Force has considered the proposal submitted by the inshore representatives and agree that as part of an overall package of support measures for the inshore sector, it will help the sector in dealing with the difficult trading conditions that have arisen because of Brexit. It will also help the sector transition to longer-term restructuring measures that will assist to become profitable.

Based on the proposal submitted by the inshore representatives, the Task Force recommends that this scheme be worked up into a detailed, fully costed proposal, covering active inshore vessels less than 18m, not eligible for support under the whitefish voluntary temporary cessation scheme.

The Task Force recommends funding for this scheme should be sought under the de minimis provision as per Commission Regulation (EU) No 717/2014.

2.5.3 Inshore Marketing Initiative

Bord Bia, with technical support from BIM, has worked closely with the Irish shellfish sector over the last number of years to develop new markets. Providing a range of marketing supports to both the live and processed shellfish sectors, Bord Bia has assisted the sector to build customer loyalty in core European export markets, to penetrate new markets across Asia as well as slowly introducing a range of shellfish species to consumers on the Irish market.

In order to continue the growth in export markets and to assist the inshore sector overcome the serious challenges posed to the sector currently, the Task Force considers that dedicated support for the inshore sector in a post Brexit environment is warranted. This should specifically focus on growing value in existing markets and in the development of new markets, achieved through market research, market intelligence and promotional campaigns.

2.5.3.1. Recommendation of the Task Force

In order to support the inshore sector to develop market opportunities and add value to their landings, the Task Force recommends a detailed, costed marketing plan. This plan should be prepared by Bord Bia in conjunction with BIM, the inshore representatives and the main shellfish exporters and processors by early 2022. This marketing plan will form part of the Action Plan required for the inshore sector under the EMFAF and will help to ensure the viability of the inshore sector going forward.

To implement this plan, the Task Force recommends a dedicated marketing fund of **€2.5 million** channelled through Bord Bia be put in place over a 5-year period to provide marketing and promotional support to the inshore fisheries sector.

2.5.4 Inshore Processing Support

The Irish shellfish processing sector is heavily reliant on landings from inshore vessels. Over the last number of years Irish shellfish has developed a strong brand awareness in various overseas high-end retail and wholesale premium markets. The shellfish processing plants have achieved a strong reputation for professionalism and consistency with shellfish processed in Ireland having a reputation for quality in premium markets. However, the Task Force recognises that the shellfish processing sector is under significant risk from Brexit. Given the preponderance of small companies, this sector is particularly vulnerable to any extra costs that may be incurred due to Brexit. Most of these products are destined for EU markets and the concerns in relation to Brexit are multifaceted. Without a dynamic shellfish processing sector, the inshore sector will continue to face significant challenges that will hinder its development.

Therefore, the Task Force considers it is vitally important that significant investment is channelled into the shellfish processing sector, as well as directly to inshore fishermen to provide them with the opportunities to add value to their own fishery products. This will not only assist the processors develop and grow but it will also ensure employment in peripheral coastal communities, both in the processors themselves but also in the inshore sector. Investment will also increase penetration of emerging global markets for value-added products and enhance product utilisation.

2.5.4.1. Recommendation of the Task Force

The Task Force recommends substantial investment should be provided to shellfish processing enterprises to support the development of the inshore sector and protect employment within coastal communities. Investments onshore that add value to fishery products, by allowing inshore fishermen to carry out the processing, marketing and direct sale of these catches should also be supported. This should be funded through a combination of capital support for processors as well as funding for Community Led Local Development initiatives targeted at the inshore sector. Up to **€10 million** should be made available for such initiatives over the next five years.

2.6 Onshore/offshore initiatives

The Task Force has considered proposals and submissions detailing strategic onshore and offshore initiatives that have the capacity to sustain coastal communities by providing jobs and economic activity. In this context, the Task Force has been encouraged by the scope, vision and emergence of new concepts in these proposals around the circular economy, adding value, diversification, the blue economy and community led investments that can benefit multiple sectors. The broad spectrum of Task Force membership, including State agencies, local authorities and development groups, have added impetus and insights to the shaping of these initiatives into programmes. A wide range of measures have been considered across categories of activity, including investment for seafood processors, in public marine infrastructure to support the seafood and wider marine sectors, development of aquaculture, and for Community Led Local Development (CLLD) initiatives. To support these, the Task Force has recommended seeking funding from the BAR and under the EMFAF of up to €278 million, which recognises the ambition of the seafood sector and the local communities where activity is centred.

2.6.1 Processing Capital Support

The processing sector is a diverse sector with a total of 160 companies producing whitefish, shellfish, salmonids and pelagic raw material. The whitefish processing sector comprised 72 companies in 2020 with a combined turnover of around €300 million. The pelagic processing sector comprised 13 companies with a combined turnover of around €175 million. The salmon and shellfish processing sector comprised of 75 companies with a combined turnover of around €160 million.

Whilst the volumes of high-quality protein available to the Irish seafood processing sector have been severely impacted as a result of the TCA, the sectors ambition remains strong. Irish processing facilities, employing over 3,800 people throughout rural coastal communities, have been a constant, multi-generational thread through the fabric of rural Ireland. Many in the sector have made a significant journey in recent years from the outdated model of basic facilities exporting in bulk to internationally accredited modern facilities boasting Clean Rooms, HEPA Ventilation systems and Mass Balance Traceability systems that are on a par with the best in global manufacturing facilities. Food Safety Standards and the need for traceability and transparency have increased enormously in recent years and the Irish sector has stepped up to meet these standards as evidenced by the presence of Irish seafood products on the shelves of the most discerning global retailers seeking sustainable food products.

The loss of significant volume of raw product inputs resulting from the TCA creates pressure for processors to not only stay on track with global food processing but to rise to the next level of processing in which "more is created from less" in the usage of our nations valuable, high-quality protein resource.

The Task Force recognises the disruption to processing activity from the TCA, which is immediately evident in the reduced supply of raw material as well as the commercial and logistical impacts on trading relationships. The sector must now adapt to the changes brought about by Brexit and seek out opportunities so that greater value can be derived from the market and shared throughout the supply chain. Irish seafood processors are determined to overcome these challenges and pivot their businesses to secure a sustainable future for themselves and the communities on which they are mutually dependent through growth in employment and profitability.

2.6.1.1. Recommendation of the Task Force

The Task Force recommends facilitating substantial investment in seafood processing enterprises to support greater utilisation of raw material, improved efficiency, developing new offerings, demonstrating quality and sustainability as well as building capability and innovation through people and processes. The investment will provide temporarily increased graduated grant-aid rates, between 30-50%, during the period of BAR funding, to provide an immediate stimulus to overcome some of the constraints arising from Brexit. It is recommended that the graduated rates should reflect the level of added value.

Grant-aid support of **€90 million** over the period of the BAR and EMFAF funding will provide the stimulus required. This funding when combined with industry funding, across all processing initiatives, would give the sector a unique opportunity to implement the transformational change required.

2.6.2 Aquaculture

Output from Irish aquaculture in 2020 was worth €180 million from a total production volume of 38,000 tonnes. Aquaculture directly employs some 1,800 people operating from over 300 sites along the Irish coastline where salmon, mussels, oysters and seaweed is farmed and cultivated. While production volumes have remained relatively static, unit values have grown as quality, differentiation and niche markets have been developed.

Although Brexit has had a negative impact on accessing inputs and logistics challenges have eroded the competitiveness of the sector, with appropriate support, these constraints should not diminish the considerable potential for aquaculture to provide employment and sustainable economic development.

There is significant scope for growing aquaculture enterprises to provide alternative opportunities for those most impacted in the fisheries sector. Both EU and national policy recognises the opportunity for farmed seafood to provide protein with a low environmental footprint as part of sustainable food system. To realise this potential, it will be necessary to continue to build resilience and competitiveness in the sector, further transition into more sustainable production practices, ensure social acceptance and increase innovation.

2.6.2.1. Recommendation of the Task Force

The Task Force recommends that both the BAR and EMFAF funding sources should be utilised, as appropriate, to develop Irish aquaculture to mitigate against the negative impacts of Brexit that have been most pronounced in other sectors of the Irish seafood industry. It is recommended that graduated grant-aid rates should apply so that categories of activity that will be most impactful would be incentivised with total grant-aid support of **€60 million** being made available for investment. This would stimulate the modernisation of production sites in line with international best practice, increase resource efficiency and reduce environmental impact, advance understanding of market opportunities and innovation capability and develop technical, marketing and management capability.

2.6.3 Coastal Community Led Local Development

Community Led Local Development (CLLD) empowers communities to support initiatives to create employment and economic activity to sustain livelihoods in an area-based approach and accordingly has a key role to play in addressing the impact of the TCA on Ireland's coastal communities. The Task Force has benefitted from the knowledge of a broad range of stakeholders specifically focused on CLLD including Fisheries Local Action Groups (FLAG) and Local Community Development Committees (LCDC), Irish Local Development Network (ILDN), County & City Management Association (CCMA) and Údarás na Gaeltachta to strengthen the vision for CLLD as part of the amelioration of the impacts of Brexit.

Based on an analysis of FLAGS and the inshore sector and the submissions on CLLD to the Seafood Task Force, needs have been identified in training and education, finance, mentoring and technical support and programme administration. Keeping people in these coastal communities by allowing them to upskill, retrain and ultimately keep their skills from a lifetime spent in the marine industry is key. Providing seed funding for new businesses, funding to diversify or expand and enabling capacity development that will allow people to use their skills for new opportunities in the marine sector is paramount to keeping these communities viable in the long-term.

2.6.3.1. Recommendation of the Task Force

The Task Force recommends that significant funding is made available to support communities dependent on fisheries and aquaculture impacted by Brexit. The funding will target entrepreneurial initiatives to drive real economic development thereby allowing operators and their communities to restructure, reconfigure, retrain and diversify post Brexit.

Funding of **€35 million** is proposed to support the initiatives and will be derived from both BAR and the EMFAF with the former being available for immediate investment given the deadlines stipulated from that source.

An additional **€10 million** is proposed to support the CLLD initiatives with a direct connection and relevance to the inshore fisheries sector.

2.6.4 Public Marine Infrastructure

Public Marine Infrastructure (Piers, Slipways, Pontoons etc) is a critical enabler to maximising the use of and benefits to be gained from our rich marine resources. High quality publicly owned marine infrastructure facilitates the development of a myriad of uses and enables commercial fishing, aquaculture, sea angling and other marine leisure and recreational activities to develop and flourish. The development of this range of water-based activities drives related onshore activities and helps to diversify and build resilience in our coastal communities.

Modern public marine infrastructure is a central and essential element in creating an integrated response to the impact of the TCA on coastal communities. Accessible and safe public marine infrastructure enables Community Led Local Development (CLLD) to support the development of a wide range of marine activities to diversify and build resilience in coastal communities.

The earlier years of the programme would focus on small scale "shovel ready" Local Authority projects, which would be funded under the BAR and would give immediate construction stimulus to the coastal communities impacted by the TCA. The resulting infrastructure development would provide a longer-term platform for the development of new and diversified economic activity in these coastal communities. The provision of this enhanced publicly owned marine infrastructure would be a key enabler in allowing integrated application at a local level of the Task Forces other initiatives for the seafood sector, locally led development and marine tourism initiatives.

2.6.4.1. Recommendation of the Task Force

Much of our public marine infrastructure is old and is holding back the full development of a range of marine water-based activity. Accordingly, and in line with the Task Force terms of reference, the Task Force is recommending an **€80 million** five-year initiative for the development of publicly owned marine infrastructure.

2.7 Liquidity support schemes

OEU BAR State Aid Guidelines for the fishery and aquaculture sector allows for the provision of short-term liquidity aid for the benefit of vessel owners and fishers, as well as for operators other than vessel owners and fishers. The EU regard these as measures that may exceptionally be justified in order to react to the immediate aftermath of the TCA but only during the first three months of the year 2021 when permanent or temporary cessation schemes were not yet available. The Task Force has discussed several such liquidity aid schemes in respect of the RSW pelagic segment, fish processors and for scallop vessels. The Task Force has considered whether such schemes meet the conditions of the EU BAR State Aid Guidelines for the fishery and aquaculture sector and also whether they are appropriate in the context of longer-term initiatives that will enable the relevant sectors to re-organise themselves and to adapt to the new situation post-TCA.

2.7.1 RSW Pelagic Support Schemes

In the interim report, The Task Force recognised that RSW pelagic segment has been subject to the largest TCA related quota reductions for their main target species of mackerel, with losses in the order of €15.6 million in 2021. It was recognised that particular issues arose in respect of the seasonal nature of the pelagic fisheries and the way the pelagic vessels operate. The Task Force agreed to actively explore as a matter of priority, in the context of the need for adjustment and rebalancing in the longer term for this fleet segment, possible short-term supports to prepare for the changed situation with a view to submitting a reasoned case for such support measures to the Minister.

In this context, the KFO and IFPO have jointly submitted a proposal for short-term measures for the period 2021-2023. The scheme aims to mitigate the losses associated with certain stocks included in Annex FISH.1 and FISH.2 of the TCA, principally mackerel. The nature and seasonality of the fishing patterns have made developing the scheme challenging and, in that regard, it is essential to understand how other Member States with similar pelagic fisheries have approached the provision of short-term supports.

The main elements of the scheme, as proposed by the KFO and IFPO, are as follows:

1. The total scheme will allow a three-year period for the RSW vessel owners to adapt to the very significant losses under the TCA by actively pursuing the longer-term measures outlined. It is made up of a liquidity aid scheme for 2021 and a temporary cessation scheme in the years 2022 and 2023.

2. This scheme is available to owners of Irish sea-fishing boats licensed in the RSW pelagic segment of the Irish sea-fishing fleet, and who meet the Terms and Conditions of the scheme.

3. The liquidity support would cover losses in turnover during the period from 1 January 2021 until 31 March 2021. Support will be based on the loss of turnover in 2021 compared to average turnover over the period January – March 2018-2020.

4. Covering the years 2022 to 2023, support would be provided to the 23 RSW pelagic vessel owners through a one month's temporary tie-up scheme in each of years based on the TCA losses in those years.

5. The payment would be calculated based on turnover averaged for the fleet segments over the period 2017-2019 excluding the cost of fuel and food. The average gross turnover is then divided by the number of days in the six months fishing period (182) to give an average daily rate per vessel category. The number of tie-up days would be capped at 25 days in 2022 and 15 days in 2023.

6. Vessels must cease all fishing activities for one calendar month over the period January-March or September- December and surrender their sea fishing boat license for that period.

7. The payments are based on the gross earnings per month averaged for the fleet segment over the period 2018-2019 excluding the cost of fuel and food.

8. The estimated cost of the scheme is **€25.5 million**, split into €9.9 million for the liquidity aid scheme in 2021 and €15.6m for the temporary cessation scheme in 2022 and 2023 to be funded under the BAR.

There was a detailed discussion at the Task Force relating to how a tie-up scheme for pelagic vessels mainly dependant on pelagic stocks, in particular mackerel, could comply with national and State aid rules given that the cost of a decommissioning scheme for these vessels would be prohibitive and accordingly this tool is not available to deliver restructuring in the longer-term. It was recognised that many of these vessels do not fish for extended periods during a year and accordingly there are issues as to how a meaningful tie-up scheme could operate. The KFO and IFPO made a strong case that other Member States with large pelagic fleets are planning tie-up schemes for their vessels and the Irish pelagic fleet should have the same level of support. The IS&WFO argued strongly that vessels in the polyvalent segment (Tier 1 and possibly Tier 2) should also be included as these vessels are highly dependent on mackerel.

2.7.7.1. Recommendation of the Task Force

The Task Force has recognised, from the outset, that the most important initiative for the Irish RSW pelagic sector is the Burden Sharing actions as detailed in section 2.3.

The Task Force considered the proposal submitted by the KFO and IFPO, recognising the RSW pelagic segment of the fleet has been subject to the largest TCA related quota reductions. The Task Force notes that the KFO and IFPO proposal outlines a range of restructuring measures, which will help the fleet segment adapt to the new situation post-TCA.

Based on the proposal submitted, the Task Force recommends that the two parts of the scheme outlined should be considered separately.

The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector.

Furthermore, the Task Force recommends that further analysis and consideration be given to a scheme by the sector to ameliorate the impact of mackerel cuts on the RSW pelagic segment and Tier 1 vessels. Any such scheme should have regard for similar schemes which are, or maybe approved other Member States' pelagic fleets, impacted by the TCA. Any such scheme, where developed, must have regard for the seasonal nature of this fishery and relevant fishing patterns and will require national and EU State aid approval.

2.7.2 Processing

The IFPEA submitted a proposal to the Task Force for a short-term liquidity aid scheme for the Irish processing sector, which comprises around 160 enterprises. The objective of the proposed scheme is to partially offset short-term losses incurred by the processing sector during the first quarter of 2021 due to the quota reductions under the TCA, as well as the non-tariff barriers that have been introduced since the beginning of 2021. This temporary aid will facilitate and underpin the short-term orderly transition to address the trading environment that now exists. To this extent, the aid will enable the processing sector to re-configure and re-structure based on the longer-term initiatives outlined in section 2.6.1.

The main elements of the scheme, as proposed by the IFPEA, are as follows:

1. The liquidity aid scheme will compensate processors for loss in revenue in the first quarter of 2021 that can be attributed to the TCA in respect of reduced supply of species directly impacted by quota cuts and increased costs for logistics and administration associated with the new trading arrangements from the UK.
2. The scheme payments will be based on compensating the losses of revenue over the period January to March 2021 using the same period of 2019 as a baseline year. Such losses need to be evidenced for individual processors as directly associated with the TCA. Payments will be capped at a maximum of €300,000 per processor.
3. Specifically, for shellfish processors the payments under the scheme would be calculated based on the documented level of disruption of supplies of non-quota species that would ordinarily have been sourced in the UK or purchased through UK landing sites, as well as the financial effects of non-tariff barriers on their business in Q1 2021.
4. A combination of sales notes, invoices and audited accounts would be used to calculate and verify the quantum of the reduction in turnover based on the records of each individual company.
5. The overall budget for this scheme is estimated at €12 million, taking into account the indications of the level of loss and number of processing enterprises impacted. The scheme would be funded under the BAR.

2.7.2.1. Recommendation of the Task Force

The Task Force acknowledges that many whitefish, pelagic and shellfish processors have been directly impacted by the quota transfers under the TCA which has reduced the volume of raw material available. This combined with the introduction of additional logistical and administration costs through non-tariff barriers, have resulted in significant reductions in turnover in the first part of 2021.

The Task Force recommends that for the scheme to proceed there is a need for clear evidence, at an individual enterprise level, of a causal link between the TCA-induced quota share reduction, evidence of additional costs due to the non-tariff barriers introduced and the extent of loss suffered by the processors concerned.

The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector.

2.7.3 Scallop

The ISEFPO submitted a proposal for a liquidity aid scheme for seven vessels targeting scallop in the Irish Sea, Celtic Sea, and the English Channel covering the first three months of 2021. Additionally, the ISEFPO propose a temporary cessation scheme covering 2022 and 2023. The Task Force has considered this proposal and while concluding that the scallop sector has not been directly impacted by the TCA, acknowledges that these vessels have been impacted in the wider sense by the UK's withdrawal from the EU. This has resulted in new food safety requirements being introduced relating to the export of scallop from the UK into the EU, which have created significant logistical and financial difficulties for this sector.

The main elements of the scheme, as proposed by the ISEFPO, are as follows:

1. The objective of the proposed scheme is to partially offset losses incurred by the scallop sector due to Brexit and allow time for the vessel owners and processor involved in the fishery to investigate longer-term options to allow the vessels to remain profitable and the processor involved to maintain employment.
2. The scheme is split into two parts. The first part is a short-term liquidity scheme that would apply in 2021 and the second part running in 2022 and 2023 would be on the basis of a temporary cessation scheme.
3. The scheme would be restricted to the current scallop fleet of seven vessels who hold a sea fishing boat licence that includes a condition that permits them to fish for scallops and who have proven track record of fishing for scallop off the west and south coast of the UK.
4. The payment under the liquidity scheme in 2021 would be calculated based on 50% of the loss per week in the English Channel, capped at a maximum of 16 weeks. The time spent in the English Channel would be verified via VMS and logbook data.
5. Payment for the temporary cessation scheme proposed for 2022 and 2023 would be based on vessels ceasing all fishing activities for one calendar month during 2022 and 2023 and surrendering their sea fishing boat license for that period.
6. The payment would be based on a 1/12th of their average annual turnover calculated from sales notes and audited accounts data.
7. The scheme would be accompanied by the development of a longer-term plan exploring all options for the scallop sector in terms of catch transportation, quality, onboard processing and sales.
8. The overall budget for this scheme is estimated at **€1.4 million**, with approximately €630,000 for part 1 and €780,000 for part 2.

2.7.3.1. Recommendation of the Task Force

The Task Force acknowledges that the scallop vessels have been impacted significantly by the UK's withdrawal from the EU, although this is not directly related to the TCA. In this context and taking account of the EU BAR State Aid Guidelines for the fishery and aquaculture sector, the Task Force has considered the ISEFPO proposal. The situation relating to scallop fishing is different to other situations in that the vessels can continue to fish for scallops and there is no relevant quota limitation. The vessels will need to adjust their operations and route-to-market considering the relevant phytosanitary requirements.

Based on the proposal submitted, the Task Force recommends that the two parts of the scheme outlined should be considered separately. The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector.

The Task Force considers the second part of the proposal relating to the temporary cessation scheme as a short-term measure which would not address the issues arising and is not appropriate for the situation faced by the vessels. Therefore, the Task Force cannot recommend the tie-up part of this scheme. However, the Task Force recommends the ISEFPO work with BIM and Bord Bia to explore all solutions that will ensure the viability of the fishery going forward.

2.8 The common fisheries policy review

The next review of the Common Fisheries Policy (CFP) as set down in Regulation (EU) 1380/2013 is due to be completed by the 31st of December 2022 when the European Commission will report to the European Parliament and the Council on the functioning of the CFP. At the June Fisheries Council and in other fora, the Minister has set out initial views on the future direction of the CFP and its current operation. The Minister has set down that Ireland is seeking a comprehensive review, to inform a full reform of the current policy. He has made clear that the CFP review must take stock of the disproportionate impacts imposed on the Irish fishing industry by Brexit and the TCA. He also made clear that Ireland will be seeking to address the imbalance in the quota transfers under the TCA.

The Commission published a proposal on 6th July proposing an amendment to extend the derogation for access to EU Member States 12 mile zones up until the end of December 2032. It also removed the provisions relating to access for the UK, which is now covered in the TCA. Ireland's position is that this important element of the CFP should be dealt with by the Commission as part of the full CFP review and form part of the formal review and the Commission report to Council and Parliament on the functioning of the CFP. The Minister has written to the EU Commissioner making Ireland's concern and our position clear.

It is expected that all stakeholders will have an opportunity to engage actively in the Commission's review over the coming period, including the fishing industry, eNGOs and Member States. The Minister advised that he is considering how Ireland will prepare for and participate actively and effectively in the review of the CFP, including the interaction with stakeholders, to prepare Ireland's case and identify priorities. The Minister has indicated his intention to establish a review forum involving all key stakeholders as early as practicable

The Task Force recommends that all stakeholders come together, throughout 2022, to prepare for and plan a strategy for achieving Ireland's priorities, including addressing burden sharing. It welcomes the Ministers commitment to set up a stakeholder's forum and is recommending that this be done and is supported by relevant experts within the State services. The Task Force also recommends that a substantial effort be made, at Ministerial and stakeholders' level, to apply pressure to have the planned review fully comprehensive, including setting out changes that are required to the CFP Regulation and a pathway for the Commission, which has the right of initiative, to propose the necessary amendments.

2.9 The way forward

"Towards a resilient, profitable and sustainable seafood sector that is the heartbeat of our most vibrant and sustainable coastal communities"

As it navigates the changes imposed on it by the TCA between the EU and the UK, it is recognised that the seafood sector and the coastal communities most dependent on it, through its resilience, retains its capacity to chart its own bright and prosperous future.

Central to delivering a viable way forward and reinforcing this capacity will be the adoption of the measures set out in this report, in particular:

1. Burden Sharing

Options to alleviate the high level of losses of quota shares will be pursued on a systematic basis at every available opportunity, including the review of the CFP. These actions will cover internal EU quota distribution and external opportunities such as Coastal States and a new EEA agreement.

2. Restructuring and Developing the Whitefish Fleet

The restructuring and development of the fleet, designed to restore and underpin its profitability and medium-term sustainability.

3. Restructuring and Developing the RSW Pelagic Segment

By optimising operational and management efficiencies, diversifying into non-fishing activities and adding value through a range of marketing initiatives, combined with Burden Sharing actions, the RSW pelagic segment will remain dynamic and financially resilient.

4. Restructuring and Developing the Inshore Sector

The inshore sector offers strong opportunities for fishers right around the coast. BIM and Bord Bia, working closely with the National Inshore Fisheries Forum will prepare a detailed plan to restructure and develop the inshore fisheries sector and advance an ambitious strategy to underpin the longer-term sustainability of a restructured inshore sector.

5. Developing Processing

Development of a processing sector that has articulated a clear appetite and ambition to invest in adding value to its raw materials, driving new product development, developing new export markets, and addressing sustainability challenges and opportunities.

6. Promoting Aquaculture

A thriving and dynamic Irish aquaculture sector, not limited by quota, has the potential to mitigate some of the damage caused by the TCA through providing opportunities in the seafood sector that would otherwise be lost, while creating jobs and economic activity in our coastal communities.

7. Investing in Public Marine Infrastructure

Investment in our marine infrastructure will provide a longer-term platform for the development of new and diversified economic activity, including initiatives for the seafood sector, locally led development and marine tourism initiatives in our coastal communities.

8. Promoting Community Led Local Development

Retaining people in coastal communities by allowing them to upskill, retrain and ultimately keep their skills from a lifetime spent in the marine industry is key. Providing seed funding for new businesses, funding to diversify or expand and enabling capacity development that will allow people to use their skills for new opportunities in the marine sector is paramount to keeping these communities viable in the long-term.

3. Scope and Focus of the Task Force

The Task Force was established by the Minister for Agriculture, Food & the Marine, Charlie McConalogue TD. The Task Force was established to make recommendations to the Minister on measures to mitigate the impacts of the fish quota share reductions, arising from the EU/UK Trade & Cooperation Agreement, on the Irish Fishing industry and on the coastal communities that depend on fisheries.

The Task Force was chaired by Aidan Cotter, barrister and former CEO of Bord Bia. Mr Cotter was assisted by a steering group comprised of Margaret Daly - Deputy CEO of seafood processor Errigal Bay Ltd and Mícheál Ó Cinnéide, former director of the EPA, former Director in the Marine Institute and presently on the board of the Aquaculture Licensing Appeals Board. The Task Force membership drew from a wide range of representative groups across the seafood sector, local authorities and development groups as well as DAFM and the relevant Government State Agencies. Support work and advice was provided by DAFM and Bord Iascaigh Mhara throughout the lifespan of the Task Force.

3.1 Terms of reference

The Terms of Reference of the Task Force were to examine the implications arising from the EU/UK TCA for the Irish fishing industry and coastal communities particularly dependent upon it. It will, in particular, outline initiatives that could be taken to provide supports for development and restructuring so as to ensure a profitable and sustainable fishing fleet and to identify opportunities for jobs and economic activity in coastal communities dependent on fishing. The Task Force will consider how all available funding streams could be used to address, to the extent possible, the initiatives identified and the State agencies to support those initiatives. The Task Force will also consider and recommend constructive actions that would help to alleviate the inequitable relative contribution of quota share by Ireland in the EU/UK TCA.

The examination and initiatives identified will relate to:

- The Irish fishing fleet,
- The Irish seafood processing industry,
- Other marine support industries, and
- Coastal communities particularly dependent on the seafood industry.

The Task Force will be charged with producing an interim report within two months of establishment. This will focus on arrangements for a temporary voluntary fleet tie-up scheme, to counter the impact of the reduction in quotas which will begin to occur from April. The Task Force will also be charged with producing a full report within four months. This will cover the arrangements for a voluntary decommissioning scheme or other initiatives to address the implications of the TCA and outline other developmental strategies to strengthen and enhance coastal communities especially dependent on the seafood industry. It will also review the options and recommend actions that may be pursued which would assist in reducing the burden on Ireland from the transfers of quota shares to the UK.

The full list of the Task Force Committee is provided in Appendix I.

3.2 Approach and process

In undertaking the work of the Task Force, a highly consultative and open approach was taken. In all, the Task Force held fourteen virtual meetings during the period March – October. Each of these meetings was dedicated to specific topics.

In addressing the Terms of Reference set, the Task Force principally discussed the following issues:

- The burden imposed by the TCA and how to address losses, necessary funding arrangements and the role of the Common Fisheries Policy Review.
- Longer-term fleet re-structuring measures through Voluntary Permanent Cessation schemes for the whitefish and inshore sectors that will restore balance between fishing capacity and available fishing opportunities.
- Short-term supports including a possible Voluntary Temporary Cessation Scheme and support schemes for the catching sectors, processors and Fishermen's Co-operatives to mitigate the immediate impacts of the TCA.
- Potential onshore initiatives in the areas of processing, aquaculture, public marine infrastructure and Community Led Local Development (CLLD) that will help to strengthen and enhance coastal communities especially dependent on the seafood industry.

The Task Force submitted an interim report to the Minister on the 9 June 2021, which focused on burden sharing actions and a proposal for a voluntary temporary cessation scheme for whitefish

vessels. The interim report also identified the potential need for specific schemes for the inshore and RSW fleet segments as alternatives to a voluntary cessation scheme.

The focus of the Task Force since the submission of the interim report has been on developing further short-term measures needed to offset the immediate impacts of the TCA, strategic onshore and offshore initiatives as well as dealing with longer-term restructuring measures for the fleet, including possible voluntary decommissioning schemes.

The Task Force completed its work in October 2021 and the findings and recommendations are presented in sections 7-12.

3.3 Public consultation

To assist the work of the Task Force, a public consultation was launched on the 22 March 2021 and was open for submissions for one month. It was advertised in twelve papers (one National, two Trade Papers, nine Local Papers) and on the DAFM and BIM websites as well as BIM Social Media platforms. In total, 27 submissions were received from around the country representing the primary seafood producers and coastal community stakeholders. The breakdown of the submission categories is detailed in Figure 1.

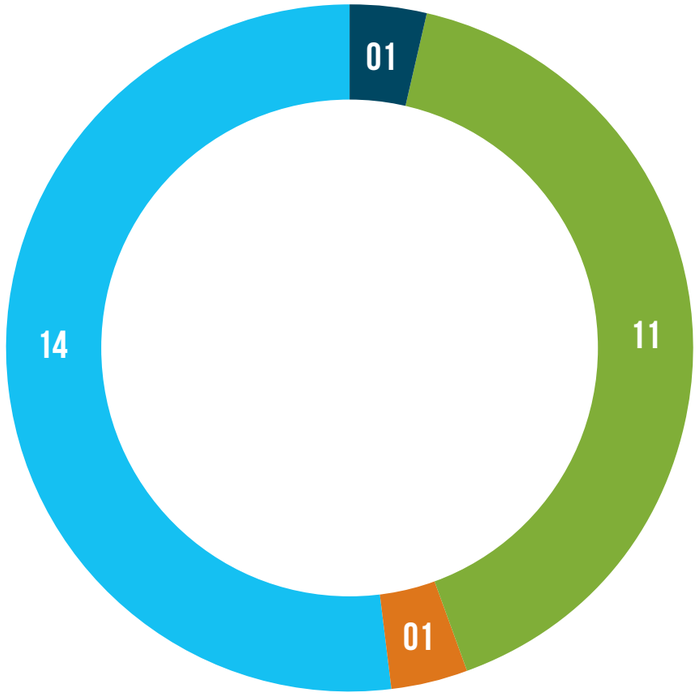


Figure 1 *Summary of public submissions by category*

The submissions varied in their content and detail. Some general themes emerged as follows:

- **Upskilling and reskilling of people in these coastal communities:** Training and upskilling could be provided to the seafood sector, both offshore and onshore, in areas such as marine transport and energy to diversify the sector. This could be delivered at harbour/port centres by enhancing facilities in fishery colleges and including an offshore passport to allow for diversification and opportunities in the growing wind and offshore energy sector.
- **Talent:** Focus on encouraging people into the fishing industry through regular training and initiatives and funding of equipment and skill focused training.
- **Investment:** A common thread in all submissions was investment in infrastructure. This included proposals to invest in piers, harbours (including maintenance and dredging), renewable energy, marine tourism all with the aim to increase social and economic activity in coastal communities. Marine tourism, maritime eco-tourism, offshore services, marine leisure and tourism industries cannot develop without proper, accessible shore infrastructure. In relation to funding and projects taking place in regional areas, one submission suggested there should be a single hub established to record all marine development projects, accessible to the public, so that government departments, state agencies, local authorities and private and community developers can see what is planned in their areas.
- **FLAGs:** The continuation of FLAGs to deliver fisheries local development programme under the EMFAF Operational Programme through the seven FLAG areas.
- **Fishery Co-ops:** Co-ops should move to a system where they are adding as much added value to their fish as possible in a move away from exporting the raw material to be processed elsewhere. The Co-ops will have to move into filleting and packaging for various markets, at home and abroad. Packaging and labelling will be equally important as wholesalers will want to see fish arriving clearly ready for sub-division and onward transport. Investment is needed in infrastructure, IT-systems, training and marketing.

The full list of submissions received under the public consultation are presented in Appendix 2.

4. Funding provision

The seafood sector and dependent coastal communities are amongst the areas most negatively impacted by the TCA. The impacts are significant, immediate and long-lasting. The impacts of the TCA on the seafood sector and coastal communities need to be addressed.

The objective of the EU BAR is *"to provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions and sectors, in particular those that are worst affected by that withdrawal, and to mitigate the related impact on the economic, social and territorial cohesion".*

The recommendations that the Task Force is making in its Final Report, and in the June 2021 Interim Report, will give rise to substantial public expenditure which will need careful consideration to ensure that the best possible value for money is obtained whenever public money is being spent or invested as required under the Government's Public Spending Code. The voluntary tie-up scheme and the voluntary decommission scheme are clearly within the EU BAR State Aid Guidelines for the fishery and aquaculture sector. Other fleet measures may also be eligible for BAR funding as well as some of the proposed supports for onshore initiatives, which may also be eligible under the BAR up until the end of 2023. Other elements which require funding subsequent to 2023 may be eligible to be funded under Ireland's European Maritime Fisheries and Aquaculture Fund Operational Programme (EMFAF), once finalised.

The Task Force accepts that the assessment of the range of measures recommended, the development of detailed schemes and submission for State Aid approval can only be approached on a phased basis and accordingly will be progressed on a prioritised basis.

The Task Force requests that a full assessment of the proposed support schemes, by the relevant Government departments and state agencies, against the necessary Government criteria for public expenditure be carried out with a view to implementing the schemes, subject to any necessary modifications. The Task Force proposes that during the 2021- 2023 period, the measures necessary to implement the Task Force recommendations should, to the greatest extent possible, be funded from the allocation of the EU BAR (BAR) funding provided to Ireland. Table 2 provides a summary of the proposed schemes and funding recommended.

Table 2 *Summary of proposed schemes and funding recommendations*

Decommissioning	Million Euro
Whitefish	€66.00
Inshore	€6.00
Off Register/Inshore Inactive	€3.70
Total	**€75.70**
Short-term Measures TBC	
Co-ops	€1.00
Polyvalent tie-up (1 year)	€12.00
Polyvalent tie-up (2022)	€12.00
Inshore Short-term Support	€3.50
Pelagic Liquidity	€8.00
Processing Liquidity	€12.00
Scallop Liquidity	€0.60
Pelagic Tie-up (TBC)	€21.00
Total	**€70.10**
Onshore/Offshore Initiatives	
Aquaculture	€60.00
Small scale Public Marine Infrastructure	€80.00
Community Led Local Development	€35.00
Inshore Longer-term Supports	€10.00
Inshore marketing	€2.50
Processing Capital (Including Inshore)	€90.00
Total	**€277.50**
Overall Total	**€423.30**

5. TCA Overview

The Trade and Cooperation Agreement (TCA) between the EU and UK establishes the Parties' shares of the TACs for 124 stocks listed in two Annexes (FISH.1 and FISH.2) to the TCA and includes the changes in these shares applicable to the EU and the United Kingdom in each of the five years from 2021 to 2025 (and 2026 onwards).

As the changes contained in the TCA include 55 stocks where the United Kingdom share is increased in 2021 and beyond, the total catch opportunity available to the Union's fishing fleets, including Ireland's is reduced accordingly. Furthermore, as the changes vary from stock to stock, they directly impact the relative stability of the Union's sharing arrangements for catch opportunities by Member State and, in turn, will impact different EU fleets to a greater or lesser extent. In the most extreme cases these changes will alter the balance between the available fishing opportunity post-Brexit and the current capacity of Member States fleets; changes that may, in some cases, necessitate fleet adjustment to restore the required balance. This is the situation Ireland now faces.

While the total impact of the TCA may not be fully enumerated until factors in addition to the changes to the sharing arrangements are known (for example, trade volumes, fish prices, indirect effects arising from, so called, flag-vessels etc.) nonetheless, the direct - quota-share impact - of the TCA can be determined by comparing the Member States quotas in 2020 with the equivalent quotas that would result if the new sharing arrangements, set-out in the Annexes to the TCA, are applied to the 2020 (pre-TCA) shares.

It should be noted that where the United Kingdom share of a stock increase over the period 2021- 2025, only 60% of the total change applies in year 1 (2021). The balance of any change (40%) is phased in over successive years as follows: 70% in 2022, 80% in 2023, 92% in 2024, and 100% in 2025. Therefore, while the approach used here does provide an estimate of the relative impact of the TCA by Member State, the precise amount, either by volume (tonnes) or value (€), will depend on several other factors including:

- The Total Allowable Catch for each of these stocks in each of the years 2021 – 2025.
- In the case of value, the average price per tonne in each of these years.

In 2020 the estimated value of all TCA stocks for the EU27 was €2.19 billion while the value of the UK share was €1.22 billion. The value of EU quota is estimated to decline to €2 billion by 2025 while the value of UK quota is estimated to increase to €1.42 billion in 2025. This is estimated transfer of €191m by 2025 with the transfer in 2021 estimated to be around €117 million. Figure 2 shows the estimated value in 2020 and projected value of quotas for stocks shared between the EU and UK.

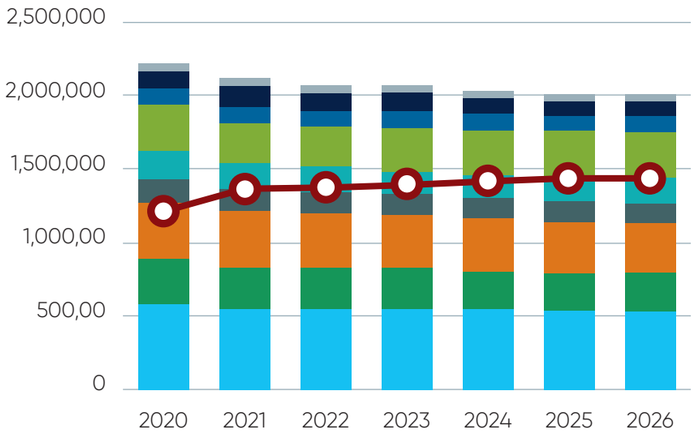


Figure 2: *Estimated value in 2020 and projected value of quotas for stocks shared between the EU and UK*

In 2020 the estimated value of all TCA stocks for the EU27 was €2.19 billion while the value of the UK share was €1.22 billion. The value of EU quota is estimated to decline to €2 billion by 2025 while the value of UK quota is estimated to increase to €1.42 billion in 2025. This is estimated transfer of €191m by 2025 with the transfer in 2021 estimated to be around €117 million. Figure 2 shows the estimated value in 2020 and projected value of quotas for stocks shared between the EU and UK.

Table 3: *Reduction in Irish quota value (€m) due to quota transfer from EU to UK*

Stock Group	2021	2022	2023	2024	2025	2026
Pelagic (oily fish)	17.188	20.039	22.864	26.290	28.565	28.565
Nephrops (prawns)	4.931	5.753	6.575	7.557	8.218	8.218
Celtic Sea Whitefish	2.020	2.357	2.694	3.099	3.368	3.368
Irish Sea Whitefish	0.318	0.372	0.424	0.488	0.531	0.531
West of Scotland Whitefish	1.349	1.573	1.798	2.068	2.248	2.248
Deepwater	0.004	0.005	0.006	0.007	0.007	0.007
Total	**25.810**	**30.099**	**34.360**	**39.510**	**42.937**	**42.937**

(Source: DAFM, Preliminary Analysis of Reduction of Fisheries Quota Shares Under EU/UK Trade and Cooperation Agreement, January 2021)

The impacts for each Member State is shown in Figure 3 highlighting the main fish stocks contributing to longer-term loss. The impact on the Irish fleet is mainly from the mackerel stock accounting for over 60% of the overall impact. Celtic Sea *Nephrops* is the other major contributor with a reduction of 14% in the quota accounting for over €8 million of the total losses. The other whitefish fisheries where there are notable reductions are: Hake (Celtic Sea) 3%, Haddock (Celtic Sea) 11%, Haddock (Irish Sea) 16%, Haddock (Rockall) 22.6%, Megrim (Celtic Sea) 8%, Megrim (West of Scotland (19%), Anglerfish/Monkfish (Celtic Sea) 7%, Anglerfish/Monkfish (West of Scotland) 20%, and Pollack (Celtic Sea) 9%.

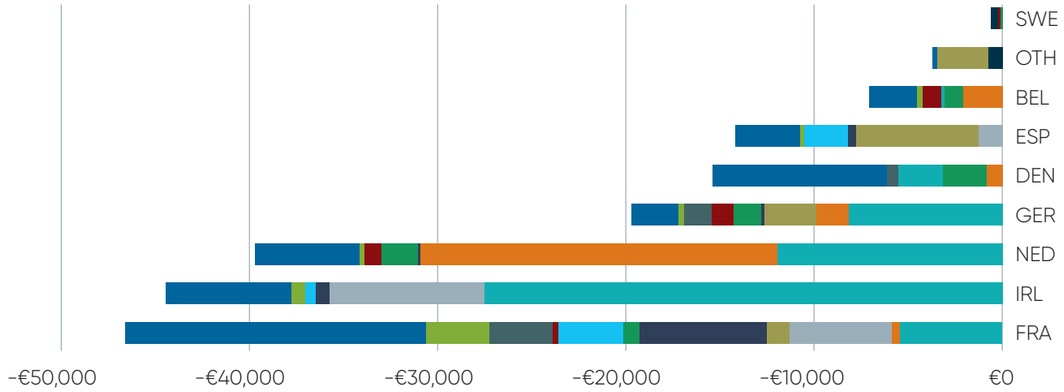


Figure 3: *Estimated value impact per MS fishing fleet by main stocks*

The proportional impact on quota value is shown in Table 4 for stocks shared between the EU and UK (only for stocks shared with the UK). The Irish fleet has the highest short-term and long-term impact on shared quota of all EU MS with value impact of -15% in 2025 and onwards.

Country	Quota transfer (€m)	Total quota value (€m)	Transfer as a proportion of quota value
Belgium	7	109	7%
Germany	21	141	15%
Denmark	18	275	7%
Spain	14	333	4%
France	52	614	8%
Ireland	43	288	15%
Netherlands	40	393	10%
Others	4	130	3%

(Source: DAFM, Preliminary Analysis of Reduction of Fisheries Quota Shares Under EU/UK Trade and Cooperation Agreement, January 2021)

Table 4: *The value of the final (2026) quota transfer by member state. Also given is the value of the total national quota for each member state (only for stocks shared with the UK) and the proportion of this value that will be lost due to the quota transfers*

In addition to the direct changes to the sharing arrangements set out in the TCA, further indirect changes also arise because of The Hague Preferences. The Hague Preferences defined for the United Kingdom along with Ireland (originally, Denmark on behalf of Greenland, and France on behalf of St Pierre and Miquelon were included) minimal levels of national quotas for specified stocks of fish. Hague Preferences are so called because they have their origin in Annex VII of Council Resolution of 3 November 1976 – the "Hague Resolution". The Hague Preferences recognise the "special needs" of local populations and were intended to set minimum levels of national quotas for specified stocks of fish.

Of the 36 stocks for which Hague Preferences apply all but two (sole and plaice in ICES 7bc) are impacted by the TCA.

- 11 stocks have UK Hague Preferences.
- 18 stocks both UK and Ireland Hague Preferences.
- stocks for which Ireland alone has Hague Preference.

Following from the TCA, the United Kingdom will forego any direct benefit arising from The Hague Agreement and Member States that have traditionally transferred quota to the UK, on the latter's invocation of a preference, will see their relative share increase.

Conversely, Ireland which benefitted in certain cases from a UK contribution to an Irish Hague Preference based redistribution of quota, will see its relative share reduced for a number of stocks. It should be noted that these changes are permanent rather than once-off losses or gains and, consequently, represent a further change to the catch opportunity available to the Member State concerned. For Ireland, this further increases the impact of the TCA agreement compared to other Member States, reinforcing Ireland's claim of being disproportionally impacted.

The downstream impacts of the TCA are much harder to assess. Based on an economic analysis carried out by BIM in 2019, Ireland's two main ports – Castletownbere and Killybegs – the seafood industry generates 27% and 40% of the local economic value. Up to 220 of the large Irish fishing vessels have a high to medium dependency on fishing in UK waters, while 70% of Irish fish processing operations - employing over 3,300 people - are at risk, in areas where there are few alternative employment and economic activity options. The impacts on coastal communities would be spread around the coast and is particularly significant in the large commercial fishing harbours of Killybegs and Greencastle (Co. Donegal), Ros A Mhil (Co. Galway), Dingle (Co. Kerry), Castletownbere and Union Hall (Co. Cork), Dunmore East (Co. Waterford), Kilmore Quay (Co. Wexford), Howth (Co. Dublin) and Clogherhead (Co. Louth). It has been suggested that the economic losses in Donegal relating to catching and downstream processing and ancillary services will reach €675 million over a 10-year period; with an estimated loss of 1,150 jobs. In the ports of Castletownbere and Kilmore Quay, it is estimated that 476 and 260 jobs in the catching sector with a further 220 and 330 jobs in the processing enterprises in these ports could potentially be lost due to Brexit. Outside the ten main fishing ports, there are also several large processors based in Bantry (Co. Cork), Caherciveen (Co. Kerry), Carrick (Co. Donegal), Sligo as well as in Cork and Dublin. These processors will also be impacted by Brexit as they rely on landings of Irish fish. Collectively, these processors employ an additional 1,000-1,500 people approximately.

In this context, the Task Force recognises the need for a comprehensive package of measures to address the negative impacts of the TCA on the seafood sector. The measures recommended by the Task Force are set out in the following chapters.

6. Burden Sharing

The Task Force has examined in detail the levels of EU transfer of quota share to the UK and how this directly impacted on Ireland as detailed in section 4.

The Task Force decided that the first and most critical priority is to address the disproportionate payment made by Ireland towards the final fish quota transfer package to the UK and this work must be pursued as a matter of urgency.

In summary, Ireland contributed about **15% of the total value** of our total 2020 fisheries quota to the Agreement. Proportionally, this is substantially more than that of any other Member State impacted by the TCA. Some Member States have a much higher dependency on UK waters and yet their contribution is, both in real terms and proportionately, much lower. The impacts of the transfers under the TCA on certain North Sea Member States is mitigated significantly for them because the TCA agreement ended the annual transfers of whitefish stocks, in particular whiting and haddock, to the UK under The Hague Agreement. The Task Force notes that the case was made by some members that if the transfers to the UK were evenly divided across each Member State with fishing rights, it would involve a 5.8% transfer per Member State.

For Ireland, mackerel, prawns (*Nephrops*) and whitefish stocks off the northwest of Ireland were the most impacted. Before Brexit, about a third of the fish caught by the Irish fleet was from UK waters. In totality, quotas were cut by an average of 13% in the TCA, but our two main fisheries mackerel and prawns were cut by 26% and 14% respectively. Most of the transfer of mackerel came from the North- western stock where Ireland has the majority share, and a minimal transfer was applied to the North Sea component of the mackerel stock. Some of the important whitefish stocks in the northwest are subject to substantial cuts including monkfish by 20%, Rockall haddock by 23% and megrim by 19%.

The Task Force is seeking equitable burden sharing across Member States. Some Task Force members made the case that each Member State should contribute the same percentage value of their quotas. The Task Force considers all options to alleviate this loss of quota share be pursued at every available opportunity and treated as a matter of urgency. This should involve a whole of Government approach supported by a lobbying exercise by industry and Government at all EU levels.

The Task Force recommends the following specific actions to alleviate the loss of quota share suffered by Ireland. These are divided between actions targeted at pelagic quotas and actions targeted at demersal quotas.

6.1 Pelagic

Pelagic 1. As the largest EU shareholder, Ireland must lead the case, working with other EU Member States, for an increased share of mackerel quota for the EU and specifically for the North-Western Waters component in the negotiations with Norway, Faeroes, Iceland and the UK.

The current mackerel sharing arrangement between the EU (including the UK), Norway and the Faeroes has expired. Since 2014, a reserve amount of 15.6% of the global mackerel TAC has been set aside to cover catches by States not party to the agreement (e.g. Iceland). In relation to Iceland, the most recent scientific advice of the mackerel stock in Icelandic waters shows the level of quota set aside for Iceland is unjustified.

At the end of May, Norway unilaterally set itself a substantial increase in its share of the stock for 2021. This unilateral action, which breaches UN management arrangements, is completely unacceptable. The EU must reject the Norwegian actions whereby it would give itself a 55% increase in its share of the mackerel stock in 2021 involving an increase in its share

of the mackerel stock from 22.5% to 35%. It is clear there is no objective justification for the Norwegian action. This action by Norway was mirrored by Faeroes, which is equally unacceptable. Iceland set their unilateral quota at 16.5% of the Global TAC far in excess of the amount set aside for them (and Greenland and Russia – 15.6%) under the old sharing arrangement.

The Minister is working at EU level to seek a robust and effective response from the EU Commission making use of all tools available. In addition, to a categoric rejection of the Norwegian action and that of the Faroes, Ireland should request the EU leverage its economic and political influence to negotiate a significant reduction in the 15.6% set aside amount which could result in a consequent increase in the EU share. Any increase from a change in the sharing arrangement should only apply to North -Western Waters quota holders. For Ireland, a reduction in the set aside amount from 15.6% to 10% for example, could lead to an increase of over 5,000 tonnes of mackerel.

There should be strong EU support for reducing the level of mackerel set aside for Iceland, Greenland and Russia. The case restricting this to North-western waters relates to the disproportionate transfer of mackerel under the TCA, and it should be possible to enlist the support of some other North-western Waters Member States holding mackerel quota in North-Western Waters. However, this is likely to be strongly challenged by other Member States who would have to concede part of their quota share.

The next round of Mackerel Coastal State consultations for 2022 are commencing formally in October. Discussions on the EU position to be taken have begun in Brussels through the Fisheries Council Working Party, Coreper and the Agrifish Council of Ministers. There will also be ongoing internal discussions in coordination meetings between the Commission and the Member States for the duration of the consultations.

Stakeholders can feed into the process within the relevant industry representative groups at EU level and through participation in the formal Plenary sessions and regular briefing meetings with the Commission. It will be essential that all informal efforts between Member States industry representatives and between Member States are used to prepare the ground with the objective of having a coordinated, fully supported EU position.

Pelagic 2. Continue to work with other Member States for a larger share of blue whiting for the EU in the upcoming negotiations.

There is no current sharing arrangement between the Coastal States on blue whiting. In these circumstances, there is scope for the EU, again leveraging the proportion of the stock in EU waters and its economic strength, to increase the EU share from the current 41% of the global TAC.

Currently the EU takes 41% of the total TAC for blue whiting compared to 30% for Norway. However, around 85% of all the blue whiting TAC is caught in EU waters and therefore there is a strong case for renegotiating this share to reflect real catch patterns.

As with 1 above, the next round of Blue Whiting Coastal State consultations for 2022 will take place in the autumn. Discussion on the EU position to be taken will begin in Brussels in October through the Fisheries Council Working Party, Coreper and the Agrifish Council of Ministers. There will also be ongoing internal discussions in coordination meetings between the Commission and the Member States for the duration of the consultations.

As with 1 above, stakeholders can feed into the process within the relevant industry representative groups at EU level and through participation in the formal plenary sessions and regular briefing meetings with the Commission. It will be essential that all informal efforts between Member States industry representatives and between Member States are used to prepare the ground to secure as much internal EU support as possible.

Pelagic 3. Work for the EU to reduce further the transfer of blue whiting to Norway and to reduce the impact of this transfer by including the Southern Component of blue whiting in the transfer in the context of the EU/Norway bilateral negotiations.

Each year there are quota exchanges between the EU and Norway involving blue whiting which disproportionally impact Ireland in favour of other Member States. Ireland has long contended that the reliance on blue whiting for the transfer of Arctic cod must be reduced significantly and good progress was made in 2021 with a reduction in the transfer. This needs to be built upon. In addition, Ireland should seek

that the southern component of the blue whiting TAC is included to make up the EU stock transferred to the UK under the TCA. These actions combined (Pelagic 2. and 3.) have the potential to increase Ireland's quota of blue whiting by up to 7,000 tonnes.

It can be expected that there will be Member States who will be seeking to continue to use blue whiting as a main currency in the exchange and for whom Arctic cod is important and resistance from Member States impacted by the inclusion of the southern component in the transfer.

This discussion will take place in the context of the EU/Norway Annual Consultations, which will take place in November. Discussion on the EU position to be taken will begin in Brussels in October through the Fisheries Council Working Party, Coreper and the Agrifish Council of Ministers. There will also be ongoing internal discussions in coordination meetings between the Commission and the Member States for the duration of the consultations. As with 1 and 2 above, stakeholders can feed into the process through relevant bodies, and through participation in the plenary sessions and at briefing meetings with the Commission. It will be essential that all informal efforts between Member States industry representatives and between Member States are used to prepare the ground to secure as much internal EU support as possible.

Pelagic 4. As part of the EU/UK consultations under the TCA pursue all opportunities that encourage and facilitate swaps for North-Western Waters mackerel to the EU.

Traditionally, there has been high levels of inter-annual swaps for both pelagic and demersal stocks between Member States in the North Sea. The UK has been both a donor and a recipient of such swaps. The TCA allows for the development of a mechanism for swapping between Member States and the UK, facilitated by the EU. A swoping arrangement for 2021 between the EU and the UK has been put in place. This involves each Member State arranging bilateral swops with the UK, which are formally processed through the EU Commission.

Going forward a swapping mechanism involving an "upfront swap" as part of the annual bilateral agreement may be introduced. Given that any "upfront swaps" will be essentially EU/UK swaps, there is a good case that any inflow of pelagic quota from the UK to the EU should be distributed internally among Member States considering the respective losses under the TCA. Any "upfront" swops will be seen as a potential gain across Member States, and each will seek to benefit their own industry.

This discussion can take place in the context of the EU/UK Annual Consultations for 2022 to commence in the autumn and/or in the Specialised Committee for Fisheries which has been established but has not yet commenced its detailed work. There was no support for the option of an "upfront" swop in the context of the 2021 consultations so the next opportunity to raise it will be in the context of the 2022 consultations and/or the Specialised Committee for Fisheries. It remains unclear how this Committee will practically operate, but it is expected that Member States will work closely with the Commission to identify and pursue issues of importance for the EU. Stakeholders will also be working to seek common ground and promote support for the EU issues and priorities in all relevant fora.

Pelagic 5. Use any available opportunity within the EU to seek a re-distribution of the mackerel quota transfer under the TCA across the four management areas (i.e. North-Western Waters, North Sea, southern component and Norwegian waters).

The northeast Atlantic mackerel stock is regarded from a scientific perspective as a single stock covering a wide area. Mackerel within the EU is allocated across 4 distinct management areas – North-Western waters, North Sea, South Western waters and Norwegian waters. Ireland only has access to quota in North-western waters. Under the TCA the transfer of mackerel to the UK comes primarily from North-Western waters with a very small additional amount from the North Sea.

Ireland should seek to ensure a more equitable burden sharing arrangement in respect of the mackerel quota transfers under the TCA transfer, by re-distributing the transfers and sharing them proportionally across the other management areas within the EU. This would be a mechanism to compensate for the disproportionate losses impacting the Member States in North-Western waters and most notably Ireland.

There would be opposition to this from some North Sea Member States as well as from Member States that have mackerel quota in South-Western waters. Therefore, it will be important to consider if it is possible to identify other advantages for impacted Member States in return for such a sharing arrangement (e.g. increased access to North-Western waters for mackerel).

It will be essential to examine any and all opportunities that may arise as annual negotiations are progressed. Ongoing discussions will take place through the Fisheries Council Working Party, Coreper and the Agrifish Council of Ministers. As with the previous actions, it will be essential that stakeholders, working through industry representative groups make efforts to prepare the ground to secure as much internal EU support as possible.

Pelagic 6. Consider within the CFP review a "surplus plus" model whereby when a mackerel combined TACs for all areas exceeds an agreed set level, it would be allocated only to the North- Western waters TAC area.

As the mackerel stock is regarded for the northeast Atlantic as a single stock, this provides some scope to consider an allocation within the EU that prioritises the share made available to the North-Western area where the stock status is assessed as strong and that would allow for the setting of a higher TAC. Under the TCA the transfer of mackerel to the UK comes primarily from North-Western waters management area with a very small additional amount from the North Sea. Using this allocation method to prioritise the North-Western waters would provide a mechanism ("surplus plus model") to compensate for the disproportionate losses impacting Member States in North-Western waters and most notably Ireland.

As with other actions, unless it is possible to identify some form of advantage, there would be opposition to this approach from some North Sea Member States as well as from Member States that have mackerel quotas in the South-Western waters. This would represent a new approach to the allocation of quota shares for the mackerel stock. As such, it would be for consideration in the preparation of Ireland's case and priorities in the CFP Review, which legally must be completed by the end of 2022. It is expected that these negotiations will begin toward the end of this year following an extensive public consultation process. It will be essential that there is a strong participation from stakeholders into this public consultation.

Pelagic 7. Consider within the CFP review a proposal to increase Ireland's Hague Preference for mackerel based on allocating the UK's North-Western Waters and North Sea preferences to Ireland's existing preference.

Ireland has a Hague Preference key for mackerel which is set at a threshold of 45,000 tonnes. Ireland has never had to invoke this because Ireland's share has never fallen below this threshold quota level (i.e. Ireland's quota has consistently been above 45,000 tonnes). A possible option would be to make the case to increase The Hague Preference key for Ireland by combining the UK Hague Preference keys for North-Western waters and the UK key for the North Sea and in this way creating a new higher threshold for Ireland at which The Hague would be invoked, giving additional quota to Ireland.

There would very likely be opposition to such an approach from Member States with an interest in the North-Western waters and depending on how the system could work also from North Sea quota holders, as all would be required to concede quota share to Ireland when The Hague threshold is reached. This would be seen as a significant change in the quota share allocations but could be considered in the preparation of Ireland's case and priorities in the CFP Review, noting it would be seen as a departure from relative stability. As such it would be for consideration in the preparation of Ireland's case and priorities for the review of the Common Fisheries Policy which must be completed by the end of 2022. It is expected that these negotiations will begin toward the end of this year following a public consultation. It will be essential that there is a strong participation from stakeholders into the public consultation.

Pelagic 8. Ireland makes a strong case in seeking to leverage greater quota share in mackerel and blue whiting from Iceland and Norway in exchange for market access.

The EEA Agreement allows Iceland, Liechtenstein and Norway to participate in the EU Single Market. The EEA countries contribute financially to the EU though payments for reducing economic and social disparities within the EU (known as the Cohesion fund) and the current agreement on financial contributions expired in April 2021. The Commission has opened negotiations on an agreement on the future financial contributions from the EEA EFTA States. This provides an opportunity to link increased market access into the EU for certain fish products, in return for increased share of certain fish stocks managed under the Coastal States agreements. An increase in market access could also have a negative effect upon market access for Irish fish products. On balance, the Task Force recommends that Ireland make a strong case in seeking to leverage greater quota share in mackerel and blue whiting from Iceland and Norway in exchange for market access.

6.2 Demersal

Demersal 1. At a national level, complete a review of the benefit accruing to certain Member States from the non-application of The Hague Preferences to the UK and use this as a basis for adjusting relative stability shares for certain stocks at EU level.

As the UK are no longer part of the CFP, they can no longer apply Hague Preferences. In essence, this means that those Member States that previously had to provide a transfer of quota to the UK whenever Hague Preferences were invoked, no longer suffer that loss. This, in consequence, mitigates the loss of quota for certain Member States under the TCA.

There must be a thorough review of the benefit accruing to Member States from the non-application of UK Hague Preferences to show the level to which losses under the TCA have been offset by the non-application of the UK Hagues. This analysis would allow Ireland to press for full account to be taken of these benefits in any review of relative stability quota shares under the upcoming CFP review.

Member States benefitting from the non-application of The Hague Preferences would very likely be opposed to this review, while there is a risk that Member States impacted by the application of Ireland's Hague's could use it as an opportunity to attack Ireland's Hague Preference and seek to remove them permanently.

It is expected that all stakeholders will have an opportunity to engage actively in the Commission's review over the coming period. The Minister has indicated his intention to establish a review forum involving all key stakeholders in the near future to prepare for and set down Ireland's priorities and inform Irelands negotiating strategy. It will be essential that a full evaluation of The Hague Preferences be prepared and made available within this forum. This review would inform the preparation for Ireland's submission to the CFP review process which must be completed by the end of 2022. It is expected that these negotiations will begin toward the end of this year following a public consultation at EU level. It will be essential that there is a strong participation from stakeholders into the public consultation.

Demersal 2. Seek an EU Review of quota utilisation with a view to rebalancing the quota shares for Nephrops and other key quota stocks and seek that this is integrated into the review of the CFP.

Nephrops is the single most valuable demersal stock for the Irish fleet, and uptake of quota is close to 100% annually. However, each year Ireland is reliant on swaps for other valuable quotas (e.g. mackerel) to obtain additional *Nephrops* quota from Member States that do not utilise their *Nephrops* quotas.

Ireland should seek a review focusing specifically on the utilisation of quotas and the establishment of a form of 'use it or lose it' approach within the EU with a view to having this work prepared for the review of the CFP.

Such a review should be carried out nationally in the first instance with a view to identifying those stocks of most interest to Ireland and for which a case of underutilisation by other quota holders could be made. In addition to Nephrops, potential key stocks of interest to Ireland could include haddock, monkfish and megrim and a full analysis be made available to inform Ireland's priorities in the CFP review.

This review would inform the preparation for Ireland's submission to the CFP review process which must be completed by the end of 2022. It is expected that these negotiations will begin toward the end of this year following a public consultation at EU level. It will be essential that there is a strong participation from stakeholders into the public consultation.

Demersal 3. Set as a priority, efforts to copper fasten the annual application of Irish Hague Preferences as a permanent binding legal requirement under the CFP under the CFP Review or in advance where an opportunity may arise.

The Hague Preference system recognises Ireland's heavy dependence on stocks in the waters around Ireland and the fact that we have low quota entitlements to these stocks under the Common Fisheries Policy. The system grants Ireland a slightly improved share of certain stocks when they fall below a certain level. This was in response to Ireland granting access to our waters to other Member States in 1976.

Following an ECJ judgement in 1996, it was established that any invocation of The Hague Preferences had to be agreed each year by the Council of Ministers. In practice, this has meant that valuable time and political capital is expended each year in overcoming the objections of those Member States who lose quota when the Hague's are invoked.

With the departure of the UK, and in particular the fact that we no longer must consider the uncertainty created each year by their invocation, Ireland should seek to have this issue addressed once and for all by having The Hague Preferences embedded in the CFP. Currently, The Hague Preferences are only referred to in recital 36 of the CFP Basic Regulation.

The Commission's initial TAC and quota proposal each year does not include The Hague Preferences. The Hagues are invoked during the annual TAC and quota process and must be agreed by Member States at the December Council. They are often the subject of difficult negotiation, and it has been the case for many years that a group of Member States have stated their opposition to the application of the Hague's in the context of the annual TAC and quota Regulations.

While the additional quota benefits Irish fishers, this fish must come from somewhere and the countries most affected are France and Belgium with the Netherlands and Germany impacted to a lesser degree.

It is in that context that Ireland should seek to have the automatic application of The Hague Preferences set down explicitly in the CFP regulation. This must be a priority for Ireland in the CFP Review. In addition, all opportunities to raise this issue should be carefully considered and made use of in the negotiations of TACs and quotas for 2022 and in particular within the CFP review. The case for the full integration should be actively pursued informally at both industry and Member state levels to prepare the ground as much as possible.

Demersal 4. Consider within the CFP review an upward revision of Ireland's Hague Preferences for existing stocks and the introduction of new Hague Preferences for additional critical stocks.

As set out in Demersal 3 above, Ireland has received significant benefit for key demersal stocks under The Hague Preferences over the years.
With the departure of the UK, the benefits Ireland receives has reduced, and for some stocks, almost completely. The reason is that for stocks mostly shared with the UK (e.g. cod in the Irish Sea), when The Hague key is applied there is no other EU shareholder to contribute towards our increased share. Ireland therefore no longer benefits or has reduced benefit. The higher our share (pre-Hague) for the EU of a stock, the lower the additional quota granted when The Hague key is invoked.

While the introduction of higher Hague Preferences or new Hague Preferences for critical stocks will benefit Irish fishers, the additional fish of course has to come from somewhere. The countries most affected by this are likely to be France, Belgium and Spain. As mentioned, it has been the case for many years that a group of Member States have stated their opposition to the application of the existing Hague's in the context of the annual TAC and quota Regulations. It is in that context that Ireland should seek to have enhanced Hague Preferences granted solely to Ireland, accepting there is a risk that such an approach may provide a platform for other Member States to seek to undermine the existing Hague Preferences.

This would be seen as a significant change in the quota share allocations but should be considered in the preparation of Ireland's case and priorities in the CFP Review to be completed by the end of 2022. It is expected that these negotiations begin toward the end of this year following a public consultation. It will be essential that there is a strong participation from stakeholders into the public consultation to prepare the ground.

Demersal 5. Within the CFP Review, seek beneficial changes in management areas

The current management areas set for TACs and quotas do not always reflect the biological area covered by the stock. There is a case in the preparation for the CFP Review to examine all TAC areas and consider if changes are justified and how such changes would benefit the management of our quotas. These amendments may also benefit other Member States and Ireland could seek a joint approach including with relevant industry stakeholders. The background analysis of the management of certain stocks should be a first priority for the national forum of stakeholders to be set up by the Minister on the CFP review

Within the national forum set up by the Minister to prepare for the CFP review, a full analysis should be carried out to identify and inform opportunities that are of benefit. It will be essential that there is a strong participation from stakeholders into the public consultation.

7. Vessels and fisheries impacted by the quota transfers under the EU-UK Trade & Co-operation agreement

7.1 Background

This analysis provides an overview of the vessels and fisheries most impacted by the quota transfers under the TCA and identifies approximately 220 Irish vessels spread across eight fleet segments. In sections 6.4 to 6.10 the catch composition for each of the fisheries is described, and this is used to estimate the loss by quota stocks for each individual fishery due to the TCA for both 2021 and in 2026.

7.2 RSW Pelagic segment

There are currently 23 RSW vessels targeting pelagic species such as mackerel, horse mackerel, blue whiting, herring and boarfish during Q1 and Q4. These vessels typically tie-up for Q2 and Q3 and fish less than 100 days per year. Based on sales notes data the catch composition of these vessels by value is made up as follows:

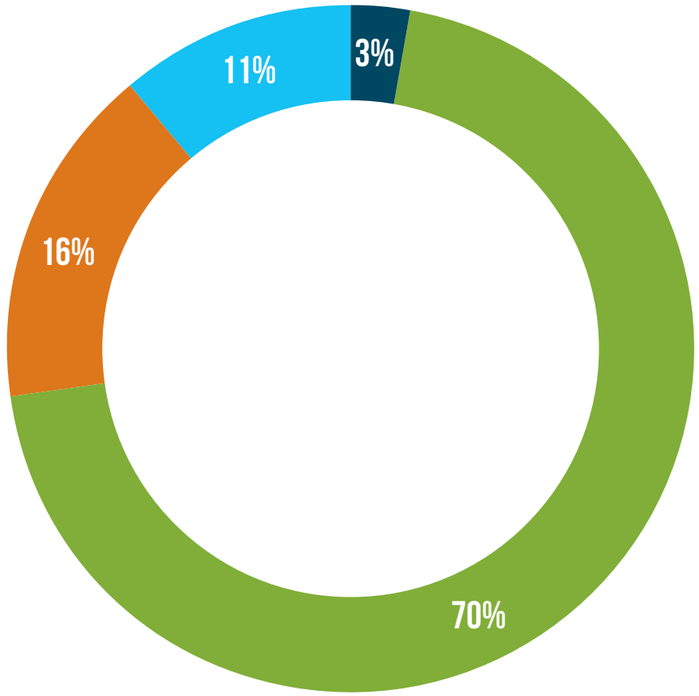


Figure 4: *Species catch composition of RSW Pelagic segment by value (€)*

Under the TCA, the transfers of Irish pelagic quota to the UK are estimated at €17.2 million in 2021, increasing to €28.6m by 2026. Of these transfers, reductions in mackerel quota amount to €16.5 million in 2021, increasing to €27.5 million by 2026. The RSW pelagic segment vessels land around 87% of the total Irish mackerel quota. Therefore, assuming 100% quota uptake, the impact of the TCA on these vessels from loss of mackerel quota is estimated to be €15 million in 2021, increasing to €25 million by 2026. The quota shares for other pelagic stocks - blue whiting, Irish Sea herring, Atlanto-Scandian herring and West of Scotland herring – that are impacted under the TCA, in terms of overall value are less significant. They are estimated to amount to a reduction in quota value of €0.26 million in 2021, increasing to €0.36 million by 2026. The quota shares for western horse mackerel, Celtic Sea herring and boarfish are not changed under the TCA. Therefore, the total impact on the RSW pelagic segment from quota transfers under the TCA is estimated at €15.3 million in 2021, increasing to €25.4 million by 2026.

7.3 *Nephrops* vessels

There are approximately 76 vessels with landings of Nephrops making up more than 50% of their total landings value. The Nephrops vessels are made up of 2 vessels less than 12m; 13 vessels between 12-18m; 36 vessels between 18-24m; and 25 vessels greater than 24m. Typically, these vessels target Nephrops all year round, fishing 180-200 days annually. The fleet segment comprises vessels landing fresh Nephrops as well as freezer trawlers landing frozen-at-sea Nephrops. Based on the 2019 sales notes data the average catch composition of these vessels, by value, is made up as follows:

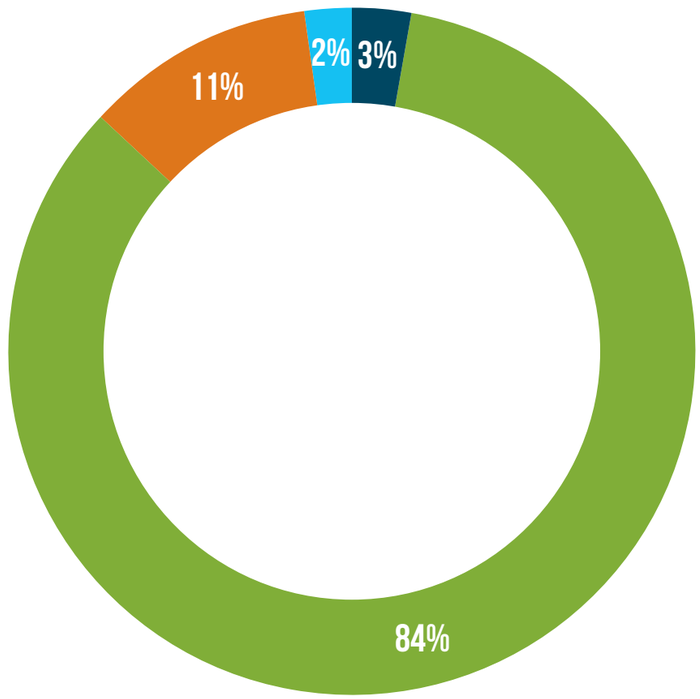


Figure 5: *Species catch composition of Nephrops vessels by value (€)*

Collectively these vessels account for close to 80% of the total landings of Nephrops. Based on the total quota transfer of Nephrops under the TCA of €4.9 million in 2021, rising to €8.2m by 2026, these vessels will be impacted in loss of Nephrops quota by around €3.9 million in 2021, increasing to €6.6 million by 2026. These vessels will also be impacted to a limited extent by reductions of quota available for bycatch species such as hake, monk, megrim, haddock and whiting caught as bycatch. Factoring, in the loss in quota value for these bycatch species, the estimated impact from the TCA is estimated at €4.2 million in 2021, increasing to €6.8 million by 2026.

7.4 Tier 1 Polyvalent vessels

There are 15 Tier 1 polyvalent vessels that target pelagic stocks mainly mackerel, albacore tuna, horse mackerel, blue whiting, herring (Irish Sea, Celtic Sea and West of Scotland) as well as mixed whitefish and *Nephrops* in the Irish Sea, Celtic Sea and West of Scotland. There are currently 15 vessels with Tier 1 authorisations. The catch composition of the Tier 1 vessels varies quite significantly with a small number having a much higher dependence on *Nephrops* and mixed demersal species compared to others that concentrate almost solely on pelagic species. This latter group (around 6 vessels) fish small pelagics (mackerel, horse mackerel, blue whiting and herring) during Q1 and Q4, tying-up in Q2, and targeting albacore tuna during Q3. The other 9 vessels switch to *Nephrops*, mixed whitefish and albacore tuna in Q2 and Q3. On average, the Tier 1 vessels fish 120-150 days per year, although several fish more than 200 days. Based on the sales notes data the average catch composition by value is made up as follows:

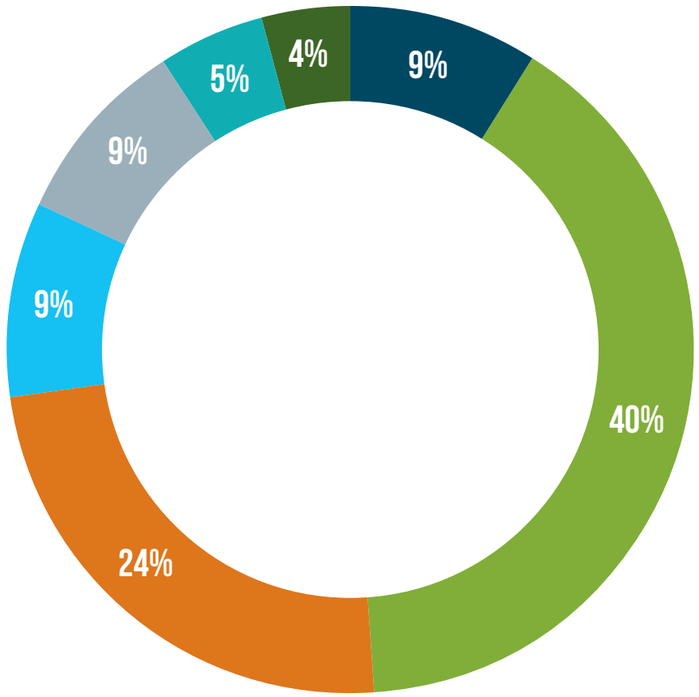


Figure 6: *Species catch composition of polyvalent vessels by value (€)*

- Mackerel
- Albacore Tuna
- Horse Mackerel
- Area 6 and 7 Mixed Demersal
- *Nephrops*
- Herring
- Others

Like the RSW pelagic segment, the Tier 1 vessels will be impacted mainly by the reduction in mackerel quota. The Tier 1 vessels take around 8% of the total mackerel quota resulting in an estimated quota loss of €1.4m in 2021, increasing to €2.3 million by 2026 based on the transfers in the TCA. The other pelagic quota of importance to these vessels, significantly reduced under the TCA, is Irish Sea herring. The estimated reduction is €0.3 million in 2021, increasing to €0.5 million. Other pelagic stocks such as albacore tuna, horse mackerel and Celtic Sea herring are subject to only minimal or no transfers under the TCA so the quota shares for these species will be largely unaffected. Reductions in quotas for Nephrops and other whitefish quotas will also impact some of the Tier 1 vessels. Factoring in transfers of Irish Sea herring, demersal species and *Nephrops*, the quota losses to the Tier 1 vessels are estimated at €1.9 million, increasing to €3.1 million by 2026.

7.5 Polyvalent Whitefish Trawlers targeting mixed Demersal in area 7

There are approximately 40 whitefish trawlers greater than 12 metres reliant on mixed demersal stocks and that operate in a range of fisheries in the Celtic Sea. Of these vessels, 19 are between 12-18m; 16 between 18-24m; and 5 between 24-40m. Around 22 of these vessels, which operate along the shelf edge in the Celtic Sea are reliant on landings of hake, megrim and monkfish. The remaining 15 vessels have landings from a range of fisheries in the Celtic Sea and West of Scotland, with haddock, monkfish, megrim and whiting the main species. Many of these vessels also land pelagic species (mackerel, horse mackerel and albacore tuna) seasonally. These vessels fish on average 180 days at sea. Based on the 2019 sales notes data the average catch composition, by value, is made up as follows:

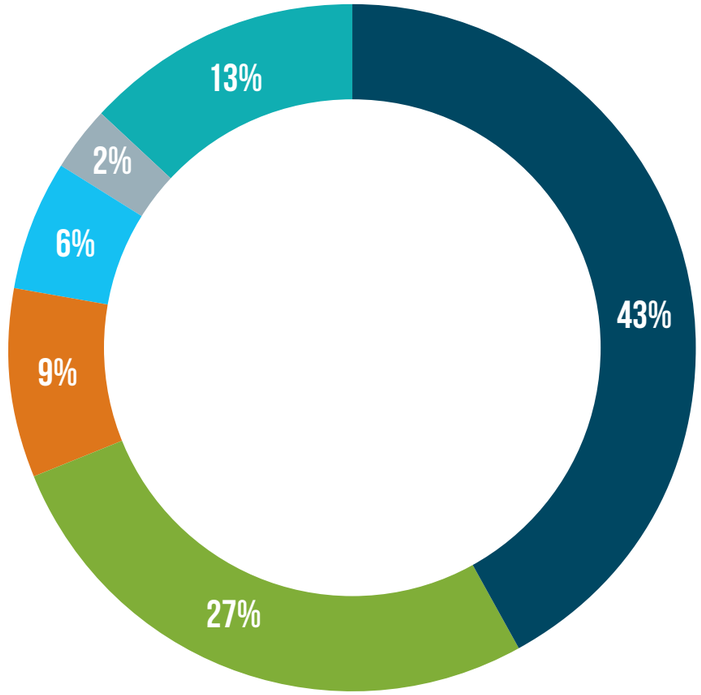


Figure 7: *Species catch composition of Polyvalent whitefish trawlers targeting mixed demersal in area 7 by value (€)*

- Hake, Megrim, Monkfish area 7
- Mixed Demersal area
- Nephrops
- Pelagics
- Mixed Demersal
- Others

7.6 Polyvalent Whitefish Trawlers Targeting mixed Demersal in area 6

There are approximately 12 whitefish trawlers greater than 12 metres reliant on mixed demersal stocks and that operate in a range of fisheries in the West of Scotland. Of these vessels, 2 are between 12-18m; 4 between 18-24m; and 6 between 24-40m. Around 9 vessels, fish at Rockall for haddock, squid and other mixed demersal species for part of the year. Most also fish in the Celtic Sea for mixed demersal species, with several targeting *Nephrops* or pelagic species seasonally. These vessels fish on average 200-220 days at sea. Based on the 2019 sales notes data the average catch composition by value is made up as follows:

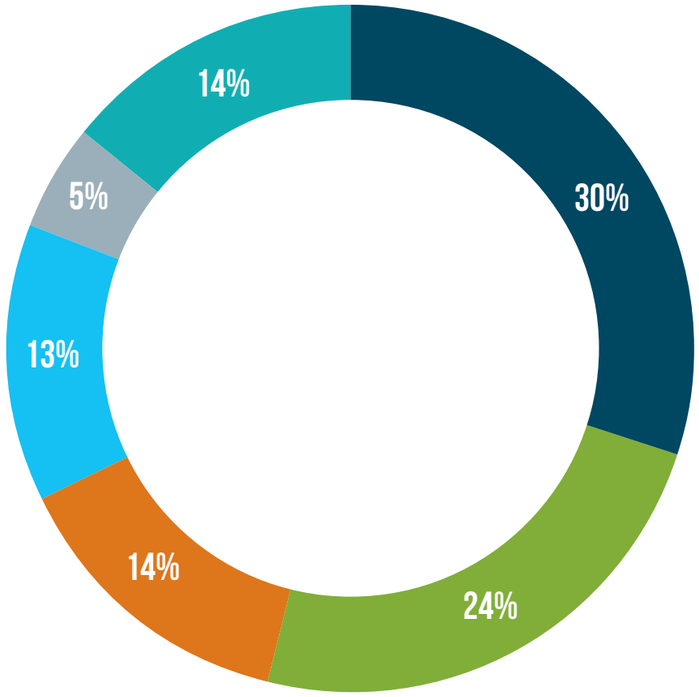


Figure 8: *Species catch composition of Polyvalent whitefish trawlers targeting mixed demersal in area 6 by value (€)*

The quota transfers for monkfish, megrim, haddock and other demersal stocks in area 6 are estimated at €1.4 million, increasing to €2.3 million by 2026. Given these vessels land approximately 80% of the total demersal landings by the Irish fleet in area 6, the estimated loss of quota for these stocks is around €1.1 million in 2021, increasing to €2.2 million by 2026. Factoring in transfers of catches from mixed demersal fisheries and *Nephrops* in area 7 as well as a limited catch of pelagic stocks, the estimated impact for these vessels is estimated at €1.4 million in 2021, increasing to €2.7 million by 2026.

This assumes access inside the 12-mile limit around Rockall, which is currently in dispute with the UK. If access was lost permanently, then the resulting impact would be far greater. The total squid fishery valued at around €6.6m (based on 2019 landings) and up to 60% of the total Rockall haddock quota, valued €1m (based on 2020 Irish quota), could potentially be lost (Figure 9). This would not only impact on the 9 of these 12 vessels that fish at Rockall but also an additional 16 vessels, mostly *Nephrops* freezer vessels that target squid seasonally. When factoring in catches of other species – monkfish, megrim, ling, saithe - caught inside 12 miles from Rockall, the total impact of the loss of these fisheries is estimated at €7.7 million.

Figure 9: *Irish catches from 0-6miles, 6-12 miles and outside 12 miles in area 6b, Rockall. (Source: Marine Institute)*

- 0-6nm
- 6-12nm
- 6b > 12nm

7.7 Seiners

There are 9 seine net vessels which fish mainly in the Celtic Sea and Irish Sea targeting haddock, hake and whiting with a bycatch of monkfish and megrim. They fish all year round for upwards of 220 days per year on average. Based on the 2019 sales notes data the average catch composition by value is made up as follows:

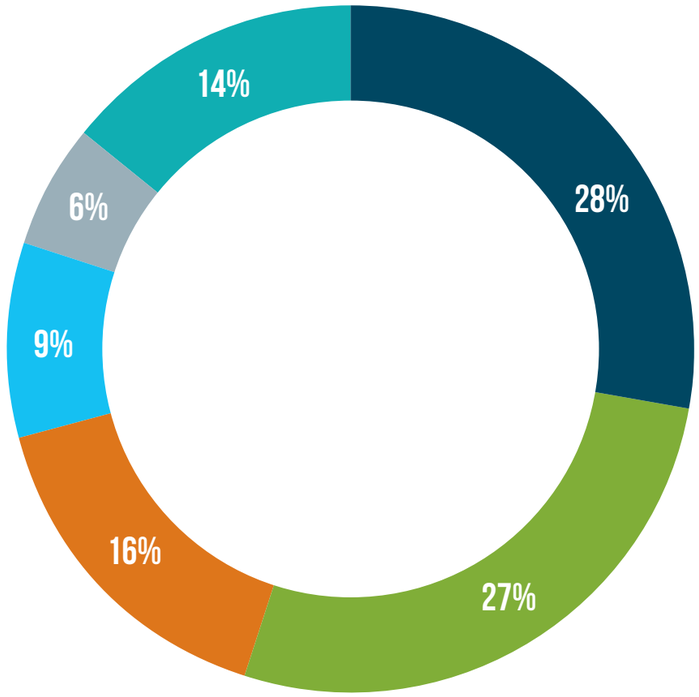


Figure 10: *Species catch composition of Seiners by value (€)*

- Haddock
- Whiting
- Hake
- Megrim
- Monkfish
- Others

These vessels will be impacted through the reduction in the quota transfers of haddock, whiting and hake in the Irish Sea and Celtic Sea. The total quota transfers for these stocks are €0.86 million in 2021 increasing to €1.4 million by 2026. In 2021, this is made up of €0.59 million haddock and €0.26 million hake and €0.02 million whiting. Typically, the landings by seiners of these three stocks make up around 25% of the total landings by all vessels, resulting in estimated reduction in quota available to the seiners of haddock, hake and whiting of €0.22 million in 2021, increasing to €0.35 million in 2026. With landings of other quota species factored in, the estimated loss of quota for the seine net vessels would increase to €0.26 million in 2021, rising to €0.36 million by 2026.

7.8 Beam trawlers

The beam trawl fleet (11 vessels) is based in the south-east and principally operate in the Irish Sea and Celtic Sea, targeting megrim, monkfish and plaice with bycatch of a wide range of quota and non-quota species. This is a 12-month fishery with the vessels switching between the Celtic Sea and Irish Sea, fishing on average around 220-240 days per year. Based on the 2019 sales notes data the average catch composition by value for the beam trawl vessels is made up as follows:

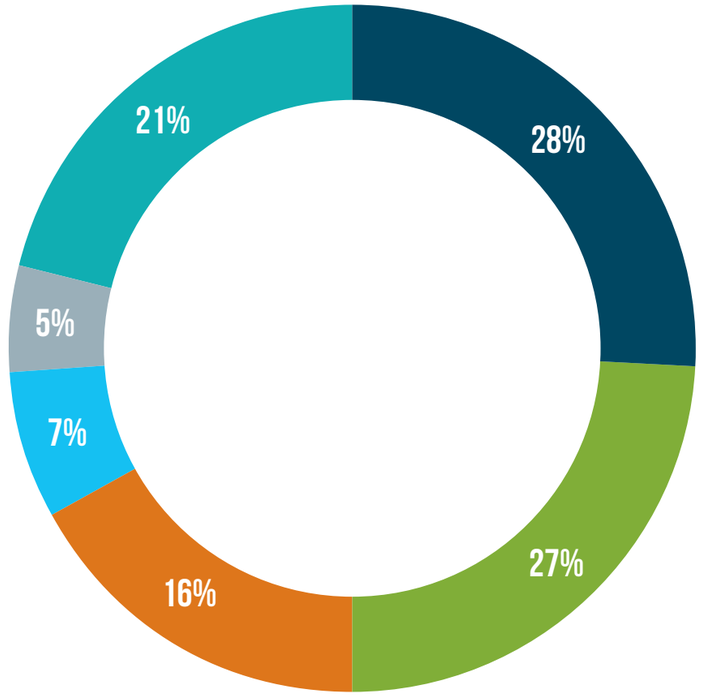


Figure 11: *Species catch composition of Beam Trawlers by value (€)*

- Megrim
- Monkfish
- Plaice
- Skates and rays
- Haddock
- Others

As with the mixed demersal vessels, the beamers will be impacted mostly from the reductions in monkfish and megrim quotas in the Celtic Sea. The total transfers for these two stocks are €1.1 million in 2021, increasing to €1.7 million by 2026. Landings of megrim and monkfish by the beam trawl fleet are approximately 15% of the total landings by Irish vessels of these two species. Based on the quota transfers, this will result in an estimated loss of quota under the TCA of €0.17 million in 2021, increasing to €0.26 million by 2026. Considering bycatch of other species such as plaice, haddock and skates and rays, the total loss of quota is estimated at €0.29 million in 2021, increasing to €0.34 million by 2026.

7.9 Hake Gillnetters

There are approximately 14 vessels greater than 12m with landings of hake representing more than 30% of their total landings value. Most of these vessels target hake for much of the year with the remainder of the time spent gillnetting for other demersal species such as saithe, pollack, ling and monkfish or trawling for mixed demersal species. Based on the 2019 sales notes data the average catch composition by value for these vessels is made up as follows:

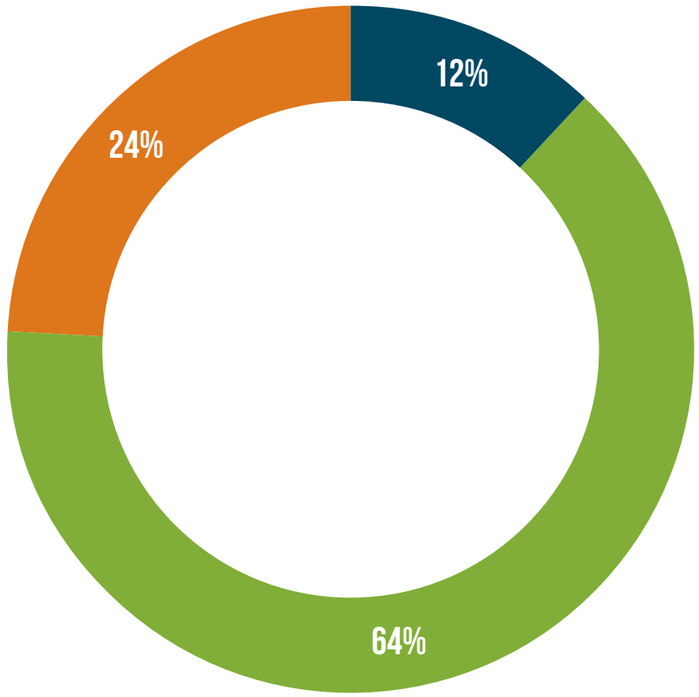


Figure 12: *Species catch composition of Hake Gillnetters by value (€)*

- Others
- Haddock
- Mixed Demersal

Collectively, these vessels account for approximately 25% of the total Irish hake landings. Based on the total quota transfer of hake of around €0.26 million in 2021, which increases to €0.43 million by 2026, the estimated losses of hake quota are estimated at €0.07 million in 2021 and €0.11 million by 2026. These vessels will also be impacted to a limited extent by reductions of quota available for bycatch species such as saithe, pollack, ling and monkfish, which when factored in, the total estimated losses would be in the region of €0.11 million in 2021, rising to €0.13 million by 2026.

7.10 Inshore Fisheries

Landings of quota stocks by the approximate 1,500 inshore vessels less than 12m, while minimal are nonetheless an important component for some inshore vessels, particularly landings of mackerel, herring and pollack. It should be possible to maintain such fisheries given the volumes landed are small and the impact on the overall national quota situation limited. Most inshore vessels are not significantly impacted directly by the quota transfers because they principally fish for non-quota shellfish species, and the access arrangements are maintained under the TCA.

Inshore vessels though may be impacted indirectly from displacement of larger vessels from offshore quota fisheries into inshore waters due to the reduction in demersal quota shares and available fishing opportunities resulting from the TCA. There is a danger of vessel owners choosing to diversify into fisheries for these non-quota species or transfer vessel ownership from larger vessels into smaller inshore vessels. This will lead to increasing fishing effort in the medium to longer term resulting in overexploitation of inshore stocks. Effort in the inshore sector is already high and while difficult to quantify the scale and impacts of displacement and diversification by vessel owners, it is important that reduced quota availability does not inadvertently incentivise such effects. Therefore, in discussing potential restructuring of the wider fleet, such issues needed to be considered. Fleet restructuring also provides an opportunity to consider the inshore sector and assess whether measures are needed to re-balance effort in this sector, regardless of the TCA.

8. Projected quota uptake for key Whitefish and *Nephrops* stocks in 2021

8.1.1 Background

This analysis considers historic catch patterns over the period 2018-2020 and projects quota uptake for 2021 based on these historic monthly catches. This analysis is designed to highlight key whitefish and *Nephrops* stocks where fishing at historic levels will lead to early exhaustion of the quota before the end of the year. In most cases it is clear it is not the quota transfers under the TCA alone that create quota shortages, rather changes in scientific advice, both positive and negative. In most cases, changes in the scientific advice are more significant to the overall quota levels than the reductions under the TCA, nonetheless the TCA reductions are the tipping point for some specific quotas.

8.1.2 Methodology

The analysis is based on the 2021 quotas agreed at the EU Fisheries Council of 25 March 2021[2] for a 7-month period, raised up to 12-month quotas; historic monthly landings for the period 2018-2020 provided by DAFM'S Quota Management Unit based on figures provided to the Commission by the SFPA through the FIDES system; reported landings for January and February 2021; and quota carryovers from 2020 under the interannual quota flexibility mechanism allowed for under Article 15 para. 9 of the Common Fisheries Policy (Regulation (EU) 1380/2013[3]) and Article 4 of Regulation (EC) 847/96[4]. Ireland's ability to attain swaps has been very slow at the beginning of the year arising from uncertainty relating to the provisional TACs and quotas set-up to end March. However, swaps are now progressing with Member States in a more normal pattern and will be expected to continue apace as 12 months TACs and quotas are set following agreement between the EU and the UK. This will help to offset losses under the TCA, noting it will be challenging during 2021 to attain the same level of swaps as in previous years.

8.1.3 Stock Analysis

The stocks considered are as follows:

- Anglerfish 6; Union and international waters of 5b; international waters of 12 and 14
- Anglerfish 7
- Haddock Union and international waters of 6b, 12 and 14
- Haddock Union and international waters of 5b and 6a
- Haddock 7a
- Haddock 7b-k, 8, 9 and 10; Union waters of CECAF 34.1.1
- Hake 6 and 7; Union and international waters of 5b; international waters of 12 and 14
- Megrim Union and international waters of 5b; 6; international waters of 12 and 14
- Megrim 7
- *Nephrops* 7 (including FU16)

The analysis shows the projected monthly quota uptake based on historic landings and assuming no quota swaps are attained. For some stocks it highlights a critical point in the year when the quota is projected to be excess of the total quota available. In this regard, for several stock's including anglerfish in areas 6 and 7, haddock in the area 7b-k, *Nephrops* in area 7 and *Nephrops* in FU16, bringing in extra quota through swaps are of vital importance to ensure fisheries for these stocks can remain open. Pelagic quotas for mackerel, horse mackerel, blue whiting and boarfish as well as smaller quantities of a range of demersal species are the main species used in exchange for these swaps.

2. Proposal for a COUNCIL REGULATION amending Regulation (EU) 2021/92 as regards certain fishing opportunities for 2021 in Union and non- Union waters. COM (2021) 111 final.

3. Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC. OJ L 354, 28.12.2013, p. 22.

4. Council Regulation (EC) No 847/96 of 6 May 1996 introducing additional conditions for year-to-year management of TACs and quotas. OJ L 115, 9.5.1996, p. 3.

The results by stock are as follows:

8.1.3.1 Anglerfish 6; Union and international waters of 5b; international waters of 12 and 14

Quota 2021 (initial)	562 tonnes
Quota 2021 (adjusted)	679 tonnes (carryover of 117 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-30%
Average uptake 2018-2020	79%
% Transfer under the TCA to UK for 2021	8.2%
Irish quota transferred under the TCA	66 tonnes
Increase/reduction in quota due to scientific advice	-169 tonnes
Projected uptake for 2021 based on 2018-2020 catches	105%

Table 5: *Summary of quota transfers under TCA and projected uptake for 2021 for Anglerfish 6; Union and international waters of 5b; international waters of 12 and 14*

The reduction in quota for 2020 is largely due to the scientific advice. The transfer under the TCA equates to around 1-month of catches. Quota uptake has averaged 79% in the last three years, and Ireland has been reliant on annual swaps to maintain landings of around 60-100 tonnes per month. In 2021, based on average monthly catches, the quota would be exhausted by the end of the year, without swaps being acquired (Figure 13).

Quota uptake based on average catches 2018-2020

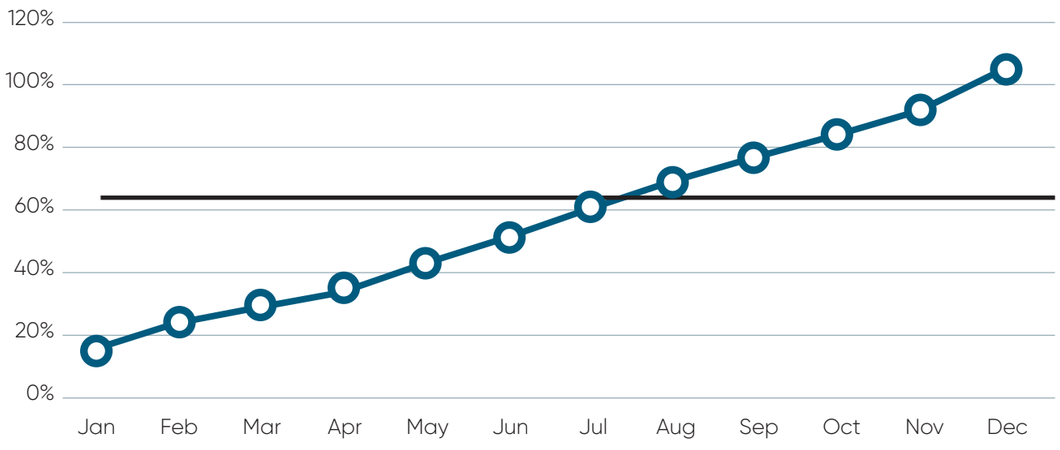


Figure 13: *Quota uptake Anglerfish 6 based on average catches 2018-2020*

Vessels and Fleets Impacted

There are approximately 12 whitefish trawlers greater than 12 metres reliant on mixed demersal stocks, including anglerfish operating in area 6. Approximately 75% of catches are taken in 6a with the remaining 25% at Rockall. Additionally, there are a further 26 vessels that recorded catches of anglerfish in area 6 in 2020. If this quota were to be exhausted, as projected, this would effectively close other mixed demersal fisheries in area 6, leading to displacement of effort into the Celtic Sea hake, megrim and anglerfish fishery, Celtic Sea mixed demersal and *Nephrops* fisheries and possibly the Irish Sea *Nephrops* fisheries. This would impact on the quotas for other stocks where quota is limiting (e.g. Rockall haddock, hake, anglerfish in area 7, *Nephrops* in area 7 and haddock in area 7b-k). The numbers of vessels by length with landings of anglerfish in area 7 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	-	-
10-12m	-	-
12-18m	2	7 tonnes
18-24m	16	236 tonnes
24-40m	20	656 tonnes
Total	**38**	**899 tonnes**

Table 6: *Summary of total landings and numbers of vessels by vessel length categories for Anglerfish 6; Union and international waters of 5b; international waters of 12 and 14*

8.1.3.2 Anglerfish 7

Quota 2021 (initial)	2877 tonnes
Quota 2021 (adjusted)	3304 tonnes (carryover of 427 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	+7.6%
Average uptake 2018-2020	89%
% Transfer under the TCA to UK for 2021	3.2%
Irish quota transferred under the TCA	118 tonnes
Increase/reduction in quota due to scientific advice	+84 tonnes
Projected uptake for 2021 based on 2018-2020 catches	106%

Table 7: *Summary of quota transfers under TCA and projected uptake for 2021 for Anglerfish 7*

The quota transfers under the TCA are cancelled out by the increase in the overall TAC. Quota uptake has averaged 89% in the last three years and Ireland is heavily reliant on annual swaps to maintain monthly landings of around 300-350 tonnes. Without swaps, the 2020 quota would have been exhausted in September. In 2021, based on average monthly catches, the quota is projected to be exhausted in December. By the end of 2021, it would be 6% over quota without swaps (Figure 14).

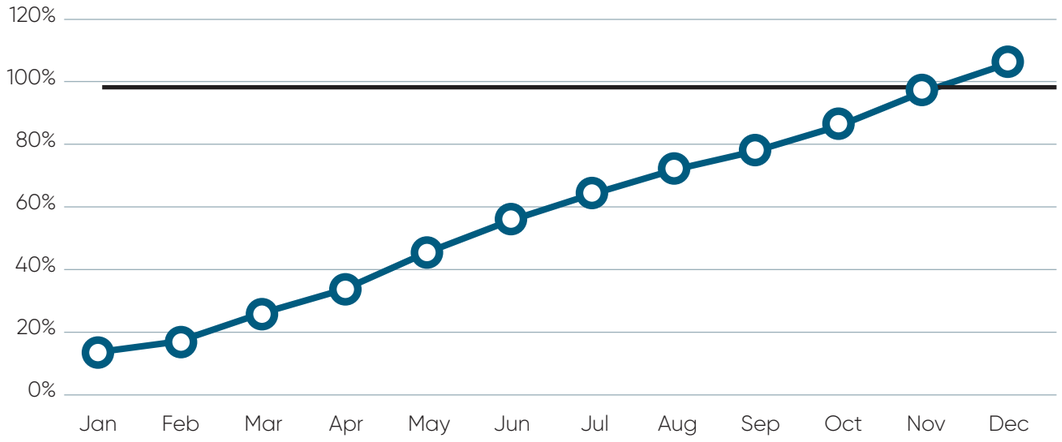


Figure 14: *Quota uptake for Anglerfish, 7 based on average catches 2018-2020*

Vessels and Fleets Impacted

There are approximately 40 whitefish trawlers greater than 12 metres reliant on mixed demersal stocks, including anglerfish, operating in area 7. Additionally, 8 inshore vessels, 11 beam trawlers, 9 seine net vessels and a further 20 whitefish trawlers have recorded catches of anglerfish in area 7 in 2020. Like anglerfish in area 6, this is an important quota for many vessels and full uptake of the quota before the end of the year would have knock on displacement effects on other mixed demersal in areas 6 and 7 as well as the *Nephrops* fisheries in area 7. The numbers of vessels by length with landings of anglerfish in area 7 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	3	1 tonne
10-12m	5	17 tonnes
12-18m	19	293 tonnes
18-24m	32	1747 tonnes
24-40m	28	1676 tonnes
Total	**87**	**3734 tonnes**

Table 8: *Summary of total landings and numbers of vessels by vessel length categories for anglerfish in area 7*

8.1.3.3 Haddock Union and international waters of 6b, 12 and 14

Quota 2021 (initial)	423 tonnes
Quota 2021 (adjusted)	520 tonnes (carryover of 97 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-49%
Average uptake 2018-2020	81.9%
% Transfer under the TCA to UK for 2021	2.6%
Irish quota transferred under the TCA	66 tonnes
Increase/reduction in quota due to scientific advice	-335 tonnes
Projected uptake for 2021 based on 2018-2020 catches	127%

Table 9: *Summary of quota transfers under TCA and projected uptake for 2021 for Haddock Union and international waters of 6b, 12 and 14*

Quota uptake has averaged 82% in the last three years, and generally, Ireland does not swap in Rockall haddock. The quota for 2021 has been 2020, catches would not have exceeded the initial quota. However, in 2021, based on average monthly catches, the quota would be exhausted in July. The early exhaustion of the quota is mainly due to the significant reduction in the overall TAC based on the scientific advice. The transfer under the TCA reduces the catches by a further half month. By the end of 2021, monthly catches would be 27% over quota without any quota being swapped in, noting that landings from this fishery normally tail off in Q4 (Figure 15).

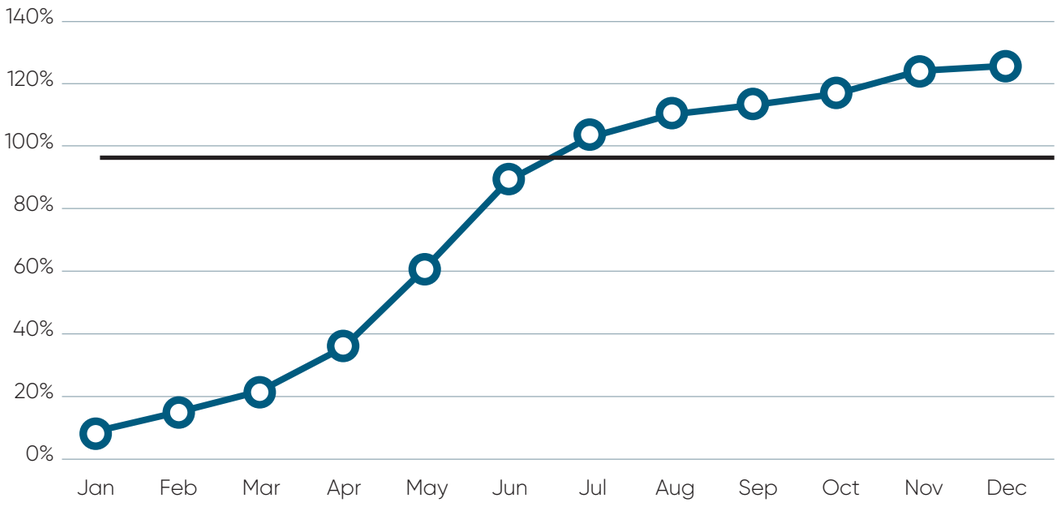


Figure 15: *Quota uptake Rockall Haddock (Area 6b) based on average catches 2018-2020*

Vessels and Fleets Impacted

There are around 9 vessels with significant landings from Rockall, of which 7 have significant landings of haddock. Additionally, there are 15 vessels that target mixed anglerfish, hake as well as squid seasonally at Rockall. If the haddock quota was fully caught by June, this would effectively close the lucrative squid fishery which usually occurs in the period May-July in the same area as the haddock fishery, as well as the mixed demersal in the deeper waters around Rockall in which haddock is a bycatch. The closure of these fisheries would lead to displacement into the mixed demersal fisheries in area 6a, as well as in area 7. The numbers of vessels by length with landings of haddock in area 6b and the total landings by length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	-	-
10-12m	-	-
12-18m	-	-
18-24m	5	84 tonnes
24-40m	19	596 tonnes
Total	**24**	**680 tonnes**

Table 10: *Summary of total landings and numbers of vessels by vessel length categories for Haddock Union and international waters of 6b, 12 and 14*

8.1.3.4 Haddock Union and international waters of 5b and 6a

Quota 2021 (initial)	650 tonnes
Quota 2021 (adjusted)	717 tonnes (carryover of 67 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	No change
Average uptake 2018-2020	83%
% Transfer under the TCA to UK for 2021	No change
Irish quota transferred under the TCA	131 tonnes (linked to Hague Preference)
Increase/reduction in quota due to scientific advice	+131 tonnes
Projected uptake for 2021 based on 2018-2020 catches	80%

Table 11: *Summary of quota transfers under TCA and projected uptake for 2021 for Haddock Union and international waters of 5b and 6a*

This quota is not subject to a quota transfer under the TCA as the UK relative stability share does not change. However, there is a reduction linked to The Hague Preference, whereby part of the benefit of The Hague Preference for Ireland is negated. This is further complicated due to the sharing arrangement with the North Sea for this stock. Quota uptake has averaged 83% in the last three years and Ireland generally does not swap in haddock. In 2021, based on average monthly catches, the quota uptake would be 80% by the end of 2021, which is comparable to previous years (Figure 16).

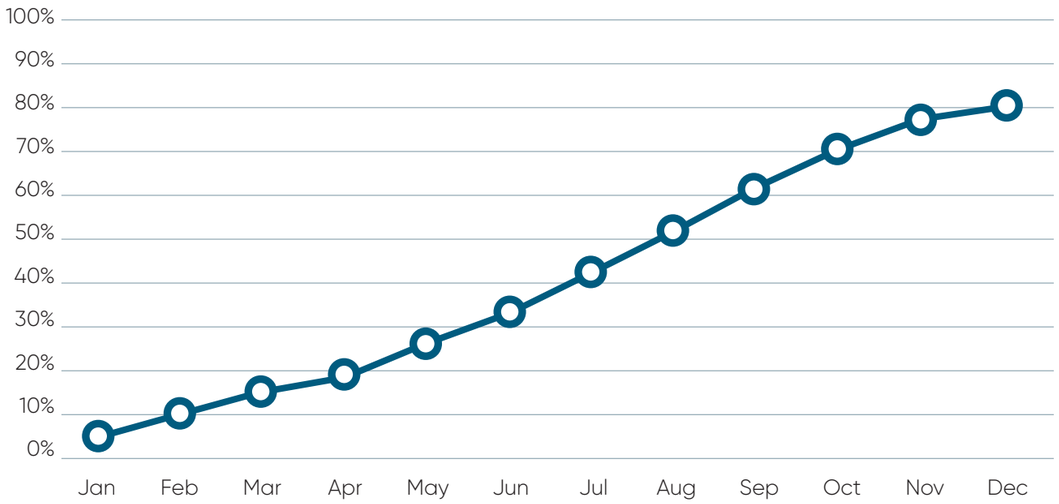


Figure 16: *Quota uptake West of Scotland Haddock (Area 6a) based on average catches 2018-2020*

Vessels and Fleets Impacted

There are approximately 12 whitefish trawlers greater than 12 metres reliant on mixed demersal stocks, including haddock, operating in area 6a. Additionally, there are two vessels less than 12m with small landings of haddock as well as a further 29 vessels that recorded catches of haddock in area 6a in 2020. The issues with this stock are related with anglerfish, megrim and hake in 6, where full uptake of those quotas before the end of the year would have knock-on effects for haddock in area 6a, given the association with anglerfish, megrim and hake. The numbers of vessels by length with landings of haddock in area 6a and the total landings by length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	1	< 1 tonne
10-12m	1	< 1tonne
12-18m	3	11 tonnes
18-24m	16	70 tonnes
24-40m	20	344 tonnes
40m+	2	15 tonnes
Total	**43**	**440 tonnes**

Table 12: *Summary of total landings and numbers of vessels by vessel length categories for Haddock Union and international waters of 5b and 6a*

8.1.3.5 Haddock 7a

Quota 2021 (initial)	1322 tonnes
Quota 2021 (adjusted)	1476 tonnes (carryover of 154 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-3%
Average uptake 2018-2020	65%
% Transfer under the TCA to UK for 2021	4.9%
Irish quota transferred under the TCA	137 tonnes
Increase/reduction in quota due to scientific advice	+93 tonnes
Projected uptake for 2021 based on 2018-2020 catches	63%

Table 13: *Summary of quota transfers under TCA and projected uptake for 2021 for Haddock Union and international waters of 7a*

The transfer under the TCA represents about one and a half months of catches. Quota uptake has averaged 65% in the last three years and is not limiting. In 2020, uptake was 49%. In 2021, based on average monthly catches, the quota uptake would be 63% by the end of 2021 (Figure 17).

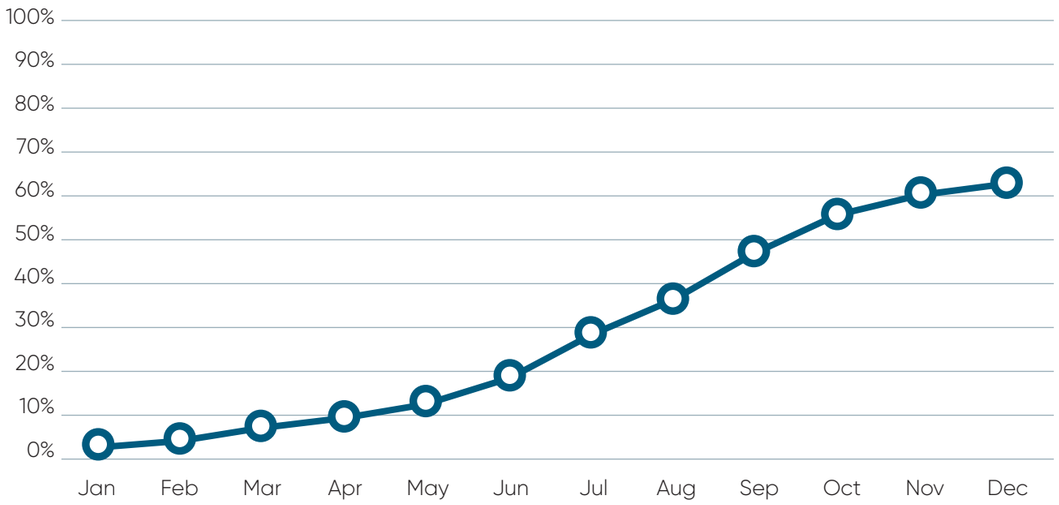


Figure 17: *Quota uptake Irish Sea Haddock (Area 7a) based on average catches 2018-2020*

Vessels and Fleets Impacted

There are only around 4 vessels that target haddock in the Irish Sea which include 3 whitefish trawlers and 1 seiner. Additionally, haddock are caught as a bycatch in small volumes from 34 *Nephrops* trawlers, 2 beam trawlers and 2 inshore vessels. There are no major displacement effects seen for this stock. The numbers of vessels by length with landings of haddock in area 7a and the total landings by length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	1	< 1 tonne
10-12m	1	< 1 tonne
12-18m	8	5 tonnes
18-24m	13	318 tonnes
24-40m	19	394 tonnes
Total	**42**	**717 tonnes**

Table 14: *Summary of total landings and numbers of vessels by vessel length categories for Haddock Union and international waters of 7a*

8.1.3.6 Haddock 7b-k, 8, 9 and 10; Union waters of CECAF 34.1.1

Quota 2021 (initial)	3110 tonnes
Quota 2021 (adjusted)	3376 tonnes (carryover of 266 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	+29%
Average uptake 2018-2020	98%
% Transfer under the TCA to UK for 2021	6%
Irish quota transferred under the TCA	254 tonnes
Increase/reduction in quota due to scientific advice	+503 tonnes
Projected uptake for 2021 based on 2018-2020 catches	92%

Table 15: *Summary of quota transfers under TCA and projected uptake for 2021 for Haddock 7b-k, 8, 9 and 10; Union waters of CECAF 34.1.1*

Quota uptake has averaged 98% in the last three years and is generally limiting, and swaps are difficult to achieve as quotas are also limiting for most other Member States. However, due to a significant increase in the overall TAC based on the scientific advice, the quota for 2021 is 30% higher than in past years and is nearly double the quota in 2018. The transfer under the TCA represents about a month and a half of historic catches. In 2020, catches exceeded the initial quota with uptake in November 2020, with final uptake of 110% of the quota. In 2021, based on average monthly catches, quota uptake would be 92% by the end of 2021 reflecting the significant increase in quota for 2021.

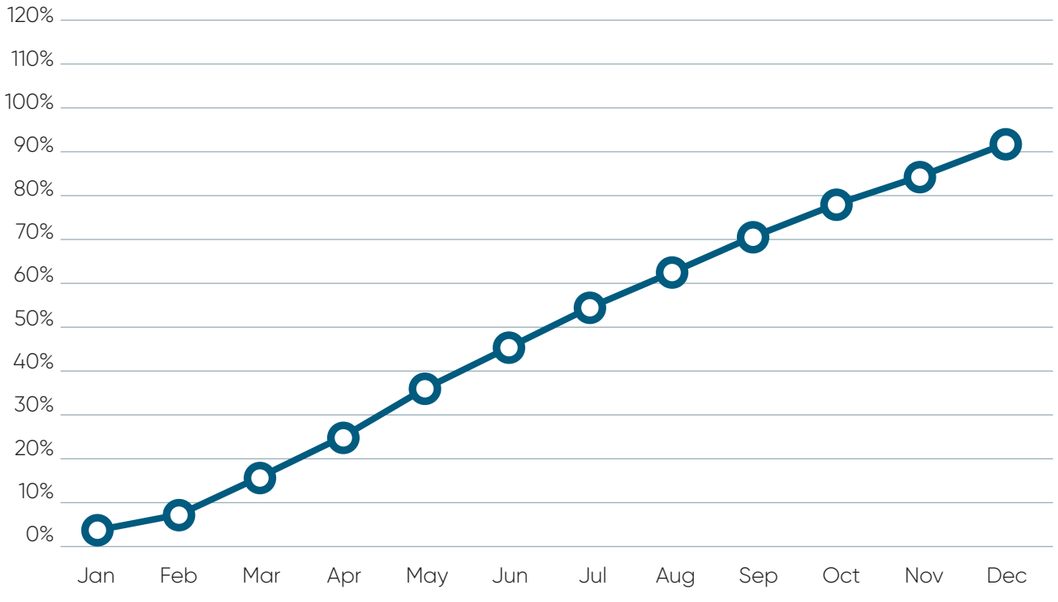


Figure 18: *Quota uptake Irish Sea Haddock (Area 7b-k) based on average catches 2018-2020*

Vessels and Fleets Impacted

Haddock in the Celtic Sea is caught by many vessels both as a target species and as a bycatch in different mixed demersal fisheries. Based on the 2020 sales notes data there were 92 vessels with haddock catches comprising 66 trawlers, 9 seiners, 10 beam trawlers and 7 inshore vessels. This quota may come under significant pressure depending on the level of uptake of the anglerfish, hake and *Nephrops* quotas by the end of Q3. Effort displacement from these fisheries leading to increased effort on Celtic Sea haddock would put serious pressure on this quota later in the year. The numbers of vessels by length with landings of haddock in area 7b-k and the total landings by length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	2	1 tonne
10-12m	5	19 tonnes
12-18m	13	201 tonnes
18-24m	42	1266 tonnes
24-40m	30	1158 tonnes
Total	**92**	**2645 tonnes**

Table 16: *Summary of total landings and numbers of vessels by vessel length categories for Haddock 7b-k, 8, 9 and 10; Union waters of CECAF 34.1.1*

8.1.3.7 Hake 6 and 7; Union and international waters of 5b; international waters of 12 and 14

Quota 2021 (initial)	2986 tonnes
Quota 2021 (adjusted)	3372 tonnes (carryover of 386 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-15%
Average uptake 2018-2020	84%
% Transfer under the TCA to UK for 2021	1.7%
Irish quota transferred under the TCA	73 tonnes
Increase/reduction in quota due to scientific advice	-434 tonnes
Projected uptake for 2021 based on 2018-2020 catches	113%

Table 17: *Summary of total landings and numbers of vessels by vessel length categories for Hake 6 and 7; Union and international waters of 5b; international waters of 12 and 14*

The reduction in the TAC combined with the quota transfer under the TCA result in a reduction of the quota of 15%. Quota uptake has remained relatively stable over the period 2018-2020, averaging 84%. Quota is generally limiting towards the end of Q4 and without carryover and swaps, in 2020 the initial quota would have been exhausted in November. A similar situation pertained in 2019. Swaps for hake are traditionally difficult to attain given most other Member States are quota limited. In 2021, based on average monthly catches, the quota would be exhausted in October. By the end of the year, catches would be 13% above the quota. The projected exhaustion of this quota in October would have knock-on impacts given the association of hake with other quota stocks such as haddock, anglerfish and megrim.

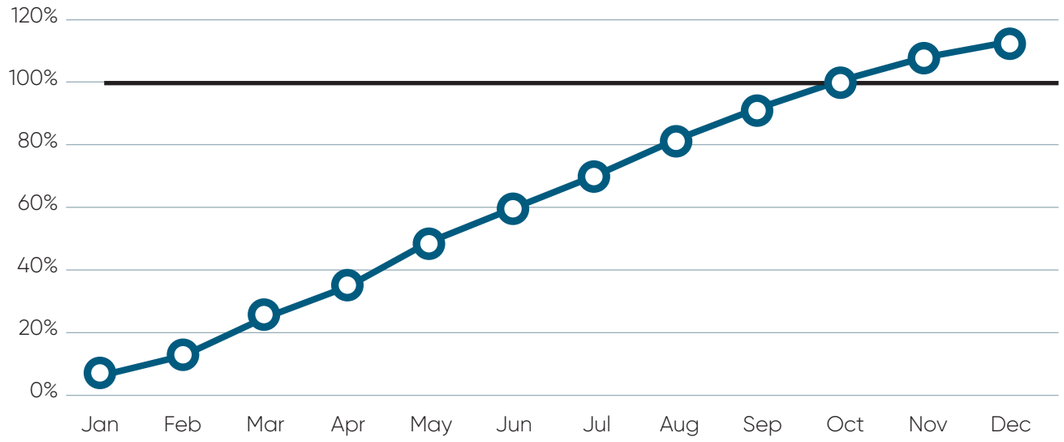


Figure 14: *Quota uptake for Anglerfish, 7 based on average catches 2018-2020*

Vessels and Fleets Impacted

This is an important quota for many vessels both as a target species and as a bycatch. Approximately 95% of catches are taken in Area 7 with 5% from Area 6. There are approximately 14 gillnetters greater than 12m with landings of hake representing more than 30% of their total landings value. Additionally, there are around 62 whitefish trawlers between 12-40m with catches of hake either as a target species or as a bycatch in other fisheries. There are also 16 inshore vessels less than 12m (mostly gillnetters), 9 seiners and 11 beam trawlers with catches of hake. The seine net vessels in particular target hake at certain times during the year. In 2020, two large pelagic vessels also reported small landings of hake (< 5 tonnes in total). Full uptake of this quota before the end of the year would create significant difficulties across a whole range of fisheries, given the importance of hake as a target catch and bycatch. The numbers of vessels by length with landings of hake in area 6 and 7 and the total landings by length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	2	9 tonnes
10-12m	14	165 tonnes
12-18m	22	321 tonnes
18-24m	47	1741 tonnes
24-40m	29	1353 tonnes
40m+	2	5 tonnes
Total	**116**	**3594 tonnes**

Table 18: *Summary of total landings and numbers of vessels by vessel length categories for Hake 6 and 7; Union and international waters of 5b; international waters of 12 and 14*

8.1.3.8 Megrim Union and international waters of 5b; 6; international waters of 12 and 14

Quota 2021 (initial)	603 tonnes
Quota 2021 (adjusted)	698 tonnes (carryover of 95 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-21%
Average uptake 2018-2020	83%
% Transfer under the TCA to UK for 2021	7.8%
Irish quota transferred under the TCA	81 tonnes
Increase/reduction in quota due to scientific advice	-80 tonnes
Projected uptake for 2021 based on 2018-2020 catches	109%

Table 19: *Summary of total landings and numbers of vessels by vessel length categories for Megrim Union and international waters of 5b; 6; international waters of 12 and 14*

The combination of a reduction stemming from the scientific advice along with the quota transfer under the TCA means the quota is reduced by 21% in 2021. The quota transfer represents a month and a half of catches. Quota uptake has averaged 83% in the last three years and in 2020, quota uptake was 75% reflecting an increased quota. In 2018 and 2019, uptake was much higher. In 2021, based on average monthly catches, the quota is projected to be exhausted in November. By the end of the year catches would be 9% above the quota. As with anglerfish, early exhaustion of the quota would have knock-on effects for vessels operating in area 6 fisheries (Figure 20).

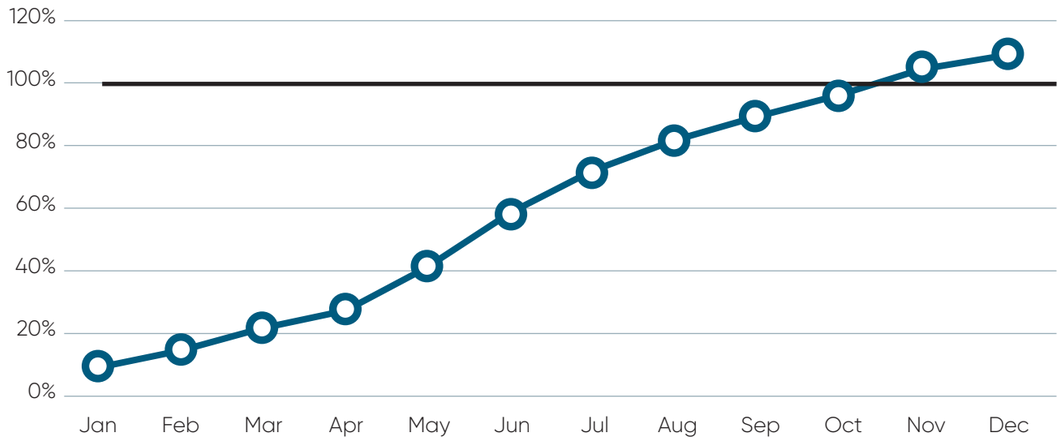


Figure 20: *Quota uptake West of Scotland megrim (Area 6) based on average catches 2018-2020*

Vessels and Fleets Impacted

The same vessels that target anglerfish and haddock in area 6 also target megrim in the same fisheries. Therefore, the same displacement effects and fisheries impacted from full uptake of this quota before the end of the year would be similar. Around 65% of the quota is caught in area 6b with 35% taken in area 6a. The numbers of vessels by length with landings of megrim in area 6 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	1	< 1 tonne
10-12m	1	< 1 tonne
12-18m	4	9 tonnes
18-24m	16	85 tonnes
24-40m	20	622 tonnes
Total	**42**	**716 tonnes**

Table 20: *Summary of total landings and numbers of vessels by vessel length categories for Megrim Union and international waters of 5b; 6; international waters of 12 and 14*

8.1.3.9 Megrim 7

Quota 2021 (initial)	2880 tonnes
Quota 2021 (adjusted)	3222 tonnes (carryover of 342 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-7%
Average uptake 2018-2020	74%
% Transfer under the TCA to UK for 2021	4.3%
Irish quota transferred under the TCA	248 tonnes
Increase/reduction in quota due to scientific advice	+27 tonnes
Projected uptake for 2021 based on 2018-2020 catches	65%

Table 21: *Summary of total landings and numbers of vessels by vessel length categories for Megrim Union and international waters of 7*

Quota uptake has averaged 74% in the last three years and the quota has not been limiting in any of the last three years. In 2020, quota uptake was 55% reflecting an increased quota and lower catches than in previous years. In 2018 and 2019, quota uptake was much higher. In 2021, based on average monthly catches, quota uptake is projected at 65% by the end of the year.

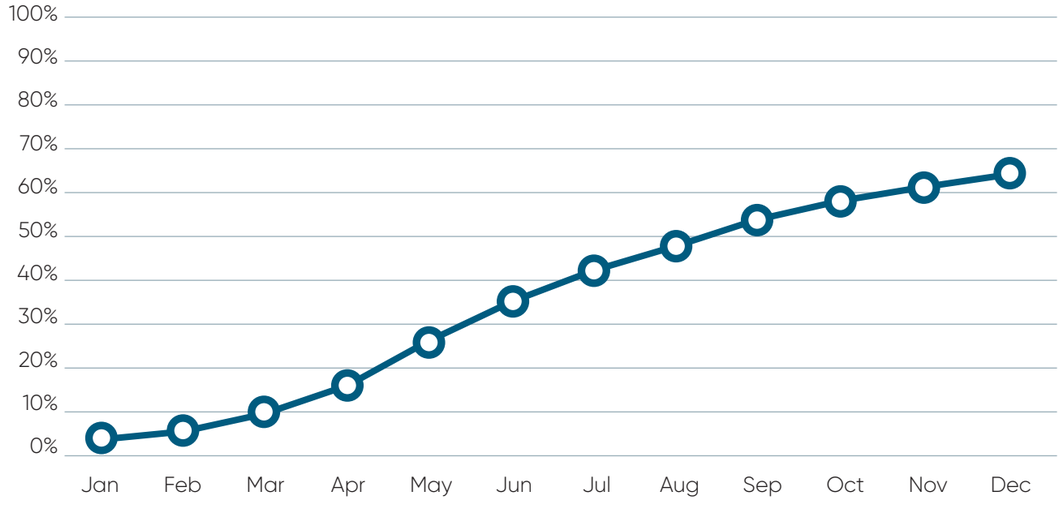


Figure 21: *Quota uptake megrim (Area 7) based on average catches 2018-2020*

Vessels and Fleets Impacted

The same vessels that target anglerfish and haddock in area 6 also target megrim in the same fisheries. Therefore, the same displacement effects and fisheries impacted from full uptake of this quota before the end of the year would be similar. Around 65% of the quota is caught in area 6b with 35% taken in area 6a. The numbers of vessels by length with landings of megrim in area 6 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	3	1 tonne
10-12m	5	17 tonnes
12-18m	19	227 tonnes
18-24m	32	767 tonnes
24-40m	28	848 tonnes
Total	**87**	**1860 tonnes**

Table 22: *Summary of total landings and numbers of vessels by vessel length categories for Megrim Union and international waters of 7*

8.1.3.10 *Nephrops 7*

Quota 2021 (initial)	6098 tonnes
Quota 2021 (adjusted)	6814 tonnes (carryover of 717 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	-2%
Average uptake 2018-2020	76%
% Transfer under the TCA to UK for 2021	6%
Irish quota transferred under the TCA	545 tonnes
Increase/reduction in quota due to scientific advice	+442 tonnes
Projected uptake for 2021 based on 2018-2020 catches	90%

Table 23: *Summary of total landings and numbers of vessels by vessel length categories for Nephrops area 7*

Despite a 7% increase in the overall TAC, Ireland's quota for 2021 is reduced by 2% due to the transfer under the TCA. The transfer represents one month of catches. Quota uptake has averaged 76% in the last three years and the quota has not been limiting in any of the last three years. However, there is a separate quota for FU16 (Porcupine Bank) which is consistently under pressure annually and requires close management with the fishery closed at certain times of the year. Quota swaps are sought every year, particularly for FU16. In 2020, quota uptake was 77% reflecting lower catches than in previous years. In 2019, quota uptake was much higher. In 2021, based on average monthly catches, quota uptake is projected to be 90% by the end of the year. Without the carryover from 2020, the quota would be exhausted in November (Figure 22).

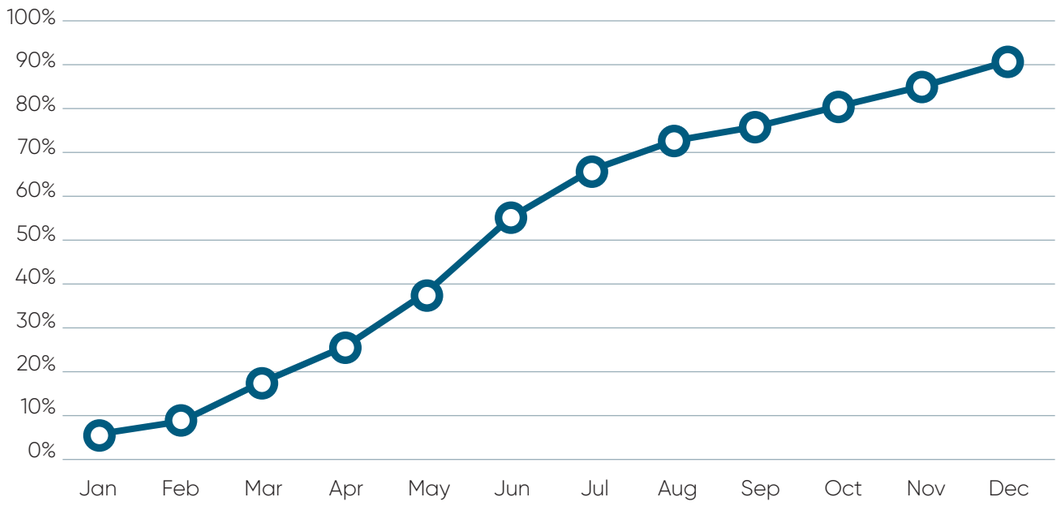


Figure 22: *Quota uptake Nephrops (Area 7) based on average catches 2018-2020*

Vessels and Fleets Impacted

This is an important quota for many Irish vessels, some of which also target whitefish in area 6 and 7 or are involved in pelagic fisheries seasonally. Based on sales notes data for 2020, there are around 76 vessels targeting *Nephrops* year-round and where *Nephrops* make up more than 50% of their gross earnings. There are a further 21 vessels which fish seasonally for *Nephrops* or have bycatch of *Nephrops* in their landings. Given the importance of this fishery, further increases in effort from other fisheries will put additional pressure on this quota, which is traditionally close to 100% uptake. The numbers of vessels by length with landings of *Nephrops* in area 7 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	2	21 tonnes
10-12m	3	45 tonnes
12-18m	16	525 tonnes
18-24m	46	3272 tonnes
24-40m	30	1805 tonnes
Total	**97**	**5668 tonnes**

Table 24: *Summary of total landings and numbers of vessels by vessel length categories for Nephrops area 7*

8.1.3.11 *Nephrops FU16*

Quota 2021 (initial)	1193 tonnes
Quota 2021 (adjusted)	1351 tonnes (carryover of 158 tonnes)
Differences in quota 2021 vs 2020 (initial quotas)	+25%
Average uptake 2018-2020	91%
% Transfer under the TCA to UK for 2021	No change
Irish quota transferred under the TCA	No change
Increase/reduction in quota due to scientific advice	+236 tonnes
Projected uptake for 2021 based on 2018-2020 catches	100%

Table 25: *Summary of total landings and numbers of vessels by vessel length categories for Nephrops FU16*

Nephrops in FU16 is managed through an "of which" clause under the *Nephrops* TAC for area 7, which sets a limit of the overall area 7 quota that can be caught in FU16. There is no quota transfer for FU16 under the TCA. Uptake has averaged 91% in the last three years and the quota is limiting with swaps sought every year. In 2021 based on average monthly catches, and assuming the fishery is closed during May (EU Regulation) and June and July (industry closure) quota uptake is projected to be 100% by the end of the year (Figure 23).

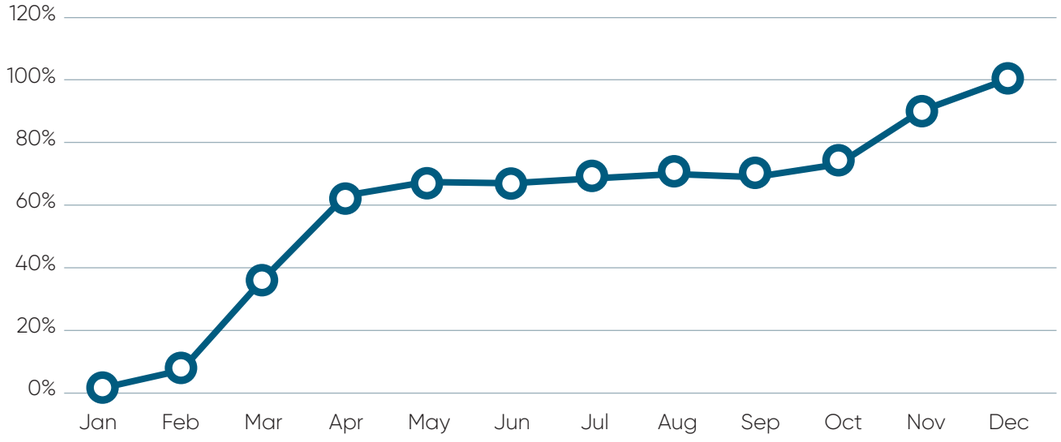


Figure 23: *Quota uptake Nephrops FU16 based on average catches 2018-2020*

Vessels and Fleets Impacted

Based on sales notes data for 2020, there are around 52 freezer vessels targeting Nephrops in FU16 seasonally. Full uptake of this quota will lead to displacement mostly into other Nephrops fisheries in area 7. Conversely, full uptake of quotas for stocks such as anglerfish and hake in area 6 and 7 may lead to increased effort in the FU16 fishery, which would put further pressure on a quota which is already limiting. The numbers of vessels by length with landings of Nephrops in FU16 and the total landings for each length range are shown below.

Length Range	Number of Vessels	Total Landings 2020 (tonnes)
<10m	-	-
10-12m	-	-
12-18m	-	-
18-24m	26	710 tonnes
24-40m	26	805 tonnes
Total	**52**	**1515 tonnes**

Table 26: *Summary of total landings and numbers of vessels by vessel length categories for Nephrops FU16*

9. Supporting, restructuring and developing the whitefish fleet

The Task Force is recommending a restructuring of the Irish whitefish fleet, to align the fleet with the fishing opportunities available post-Brexit must be given consideration along with the burden sharing measures described in section 5. Restructuring of the fleet has been considered by the Task Force in the context of short-term and longer-term measures.

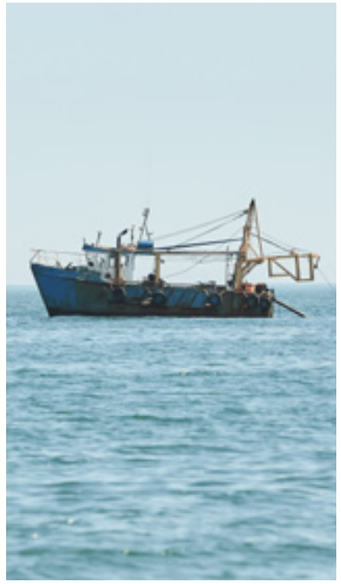
The Task Force acknowledges that there is an immediate need to implement support measures for the whitefish sector including the Fishermen's Co-operatives that handle and sell a large part of the whitefish catch and that have been directly impacted by the TCA cuts. This support should be provided through short-term schemes (e.g. temporary cessation and liquidity aid). However, such schemes should be seen very much as transitioning to the new reality under the TCA with less quota available, which will require permanent restructuring through voluntary decommissioning as well as other initiatives described under the processing, aquaculture and CLLD chapters.

9.1. Voluntary permanent cessation scheme

The quota transfers over the period 2021-2026 and longer-term implications of the TCA on the future management of non-quota species represent a significant impact on the Irish fishing fleet. The Task Force recognised there is a need for longer-term restructuring measures to address the imbalance between fleet capacity and available fishing opportunities. To this end, the Task Force was charged in their Terms of Reference with "producing a full report within four months, which will cover the arrangements for a voluntary decommissioning scheme or other initiatives to address the implications of the Trade & Co-operation Agreement". This was discussed as length by the Task Force leading to consensus that the introduction of a voluntary permanent cessation scheme to restore balance between fleet capacity and available quota would seem necessary.

9.1.1. Previous Decommissioning Schemes

Ireland has run two decommissioning schemes in 2005/2006 and 2008 (Table 27). The 2005/2006 decommissioning scheme led to the permanent withdrawal of 27 polyvalent vessels over 18 metres, with 3,323 GTs removed from the fleet register at a cost of €11.8 million. The 2008 decommissioning scheme resulted in the permanent withdrawal of an additional 46 polyvalent vessels over 18 metres, with 6,914 GTs removed from the register at a cost of €36.6 million. Combined, these two schemes removed 73 vessels with a total capacity of 10,257 GTs and 28,515 kW at a cost of €48.4 million, which represented 71% of the combined target capacity reduction. While the actual valuation of each vessel/licence was different for each fisherman, which was influenced by a wide range of factors such as the age/condition of the vessel, profitability and fishing patterns, the average premium paid was €4,422/GT.



Scheme	Successful applicants	Capacity removed (GT)	Capacity target (GT)	% of decommissioning target achieved	Capacity removed (kW)	Cost (€ million)	Cost/ GT (€)
2005 Scheme	27	3,323	10,397	30%	9,152	€11.8	€3,551
2008 Scheme	46	6,914	11,140	62%	19,363	€36.6	€5,294
Combined total	**73**	**10,237**			**28,515**	**€48.4**	**€4,422**

Table 27: *Summary of the 2005 and 2008 Decommissioning Schemes (Source: Grant Thornton Report 2016)*

9.1.2. 2016 Cost Benefit Analysis

Additionally, in 2016, Grant Thornton undertook a Cost Benefit Analysis (CBA) of a proposed decommissioning scheme for BIM under the European Maritime and Fisheries Fund (EMFF). This report set out the CBA in respect of several options around a proposed decommissioning scheme. Based on the options looked at the report recommended selection criteria giving significant weighting to the catch record of the previous two years to prioritise more active vessels. It also identified a premium payment for those vessels that have higher catch records to incentivise this group. The base levels of grants were benchmarked through consultations with tonnage traders and the Fishermen's Producer Organisations and against current market prices. Based on these criteria, the modelling estimates indicated that final payments of the scheme would range between a minimum of €5,293 and a maximum of €7,572 with an average of €6,540 per GT. This compares with an average payment of €5,294 per GT in the 2008 scheme adjusted for inflation.

The CBA analysis concluded that from an economic perspective, the fundamental objective in the setting of grant levels for voluntary decommissioning is to achieve a cost-effective outcome which achieves allocative efficiency and provides 'value for money'. The chosen grant level should deliver either the most capacity reduction possible given the available budget or achieve a set target capacity level at the least cost. The attractiveness of grant levels can be improved by providing incentives which reduce the tax liability of applicants who choose to avail of the scheme. It was identified that the actual valuation of the vessel/license will be different for each fisherman and will be influenced by a wide range of factors such as age and condition of the vessel and profitability. A methodology for assessing the proposed level of grant was developed as shown below in Table 28.

01	DATA FROM THE 2005/2006 AND 2008 DECOMMISSIONING SCHEMES ADJUSTED FOR INFLATION AND CHANGES IN OTHER KEY VARIABLES.
02	INDUSTRY OR TRADER VALUATIONS TO PROVIDE A CURRENT MARKET PRICE.
03	VALUE OF SALES OF SIMILAR VESSELS IN THE SAME SECTOR OVER A SPECIFIC TIME PERIOD.
04	VALUE OF SIMILAR VESSELS IN THE SAME SECTOR THAT ARE CURRENTLY UP FOR SALE ON THE SECOND-HAND MARKET.
05	COMPARISON TO OTHER DECOMMISSIONING SCHEMES/ INSURANCE VALUATIONS

Table 28: *Methods for assessing the proposed level of grant (Source: Grant Thornton Report 2016)*

The Task Force has considered the findings of the 2016 CBA analysis and taken it into account in its deliberations for a voluntary decommissioning scheme.

9.1.3 Legal Basis and State Aid for a Voluntary Decommissioning Scheme

As with the Temporary Cessation Scheme recommended by the Task Force in the interim report, the proposed Regulation on the BAR does not provide for a similar State Aid exemption as in the EMFF/EMFAF and so, any BAR aid must be approved by the Commission through a State Aid application. It is reasonable to assume that any application for State Aid approval, submitted by Ireland, to implement a voluntary decommissioning scheme under the BAR is more likely to be successful if it complies with the relevant provisions of the EMFAF for that kind of operation. Therefore, the relevant principles and provisions for Permanent Cessation contained in Article 17 of the EMFAF are set out in Table 29 below.

Issue	Measures in EMFAF
Legal Basis	**Article 17**
Scope	Support under this Article may be granted only under the following conditions: (a) the cessation is foreseen as a tool of an action plan referred to in Article 22(4) of Regulation (EU) No 1380/2013 (b) the cessation is achieved through the scrapping of the fishing vessel or through its decommissioning and retrofitting to activities other than commercial fishing, keeping in line with the objectives of Regulation (EU) No 1380/2013 and of the multiannual plans referred to in that Regulation;
Removal of fishing capacity	Equivalent fishing capacity is permanently removed from the Union fishing fleet register and the fishing licenses and authorisations are permanently withdrawn, in accordance with Article 22(5) and (6) of Regulation (EU) No 1380/2013 (Annual Fleet Report)
Registration	Registered as active
Days at sea requirement	90 over previous 2 calendar years
Crew	90 days onboard over previous 2 calendar years
Re-entry	Beneficiaries shall not register any fishing vessel within five years following the receipt of support
Age of vessel	No restrictions
EU co-funding rate	Max 70%
Aid intensity rate	100%
Funding available	Full programme budget available, subject to regulatory limits below
Funding limits	15% of EU allocation (15% of €142m = €21m plus national funding, e.g. at 50% = **€42m** in total) Limit applies to tie-up, decommissioning, & engine replacement
Calculation of the aid	Not specified in the EMFAF
Permanent Cessation links	None

Table 29: *Relevant provisions for a Permanent Cessation Scheme based on the EMFAF draft Regulation*

Some additional guidelines are provided in the guidance document issued by The Directorate-General for Competition (DG COMP) on State aid in the fishery and aquaculture sector to mitigate the effects of the withdrawal of the UK from the European Union. The key points contained in this document additional to EMFAF Article 17 provisions are as follows:

1. Permanent cessation support measures should be linked to TCA-induced quota share reductions, and they should enable the beneficiaries to adapt to the new situation in particular by diversifying into new types of economic activities or should contribute to preserving the sector at large.

2. If the fishing activity in question is of a nature that it cannot be carried out throughout the whole calendar year, the minimum requirement of fishing activity may be reduced so long as the ratio between the number of days of activity and the number of fishable days is the same as the ratio between the number of days of activity and the number of calendar days per year for beneficiaries who fish throughout the year.

3. The amount of aid for permanent cessation related to Brexit will be reduced by the amount of temporary cessation support and the amount of income loss support received by operators either from the BAR or from other funds in the period between 1 January 2021 and the date of receiving the payment for the permanent cessation aid.

4. Calculation of the aid in the case of scrapping of the fishing vessel may cover up to 100 % of the compensation for the loss of value of the fishing vessel measured as its current selling value, and up to 100 % of the costs of the scrapping of the vessel.

5. Aid may be granted to offset up to 100 % of the obligatory social costs resulting from the implementation of the permanent cessation insofar as not covered by other national provisions in case of cessation of a business activity.

9.2 Overall Economic Performance of the Fleet

In defining the need for a voluntary permanent cessation scheme, the Task Force considered the underlying economic performance on the Irish fleet. This helped the Task Force to identify the sectors of the fleet that such a scheme should be targeted. Two sources of information were considered:

- The STECF Annual Economic Report (AER)
- Annual Fleet Report

9.2.1 Annual Economic Report

The STECF Annual Economic Report (AER) for 2020 provides an economic forecast for the performance of the Irish fleet for 2020 compared to 2019. The report indicates that the Irish fleet has decreasing revenue and profitability. While there is an increase in live weight of landings from 2019 to 2020 (5%) there is a decrease in value of -8%. Data projections for 2020 indicate a deteriorating outcome with decreasing revenue (-9%) to €274 million, Gross Value Added [5] (-3%) to €146 million. Gross profit is predicted to increase (3%) to €54 million but with a decreasing net profit (-6%) to €37 million. Forecasts for 2021 suggest a lower economic performance compared to 2020 driven by further decreases in landings weight and value because of the TCA as well as COVID with all economic indicators decreasing for most fleet segments.

At a fleet segment level, the demersal trawl and seine (DTS) 12-18m and 18-24m are both assessed as having a weak profitability outlook with an overall deteriorating trend in terms of overall economic development in 2021 compared to 2020. The DTS 24-20m segment is forecasted to be in a better situation with reasonable profitability in 2020 but with an overall negative economic development outlook following from the impacts of COVID and the TCA. The pelagic segments show a similar outlook. The other segment where the forecast is downward is for the Potting 12-18m segment, where there has been a declining trend since 2018. For the parts of the inshore sector where there is sufficient data, the economic outlook is relatively stable, noting there is uncertainty over the state of certain shellfish stocks and the future impacts of the TCA.

[5] Gross Value Added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy. It is a measure of the contribution to gross domestic product (GDP) made by an individual producer, industry or sector.

Figures 24 below show the trends in Gross profit over the period 2016-2020 for the demersal trawl and seine, pelagic (comprising RSW, Tier 1 and Tier 2) and inshore (e.g. pots and dredges) vessels. Gross profit is considered the turnover minus variable costs and fixed costs and is the normal profit after accounting for operating costs, excluding capital costs.

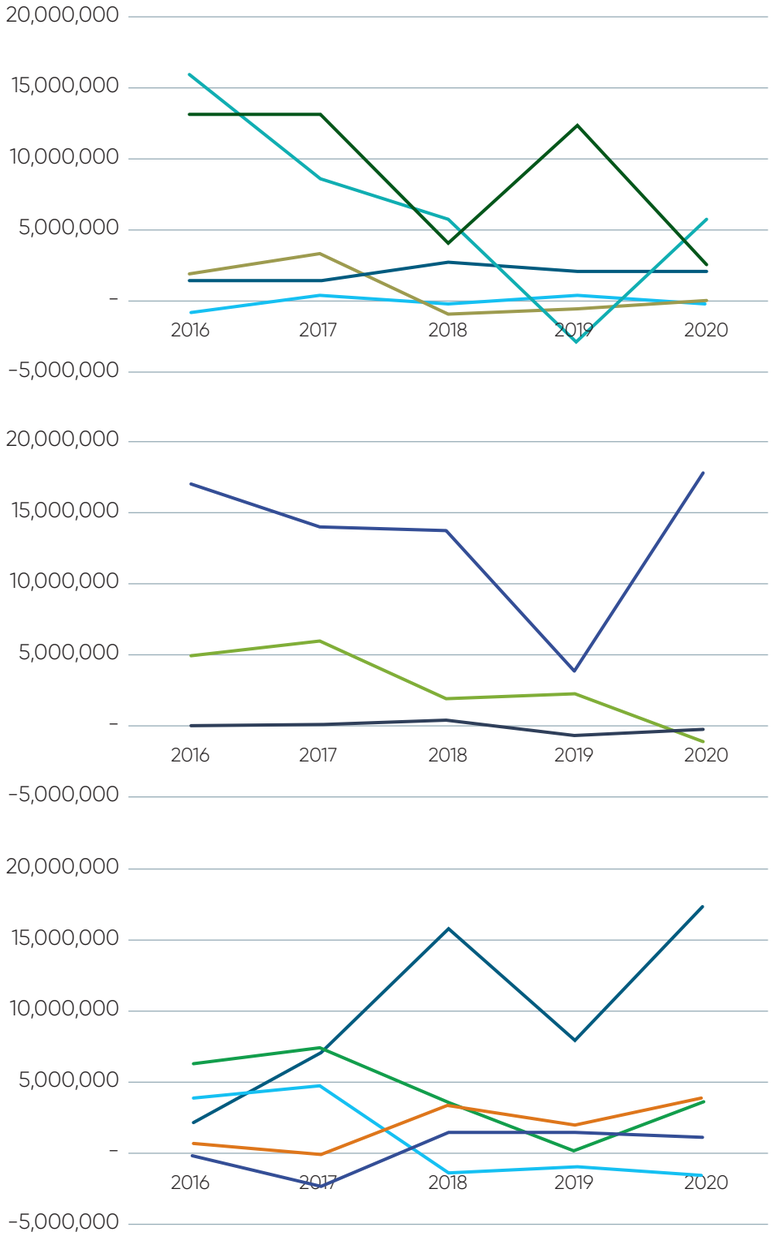


Figure 24: *Gross Profit for the period 2016-2020 for demersal trawl and seine; pelagic; and inshore*

9.2.2 Annual Fleet Report 2020

Further indications of the economic performance of the fleet are provided in Ireland's Annual Fleet Report for 2020 submitted to the EU Commission under Article 22 of the CFP. This is based on data for 2019 and reports on two economic indicators used to assess the balance of capacity with fishing opportunities - Current revenue to break-even revenue ratio (CR/BER) and Return on Fixed Tangible Assets (ROFTA).

Current revenue to break-even revenue ratio (CR/BER) gives an indication of the short-term profitability of the fleet/fleet segment (or over/under capitalised): if the ratio is greater than 1, then enough cash flow is generated to cover fixed costs (economically viable in the short-term). If the ratio is less than 1, insufficient cash flow is generated to cover fixed costs (indicating that the segment is economically unviable in the short to mid-term).

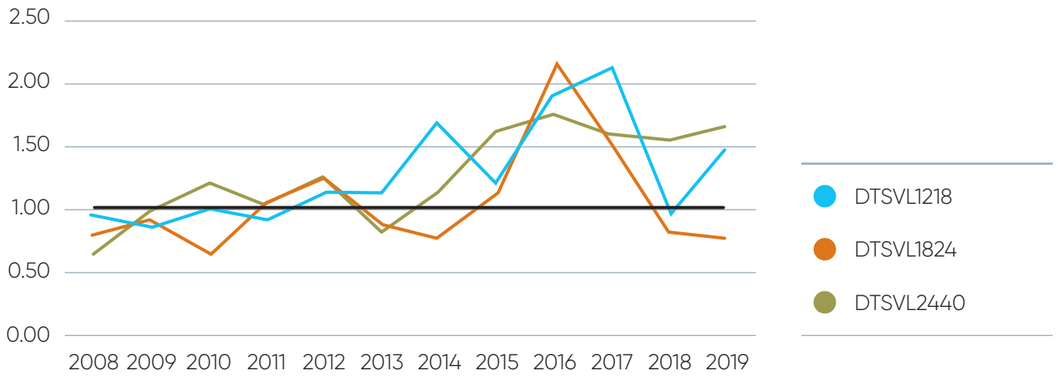
Return on Fixed Tangible Assets (ROFTA) is used as an approximation of the Return on Investment (ROI) and is a key financial and performance indicator for a fisherman in order to take a decision to operate in a fishery. If the RoI is less than zero and less than the best available long-term risk-free interest rate, this is an indication of long-term economic inefficiency that can indicate the existence of an imbalance.

Based on the two economic indicators the main findings for 2019 for the demersal, trawl and seine segment and pelagic segments are as follows:

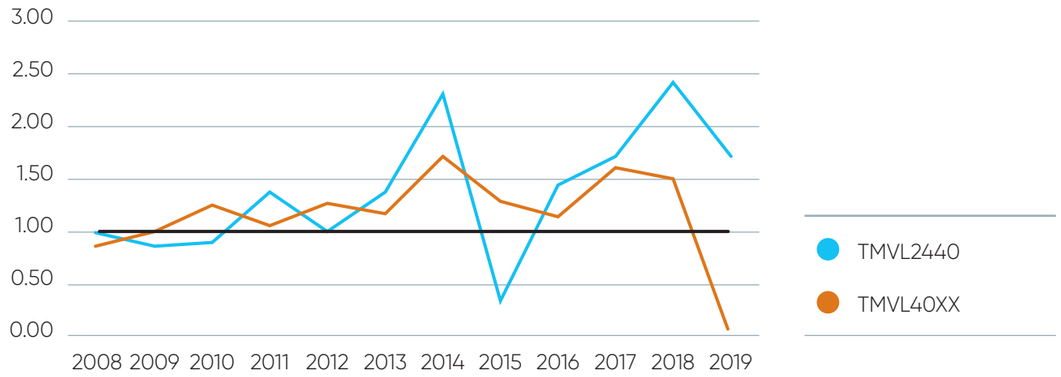
Polyvalent general demersal trawl and seine segments - 12-18m, 18-24m & 24-40m

The results show that in 2019 one of the three length classes in the demersal trawl and seine fleet over 12m fail both indicators. The indicators for length class of 18-24m have fallen in 2017, 2018 and 2019, the latter two years falling into negative territory. This two-year trend is worrying for the 18-24m segment, noting for the RoFTA indicator there was a slight improvement in 2019. The 24-40m segment continued to operate at a stronger economic level in 2019, mirroring the indications from the AER report of higher profitability.

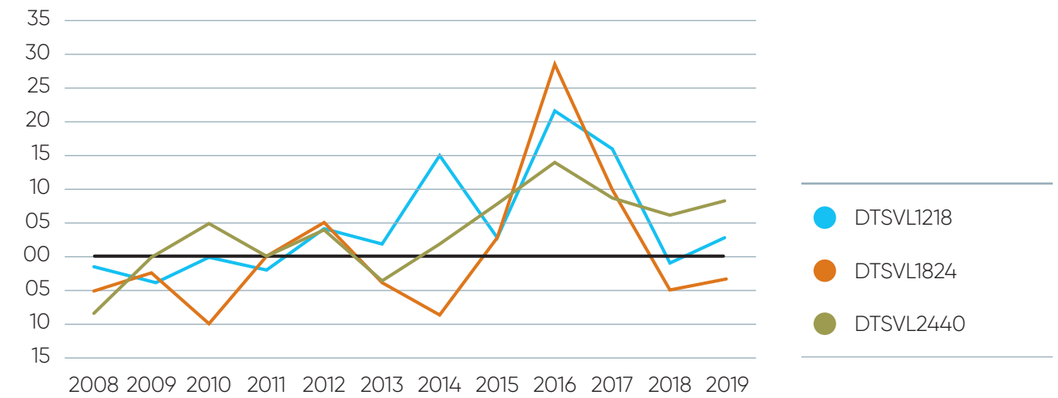
CR/BER Demersal Trawls & Seiners



CR/BER Pelagic Segment



RoFTA Demersal Trawls & Seiners



RoFTA Pelagic Segments

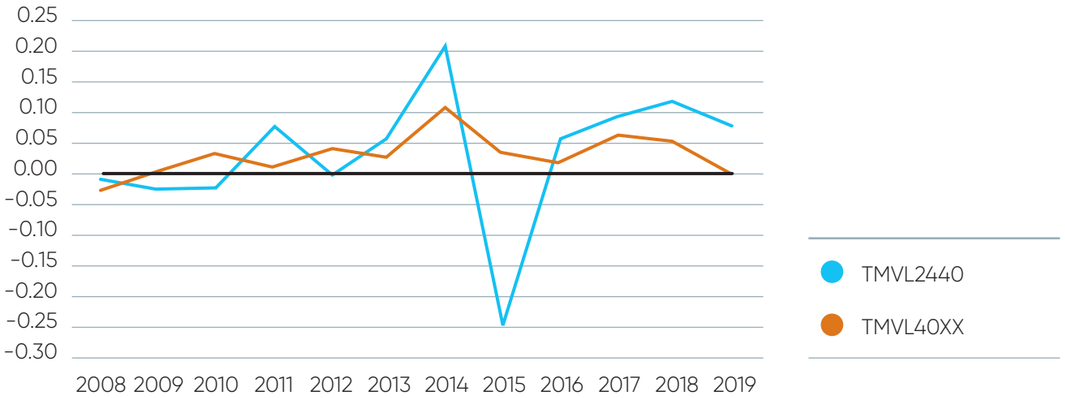


Figure 25: *Current Revenue against Break Even Revenue in the Long-Term and Return on Fixed Tangible Assets for demersal trawl and seine vessels*

Figure 26: *Current Revenue against Break Even Revenue in the Long Term and Return on Fixed Tangible Assets for pelagic trawlers*

Pelagic trawl 24-40m and 40m+

Despite significant fluctuations in both segments since 2008 the pelagic sector has shown strong economic results since 2011. The length class 24-40m shows more volatile results than the more stable 40m+ class. In 2019, the 24-40m class shows highly positive results in both indicators. No results were available for the 40m+ segment but previously the indicators were positive for these vessels. Overall, the pelagic fleet was assessed in 2019 as being profitable economically and in balance.

The analysis for 2019 shows reasonably positive results for the Irish fleet with nearly all segments passing both indicators in 2019. However, the DTS 18-24m length class failed both indicators in 2019 again after failing both in 2018. The pelagic segment 24-40m and 40m+ show positive results and pass the indicators. Overall, the indicators for 2019 are positive from the economic point of view. However, the report concludes that given the extraordinary events of 2020 and 2021 it is highly likely that the situation will not be as positive going forward.

9.3 Vessels to be Targeted by a Voluntary Permanent Cessation Scheme

Based on the current Irish fishing fleet register, the fleet can be broken down as per table 30 below, excluding aquaculture vessels.

Polyvalent whitefish/prawns/Tier 1 > 12m			
Size of vessel	No of vessels	Average GT	Average kW
12-15m	25	32	138
15-18m	18	72	210
18-22m	30	112	312
22-24m	41	163	435
24-40m	62	245	578
Total	**176**	**25928**	**68454**

Beam Trawlers			
Size of vessel	No of vessels	Average GT	Average kW
18-24m	4	108	204
24-40m	6	118	280
Total	**10**	**1139**	**2818**

RSW pelagic segment			
Size of vessel	No of vessels	Average GT	Average kW
24-40m	3	325	693
40m+	18	1206	2212
Total	**21**	**22689**	**41899**

Inshore Vessels < 12m			
Size of vessel	No of vessels	Average GT	Average kW
Under 10m	1334	2.35	23
10-12m	169	11	77
Total	**1503**	**5012**	**43164**

Non-quota > 12m			
Size of vessel	No of vessels	Average GT	Average kW
12-18m	44	23	106
18-24m	4	121	231
24-40m	9	189	407
Total	**57**	**3186**	**9244**

Table 30: *Current breakdown of the fleet based on the Irish Fleet Register, June 2021.*

The analysis detailed in section 6 on the fleets and fisheries that will be most impacted by the TCA in combination with the indicators for the economic performance of the fleet show that imbalances between capacity and fishing opportunities have been evident historically. The quota transfers under the TCA means that this imbalance will widen. This imbalance is most acute for whitefish and prawn polyvalent vessels and beam trawlers. For these vessels, the Task Force recognises a voluntary decommissioning scheme seems the only effective way of rectifying the imbalance that all indications show to exist.

For the RSW pelagic segment, recent Annual Fleet Reports have shown no clear trends between capacity and fishing opportunities. However, it is clear this fleet segment has suffered the largest TCA related quota reductions for their main target species of mackerel. These losses are estimated at around €15.3 million in 2021, representing a reduction in mackerel quota of 9,835 tonnes (87% of the total reduction of 11,305 tonnes) because of the quota transfer to the UK. Given the scale of the reduction, the Task Force has identified that some level of permanent restructuring/rebalancing will be needed. However, this fleet segment is made up of a small number of large modern vessels with an average age of less than 16 years and capital build costs in excess of €20 million. To decommission such vessels would represent a huge financial undertaking and would be difficult to justify from a cost benefit basis. Indications of possible restructuring measures while not obvious, will be necessary, in combination with the burden sharing actions described in section 5.

For the inshore sector, the lack of biological and economic data makes assessment using the indicators under the Fleet Report and AER unreliable. Additionally, many of these vessels have not been directly impacted by loss of quota under the TCA. Nonetheless, there are clear indications from the sector itself that suggest there is evidence of overcapacity in the inshore sector. This will be discussed in detail in section 12.

9.4 The scale and costs required to adjust the Irish Polyvalent Whitefish Fleet

The indications from the economic performance of the fleet have clearly indicated that restructuring is needed in the whitefish polyvalent and beam trawl fleet segments. BIM carried out an analysis for the Task Force to inform on the scale of restructuring required and the likely costs involved.

9.4.1 Scale of Voluntary Decommissioning Required

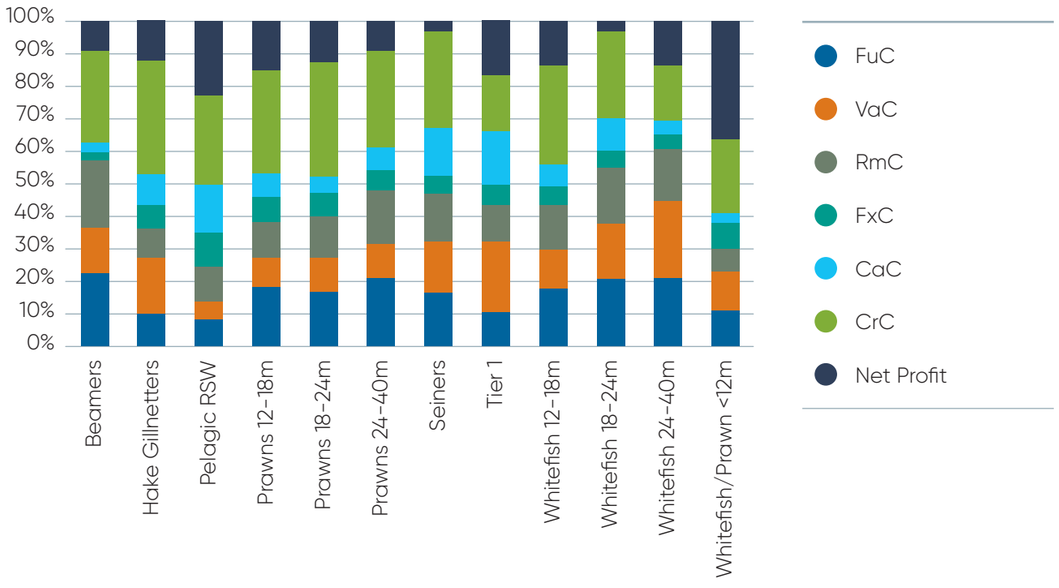
The number of vessels and associated engine power and gross tonnage to be removed from each of eleven specified vessel groupings within the polyvalent whitefish and beam trawl segments to return these segments to their current level of net profitability (i.e. pre-TCA).

The main statistics of the Irish fleet being analysed in this assessment are shown in Table 31. Fleet variables of the number of vessels, gross tonnage and engine power in kW describe the size of each vessel grouping. The landing values are averages of the 2018-2019 period and show an average total turnover of €233 million, of which €214 million are quota species (92% of total value). The estimated impact of quota reductions for the fleet as described here leads to a total turnover of €202 million, a loss of €31 million per annum. In percentage terms this equates to a loss of 13%, noting the impact by vessel groupings vary significantly.

Segment	No. of Vessels	GT	KW	Lands Value All	Lands Value Quota	Post Brexit-Value	Reduction in €	Reduction in %
Beamers	12	1,338	3,260	7,518,729	4,083,373	7,258,605	260,124	3%
Hake Gillnets	23	1,226	4,232	6,392,191	4,391,628	6,173,005	219,186	3%
Prawns 12-18m	11	556	2,016	1,169,227	1,137,579	1,022,019	147,208	13%
Prawns 18-24m	29	4,172	11,443	30,370,795	29,175,491	26,762,548	3,608,247	12%
Prawns 24-40m	24	5,137	11,757	30,402,212	26,068,209	27,111,124	3,291,088	11%
Seiners	12	1,958	4,477	7,923,095	7,424,435	7,503,572	419,523	5%
Tier 1	14	4,211	9,001	19,651,343	18,207,164	17,365,340	2,286,003	12%
Whitefish 12-18m	25	1,194	4,125	4,366,824	3,463,215	4,042,556	324,268	7%
Whitefish 18-24m	30	4,345	12,148	19,529,412	17,672,605	17,749,064	1,780,348	9%
Whitefish 24-40m	11	2,390	6,419	14,525,124	12,463,861	12,975,741	1,549,383	11%
Whitefish/Prawn <12m	28	377	2,503	1,437,942	618,819	1,323,900	114,043	8%
Grand Total	**242**	**51,779**	**118,490**	**232,820,977**	**214,104,891**	**202,311,304**	**30,509,673**	**13%**

Table 31: *Fleet segment vessel and activity characteristics with value of all landings, value of quota species landings and estimated post TCA landing value*

The cost structure of each fleet segment was then estimated in order to evaluate net profitability. In Figure 27 the costs structure is shown on the left while the change in net profitability post-Brexit is shown on the right. Crew share is the biggest cost across all segments with significant variability across vessel groupings. All segments are making net profits to higher or lesser degrees.



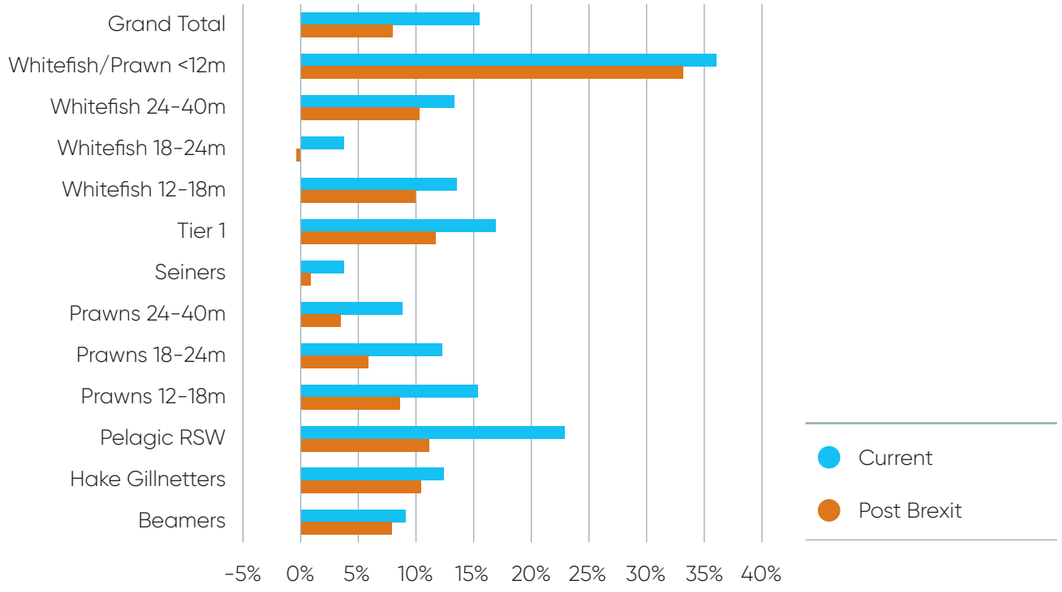


Figure 27: *Current costs structure and impact of TCA on net profitability of Irish fleet segments*

Overall, the selection of segments shown have an average net profit of 16% per annum. The impact of Brexit is estimated as reducing this net profitability to between 8% - 12% depending on the Scenario 3. The segments with the highest impact are the prawn segments 12-18m, 18-24m and 24-40m, the seine fleet and the whitefish 18-24m segments.

In order to assess the quantity of vessels to target in the voluntary decommissioning programme the current estimated profitability is used as the target for which to return to post-quota reduction through removal of vessels. The rationale for this is that by removing vessels there is more quota to distribute between the remaining vessels thereby increasing average vessel turnover. By removing vessels, fleet costs reduce for some variables while they remain the same for others. The variable costs of fuel and variable costs will remain the same, as the same amount of quota is being fished and therefore the effort required to catch it remains the same, only it is distributed over fewer vessels. Crew costs remain the same as crew share will lead to higher average crew costs for the remaining vessels. The fixed, capital and repair and maintenance costs will reduce as vessels are removed; these remain the same for the remaining vessels as they are not dependent on the level of fishing carried out.

Six scenarios were assessed using varying assumptions relating to turnover, crew costs and the future price of fuel. Two of these with fuel prices increases of 40% and 60% respectively, were discarded as the scale of reduction they predicted were considered unrealistic. The remaining four scenarios considered were as follows:

Scenario 1 - post-TCA based on turnover

Scenario 2 - post-TCA profitability with fixed crew costs

Scenario 3 - post-TCA profitability with variable crew costs

Scenario 4 - post TCA profitability with fixed crew costs with a fuel cost increase of 20%

For context, the two previous decommissioning schemes in 2005/06 and 2008 removed 3,323 GT and 6,913 GT respectively. These two schemes had uptake rates of 30% and 62% respectively, therefore, the target removals were initially 10,937 GT and 11,140 GT respectively.

Scenario 1 - post-TCA based on turnover

Taking Scenario 1, the changes in capacity required to return the fleet to previous average turnover are shown for the main technical characteristics of the vessel groupings in nominal and percentage change terms. In total, 18 vessels are estimated to be required to decommission to return the polyvalent and beam trawl fleet segments back to their previous level of profitability. This is equivalent to the removal of 2,500 GT and 6,500 kW.

	Nominal Value Change			Percentage Change		
Segments	Vessels	GT	kW	Vessel	GT	kW
Beamers	0	0	0	0%	0%	0%
Hake Gillnetters	-1	-53	-184	-4%	-4%	-4%
Prawns 12-18m	-1	-51	-183	-9%	-9%	-9%
Prawns 18-24m	-3	-432	-1,184	-10%	-10%	-10%
Prawns 24-40m	-2	-428	-980	-8%	-8%	-8%
Seiners	-1	-163	-373	-8%	-8%	-8%
Tier 1	-2	-602	-1,286	-14%	-14%	-14%
Whitefish 12-18m	-2	-95	-330	-8%	-8%	-8%
Whitefish 18-24m	-3	-435	-1,215	-10%	-10%	-10%
Whitefish 24-40m	-1	-217	-584	-9%	-9%	-9%
Whitefish/Prawn <12m	-2	-27	-179	-7%	-7%	-7%
Grand Total	**-18**	**-2,502**	**-6,497**	**-8%**	**-9%**	**-9%**

Table 32: *Scenario 1 required adjustment to return Irish fleet segments to current net profitability post Brexit in terms of nominal and percentage change in vessel numbers, engine power (kW) and gross tonnage.*

Scenario 2 - post-TCA profitability with fixed crew costs

For Scenario 2, the changes in capacity are shown for the main technical characteristics of the fleet segments in nominal and percentage change terms. In total, 60 vessels are estimated to be required to decommission in order to return the fleet segments back to their previous level of profitability. This is equivalent to the removal of 7,900 GT and 20,900 kW.

	Nominal Value Change			Percentage Change		
Segments	Vessels	GT	kW	Vessel	GT	kW
Beamers	-2	-223	-543	-17%	-17%	-17%
Hake Gillnetters	-2	-107	-368	-9%	-9%	-9%
Prawns 12-18m	-4	-202	-733	-36%	-36%	-36%
Prawns 18-24m	-12	-1,726	-4,735	-41%	-41%	-41%
Prawns 24-40m	-8	-1,712	-3,919	-33%	-33%	-33%
Seiners	-2	-326	-746	-17%	-17%	-17%
Tier 1	-4	-1,203	-2,572	-29%	-29%	-29%
Whitefish 12-18m	-6	-286	-990	-24%	-24%	-24%
Whitefish 18-24m	-8	-1,159	-3,239	-27%	-27%	-27%
Whitefish 24-40m	-4	-869	-2,334	-36%	-36%	-36%
Whitefish/Prawn <12m	-8	-108	-715	-29%	-29%	-29%
Grand Total	**-60**	**-7,922**	**-20,895**	**-27%**	**-29%**	**-29%**

Table 33: *Scenario 2 required adjustment to return Irish fleet segments to current net profitability post Brexit in terms of nominal and percentage change in vessel numbers, engine power (kW) and gross tonnage.*

Scenario 3 - post-TCA profitability with variable crew costs

For scenario 3, the changes in capacity required to return the fleet to profitability are shown for the main technical characteristics of the fleet segments in nominal and percentage change terms. In total, 40 vessels are estimated to be required to decommission in order to return the fleet segments back to their previous level of profitability. This is equivalent to the removal of 5,500 GT and 14,300 kW.

	Nominal Value Change			Percentage Change		
Segments	Vessels	GT	kW	Vessel	GT	kW
Beamers	-1	-112	-272	-8%	-8%	-8%
Hake Gillnetters	-1	-53	-184	-4%	-4%	-4%
Prawns 12-18m	-3	-152	-550	-27%	-27%	-27%
Prawns 18-24m	-7	-1,007	-2,762	-24%	-24%	-24%
Prawns 24-40m	-6	-1,284	-2,939	-25%	-25%	-25%
Seiners	-1	-163	-373	-8%	-8%	-8%
Tier 1	-3	-902	-1,929	-21%	-21%	-21%
Whitefish 12-18m	-4	-191	-660	-16%	-16%	-16%
Whitefish 18-24m	-6	-869	-2,430	-20%	-20%	-20%
Whitefish 24-40m	-3	-652	-1,751	-27%	-27%	-27%
Whitefish/Prawn <12m	-5	-67	-447	-18%	-18%	-18%
Grand Total	**-40**	**-5,452**	**-14,296**	**-18%**	**-20%**	**-20%**

Table 34: *Scenario 3 required adjustment to return Irish fleet segments to current net profitability post Brexit in terms of nominal and percentage change in vessel numbers, engine power (kW) and gross tonnage.*

Scenario 4 - post TCA profitability with fixed crew costs with a fuel cost increase of 20%

For scenario 4, the changes in capacity required to return the fleet to profitability are shown for the main technical characteristics of the fleet segments in nominal and percentage change terms. In total, 85 vessels are estimated to be required to decommission in order to return the fleet segments back to their previous level of profitability. This is equivalent to the removal of 11,000 GT and 29,000 kW.

	Nominal Value Change			Percentage Change		
Segments	Vessels	GT	kW	Vessel	GT	kW
Beamers	-4	-446	-1,087	-33%	-33%	-33%
Hake Gillnetters	-4	-213	-736	-17%	-17%	-17%
Prawns 12-18m	-6	-303	-1,100	-55%	-55%	-55%
Prawns 18-24m	-15	-2,158	-5,919	-52%	-52%	-52%
Prawns 24-40m	-11	-2,354	-5,389	-46%	-46%	-46%
Seiners	-3	-490	-1,119	-25%	-25%	-25%
Tier 1	-5	-1,504	-3,215	-36%	-36%	-36%
Whitefish 12-18m	-9	-430	-1,485	-36%	-36%	-36%
Whitefish 18-24m	-12	-1,738	-4,859	-40%	-40%	-40%
Whitefish 24-40m	-5	-1,086	-2,918	-45%	-45%	-45%
Whitefish/Prawn <12m	-11	-148	-983	-39%	-39%	-39%
Grand Total	**-85**	**-10,870**	**-28,809**	**-39%**	**-40%**	**-40%**

Table 35: *Scenario 4 required adjustment to return Irish fleet segments to current net profitability post Brexit in terms of nominal and percentage change in vessel numbers, engine power (kW) and gross tonnage.*

Based on this analysis, the Task Force agreed that the projections in scenario 2 based on fixed crew costs giving an estimate for capacity removal of 7,900 GT and 20,900 kW was the most realistic. This scenario was used in the second part of the analysis estimating the costs of a decommissioning scheme.

The results section lays out the estimated costs of decommissioning 60 polyvalent whitefish and beam trawl vessels removing 7,900 GT and 20,900 kW and returning each fleet segment back to current levels of profitability. This is based on a baseline payment schedule of €3,600 per GT with an incentive premium based on catches of quota species covered by the TCA of up to €5,000 per GT. A comparison has been made based on increased catch incentive premiums of €6,000 and €7,000 per GT. This gives a range for the estimated costs for decommissioning of €49 million under the baseline scenario to €59 million.

Based on the analysis, at €10,600 per GT the resulting decommissioning payment would be between €1.8 million to €2.2 million. This is in line with the valuations from an initial analysis carried out for BIM.

This analysis also indicated that the limited number of Tier 1 and to a lesser extent Tier 2 polyvalent vessels sold recently attracted very high prices on the market. In the case of Tier 1 Vessels, this was at a level of €20,000-25,000 per GT. Tier 2 vessels are currently attracting prices in the region of €17,000 per GT. From a value for money perspective, payments at this kind of level would be difficult for the State to justify. Therefore, while not excluding such vessels from any future scheme, it would seem unlikely any would take up decommissioning.

Clearly, there are several uncertainties that must be considered in these estimates. It is unknown which vessels will apply for any potential scheme so the final costs per GT will vary. The estimates here are based on average vessel characteristics and so cannot account for the variability across vessels. The analysis has been carried out by segment, so this variability is controlled to some extent. The level of payment offered to vessels to optimise uptake in a scheme has not been assessed here. All payment options have been outlined in the actual and proposed schemes assessed for the Irish fleet in the past. The uncertainties apply in terms of the required reduction in vessels, engine power and gross tonnage to return the fleet segments back to their current level of profitability.

Finally, it is essential to take account of off-register tonnage that could be potentially used to re-enter the fleet after a decommissioning scheme and also to note that the costs for scrapping vessels and crew compensation are not considered in this analysis.

9.4.2 Cost of Decommissioning

The second part of the analysis examined the cost of a decommissioning scheme based on a range of payment models. These were based on an assessment of the methods to calculate the premium to decommission in the programmes of 2005/06 and 2008 and for the proposed scheme assessed in the CBA in 2016. This was presented to the Task Force to help in agreeing a defined method to apply and level of premium to apply.

The following parameters were used in the analysis:

1. **Target for capacity removal of 7,900 GT and 20,900 kW**

2. **A basic payment the gross tonnage and KW of the vessels set a rate of €3,600 per GT based on current market values.**

3. **An incentive payment of up to €5,000 per GT for quota species covered under the TCA calculated by indexing total vessel quota value against the maximum total quota value of vessels within each segment. Five categories of quintiles were created to index quota value per vessel with those within 80% or higher of the maximum value eligible for 100% of the €5,000 per GT while those of below 20% eligible for 20% of the €5,000 per GT.**

4. **An age depreciation factor applied to the subtotal of the above payments where for vessels aged between 15 and 30 years the rate of decommissioning is reduced by 1% per year over 15, in every case; and for vessels aged 30 years or more, the rate of decommissioning is reduced by 15%. This has been used in previous decommissioning schemes.**

Scenario 1 - Removal of 7,900 GT and 20,900 kW at a rate of €8,600 GT

Table 36 below shows the results of the cost estimate for a decommissioning scheme based on the parameters above with a maximum payment of €8,600 per GT. The total cost of this would be €55 million before the depreciation function based on vessel age, which reduces this payment to €50m (an average depreciation of 9% on the subtotal). The main segments impacted are prawns 24-40m (€11.4 m), prawns 18-24, (€10.6 m), Tier 1 (€8 m), whitefish 18-24m (€7 m), and whitefish 24-40m (€5.5 m).

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	802,800	734,000	1,536,800	1,335,029
Hake Gillnetters	-2	383,929	310,013	693,942	601,723
Prawns 12-18m	-4	727,462	606,385	1,333,847	1,133,770
Prawns 18-24m	-12	6,214,841	5,422,759	11,637,600	10,636,196
Prawns 24-40m	-8	6,164,400	6,309,333	12,473,733	11,429,193
Seiners	-2	1,174,800	1,116,667	2,291,467	1,995,465
Tier 1	-4	4,331,314	4,420,000	8,751,314	8,126,236
Whitefish 12-18m	-6	1,031,374	820,135	1,851,509	1,652,367
Whitefish 18-24m	-8	4,171,200	3,477,333	7,648,533	6,915,034
Whitefish 24-40m	-4	3,128,151	2,745,745	5,873,897	5,448,074
Whitefish/Prawn <12m	-8	387,627	198,034	585,662	520,316
Total	**-60**	**28,517,899**	**26,160,405**	**54,678,305**	**49,793,403**

Table 36: *Estimated costs of decommissioning vessels by fleet segment based on removal of 7,900 GT and 20,900 kW at a rate of €8,600 GT*

Using these estimated payments, table 37 below shows the estimated average, minimum and maximum payments per vessel by fleet segment.

Segments	Count of Vessels	Final Segment Payment	Average Vessel Payment	Minimum Vessel Payment	Maximum Vessel Subtotal
Beamers	-2	1,335,029	667,514	483,238	728,764
Hake Gillnetters	-2	601,723	300,862	237,864	344,470
Prawns 12-18m	-4	1,133,770	283,443	205,073	369,288
Prawns 18-24m	-12	10,636,196	886,350	562,501	1,237,214
Prawns 24-40m	-8	11,429,193	1,428,649	942,209	1,840,758
Seiners	-2	1,995,465	997,733	804,085	1,073,955
Tier 1	-4	8,126,236	2,422,240	1,534,007	2,887,543
Whitefish 12-18m	-6	1,652,367	275,395	186,698	398,320
Whitefish 18-24m	-8	6,915,034	864,379	566,298	1,162,529
Whitefish 24-40m	-4	5,448,074	1,362,019	849,380	1,830,837
Whitefish/Prawn <12m	-8	520,316	65,040	52,626	113,435
Total	**-60**	**49,793,403**			

Table 37: *Estimated average, minimum and maximum payments at a rate of €8,600 GT*

Three additional scenarios that increased the incentive payment in Scenario 1 to €6,000 and €7,000 per GT respectively were then examined.

Scenario 2 - Removal of 7,900 GT and 20,900 kW at a rate of €9,600 GT

Table 38 below shows the results of the cost estimate for a decommissioning scheme based on the parameters above with a maximum payment of €9,600 per GT (Basic Payment of €3,600 GT + Incentive €6,000 GT). The total cost of this would be €59 million before the depreciation function based on vessel age, which reduces this payment to €55 million.

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	802,800	880,800	1,683,600	1,461,968
Hake Gillnetters	-2	383,929	372,016	755,945	655,356
Prawns 12-18m	-4	727,462	727,663	1,455,124	1,236,856
Prawns 18-24m	-12	6,214,841	6,507,310	12,722,152	11,636,719
Prawns 24-40m	-8	6,164,400	7,571,200	13,735,600	12,590,692
Seiners	-2	1,174,800	1,340,000	2,514,800	2,189,380
Tier 1	-4	4,331,314	5,304,000	9,635,314	8,947,797
Whitefish 12-18m	-6	1,031,374	984,162	2,015,536	1,799,577
Whitefish 18-24m	-8	4,171,200	4,172,800	8,344,000	7,550,064
Whitefish 24-40m	-4	3,128,151	3,294,895	6,423,046	5,963,021
Whitefish/Prawn <12m	-8	387,627	237,641	625,269	555,822
Total	**-60**	**28,517,899**	**31,392,486**	**59,910,386**	**54,587,251**

Table 38: *Estimated costs of decommissioning vessels by fleet segment based on removal of 7,900 GT and 20,900 kW at a rate of €9,600 GT*

Using these estimated payments, table 39 below shows the estimated average, minimum and maximum payments per vessel by fleet segment.

Segments	Count of Vessels	Final Segment Payment	Average Vessel Payment	Minimum Vessel Payment	Maximum Vessel Subtotal
Beamers	-2	1,461,968	730,984	504,249	805,476
Hake Gillnetters	-2	655,356	327,678	248,206	380,730
Prawns 12-18m	-4	1,236,856	309,214	213,989	412,228
Prawns 18-24m	-12	11,636,719	969,727	586,957	1,381,076
Prawns 24-40m	-8	12,590,692	1,573,837	983,174	2,054,800
Seiners	-2	2,189,380	1,094,690	861,520	1,187,003
Tier 1	-4	8,947,797	2,236,949	1,227,206	2,772,041
Whitefish 12-18m	-6	1,799,577	299,929	194,815	444,637
Whitefish 18-24m	-8	7,550,064	943,758	590,920	1,297,707
Whitefish 24-40m	-4	5,963,021	1,490,755	886,310	2,043,725
Whitefish/Prawn <12m	-8	555,822	69,478	54,914	126,625
Total	**-60**	**54,587,251**			

Table 39: *Estimated average, minimum and maximum payments at a rate of €9,600 GT*

Scenario 3 - Removal of 7,900 GT and 20,900 kW at a rate of €10,600 GT

Table 40 below shows the results of the cost estimate for a decommissioning scheme based on the parameters above with a maximum payment of €10,600 per GT (Basic Payment of €3,600 GT + Incentive €7,000 GT). The total cost of this would be €65 million before the depreciation function based on vessel age, which reduces this payment to €59 million.

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	802,800	1,027,600	1,830,400	1,588,907
Hake Gillnetters	-2	383,929	434,018	817,947	708,988
Prawns 12-18m	-4	727,462	848,940	1,576,401	1,339,941
Prawns 18-24m	-12	6,214,841	7,591,862	13,806,703	12,637,243
Prawns 24-40m	-8	6,164,400	8,833,067	14,997,467	13,752,191
Seiners	-2	1,174,800	1,563,333	2,738,133	2,383,295
Tier 1	-4	4,331,314	6,188,000	10,519,314	9,769,357
Whitefish 12-18m	-6	1,031,374	1,148,189	2,179,563	1,946,787
Whitefish 18-24m	-8	4,171,200	4,868,267	9,039,467	8,185,094
Whitefish 24-40m	-4	3,128,151	3,844,044	6,972,195	6,477,967
Whitefish/Prawn <12m	-8	387,627	277,248	664,875	591,327
Total	**-60**	**28,517,899**	**36,624,568**	**65,142,467**	**59,381,098**

Table 40: *Estimated costs of decommissioning vessels by fleet segment on removal of 7,900 GT and 20,900 kW at a rate of €10,600 GT*

Using these estimated payments, table 41 below shows the estimated average, minimum and maximum payments per vessel by fleet segment.

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	1,588,907	794,454	525,259	882,188
Hake Gillnetters	-2	708,988	354,494	258,547	416,990
Prawns 12-18m	-4	1,339,941	334,985	222,905	455,169
Prawns 18-24m	-12	12,637,243	1,053,104	611,414	1,524,938
Prawns 24-40m	-8	13,752,191	1,719,024	1,024,140	2,268,842
Seiners	-2	2,383,295	1,191,647	918,955	1,300,051
Tier 1	-4	9,769,357	2,442,339	1,278,339	3,060,795
Whitefish 12-18m	-6	1,946,787	324,464	202,932	490,953
Whitefish 18-24m	-8	8,185,094	1,023,137	615,542	1,432,884
Whitefish 24-40m	-4	6,477,967	1,619,492	923,239	2,256,614
Whitefish/Prawn <12m	-8	591,327	73,916	57,202	139,815
Total	**-60**	**59,381,098**			

Table 41: *Estimated average, minimum and maximum payments at a rate of €10,600 GT*

Scenario 4 - Removal of 7,900 GT and 20,900 kW at a rate of €12,000 GT

Table 42 below shows the results of the cost estimate for a decommissioning scheme based on the parameters above with a maximum payment of €12,000 per GT (Basic Payment of €3,600 GT + Incentive €8,400 GT). The total cost of this would be €72.5 million before the depreciation function based on vessel age, which reduces this payment to €66 million.

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	802,800	1,233,120	1,830,400	1,588,907
Hake Gillnetters	-2	383,929	520,822	817,947	708,988
Prawns 12-18m	-4	727,462	1,018,728	1,576,401	1,339,941
Prawns 18-24m	-12	6,214,841	9,110,234	13,806,703	12,637,243
Prawns 24-40m	-8	6,164,400	10,599,680	14,997,467	13,752,191
Seiners	-2	1,174,800	1,876,000	2,738,133	2,383,295
Tier 1	-4	4,331,314	7,425,600	10,519,314	9,769,357
Whitefish 12-18m	-6	1,031,374	1,377,827	2,179,563	1,946,787
Whitefish 18-24m	-8	4,171,200	5,841,920	9,039,467	8,185,094
Whitefish 24-40m	-4	3,128,151	4,621,852	6,972,195	6,477,967
Whitefish/Prawn <12m	-8	387,627	332,698	664,875	591,327
Total	**-60**	**28,517,899**	**43,949,481**	**72,467,380**	**66,092,484**

Table 42: *Estimated costs of decommissioning vessels by fleet segment on removal of 7,900 GT and 20,900 kW at a rate of €12,000 GT*

Using these estimated payments, table 43 below shows the estimated average, minimum and maximum payments per vessel by fleet segment.

Segments	Count of Vessels	Basic Payment	Incentive Payment	Payments Subtotal	Depreciated Total
Beamers	-2	1,766,622	883,311	554,674	989,585
Hake Gillnetters	-2	784,073	392,037	273,026	467,754
Prawns 12-18m	-4	1,484,261	371,065	235,388	515,285
Prawns 18-24m	-12	14,037,976	1,169,831	645,653	1,726,345
Prawns 24-40m	-8	15,378,289	1,922,286	1,081,492	2,568,500
Seiners	-2	2,654,775	1,327,388	976,363	1,458,318
Tier 1	-4	10,919,542	2,729,885	1,349,926	3,465,051
Whitefish 12-18m	-6	2,152,880	358,813	214,297	555,796
Whitefish 18-24m	-8	9,074,137	1,134,267	650,012	1,622,133
Whitefish 24-40m	-4	7,198,893	1,799,723	974,940	2,554,657
Whitefish/Prawn <12m	-8	641,035	80,129	60,405	158,281
Grand Total	**-60**	**66,092,484**			

Table 43: *Estimated average, minimum and maximum payments at a rate of €12,000 GT*

Clearly, there are several uncertainties that must be considered in these estimates. It is unknown which vessels will apply for any potential scheme so the final costs per GT will vary. The estimates here are based on average vessel characteristics and so cannot account for the variability across vessels. The analysis has been carried out by segment, so this variability is controlled to some extent. The level of payment offered to vessels to optimise uptake in a scheme has not been assessed here. All payment options have been outlined in the actual and proposed schemes assessed for the Irish fleet in the past. The uncertainties apply in terms of the required reduction in vessels, engine power and gross tonnage to return the fleet segments back to their current level of profitability.

Based on the analysis, the Task Force agreed that a premium of up to €12,000 per GT should be recommended. This level best took account of the current market value for fishing vessels and also prioritised vessels most impacted by quota transfers under the TCA. This premium should include the crew and scrapping costs. At a premium of up to €12,000 per GT, the total cost of the scheme is estimated at €66 million.

In recommending this level of premium, the Task Force also took account that a limited number of Tier 1 (and to a lesser extent Tier 2) polyvalent vessels sold recently attracted very high prices on the market. In the case of Tier 1 vessels, this was at a level of €20,000-25,000 per GT with Tier 2 vessels attracting prices in the region of €17,000 per GT. From a value for money perspective, payments at this kind of level would be difficult for the State to justify. Therefore, the Task Force concluded that while not excluding such vessels from any future scheme, it would seem unlikely any would take up decommissioning.

Finally, the Task Force recognised that it is essential to take account of off-register tonnage that could be potentially used to re-enter the fleet after a decommissioning scheme. This will be considered further in section 8.7.

9.5 Off-register capacity

The Cost Balance Analysis carried out in 2016 was generally positive but concluded that the quantitative calculations and benefits require the qualitative issues around off-register capacity identified in the report to be addressed. Off-register or latent capacity is fishing capacity that is licensed for use but not currently in operation for a variety of reasons such as vessels being lost at sea, damaged or in need of repair/ upgrade and up for sale. The Licensing Authority for Sea Fishing Boats maintains a register of capacity that is currently active (on-register) and inactive (off-register). If a fisherman were to re-enter the fleet following decommissioning, by purchasing existing inactive capacity then this negatively impacts the success of the decommissioning scheme by introducing previously dormant capacity back into the active fleet.

The Task Force recognises the risk posed by re-entry to the fleet through activating off-register capacity would potentially jeopardise any benefits in terms of profitability for those vessels remaining in the fleet, as was seen in the previous 2008 scheme. The CBA analysis highlighted that there was some level of re-entry following the 2005/2006 and 2008 decommissioning schemes and concluded that of the 73 vessels decommissioned, 19 vessels were re-introduced with 11 introduced into the targeted segment. Generally, the off-register capacity was used to re-introduce smaller vessels of less than 15m. Of the 10,237 GTs removed from the over 18 metre fleet segment through decommissioning, re-entry put an estimated 1,511 GTs back into operation. It is considered that every opportunity should be pursued to restrict the possibility of using off register capacity to support re-entry into the fleet which would run the risk of being facilitated by funding granted under a decommissioning scheme.

The existence of the current significant level of off-register tonnage, 15466 GT, 15785 kW as of the end of the beginning of September 2021, provides the circumstances and therefore ample opportunity for this to occur for the proposed voluntary decommissioning scheme. In this scenario, the positive cost benefit ratios predicted in the previous CBA would inevitably fall towards zero. Given the previous experience of decommissioning, the safeguards included under the EMFAF (i.e. beneficiaries shall not register any fishing vessel within five years following the receipt of support) are likely to be ineffective in preventing re-entry. Therefore, measures to address the issue of re-entry through off-register capacity need to be considered as part of any future decommissioning scheme.

Essentially in addition to the mandatory rules, under the EMFF and EMFAF, as well as in the State Aid Guidelines for the fishery and aquaculture sector that beneficiaries, "shall not register any fishing vessel within five years" following the receipt of support, the Task Force proposes the following measures should be considered.

1. Decommissioning of off-register tonnage: Implement a once-of decommissioning scheme specifically for off-register tonnage whereby the State would buy out such tonnage at a set rate to be determined. There is no guarantee that such a scheme would receive Government or EU approval but would be the most effective means of reducing the amount of off-register tonnage.

2. Fleet Policy Measures: Introduction of fleet policy measures regarding new entrants into the fleet. It is proposed that for a licence holder replacing an existing vessel that is licensed and registered (on a specific day and has been so for a defined period), capacity above the existing GT of the vessel would be treated as "new" replacement capacity. For a new vessel being introduced and the licence holder is not replacing an existing vessel, "new" replacement capacity would be set at a rate of 120% (1 tonne replaced by 1.2 tonnes). A possible derogation for "new young entrants" could be considered given the difficult in attracting young fishermen into the industry. The full details of these measures require further work but in principle, the Task Force agreed this approach should be considered as a dis-incentive to re-entry.

9.6 Taxation

In an effort to improve the success of the 2008 decommissioning scheme, adjustments were made to the taxation treatment of decommissioning monies in the 2008 Finance Act. The three main adjustments related to the following:

1. Retirement Relief - The changes to 2008 Finance Act reduced the age limit to from 55 years to 45 years and the periods of ownership and use requirements from 10 years to 6 years for payments received under the Scheme.

2. Capital Allowances - The changes to 2008 Finance Act provided that where a balancing charge arising as a result of payments received under the Scheme it may be spread over 5 years, commencing in the year in which the payment is paid.

3. Costs/Receipts Associated with the Permanent Disposal or Scrapping of Vessels. - The changes to 2008 Finance Act considered that, as it is a requirement of the Scheme that decommissioned vessels are permanently disposed of or scrapped, costs incurred for that purpose may be deducted from the part of the decommissioning payment attributable to the vessel when computing the gain or loss on the vessel. Likewise, any amount received by the owner on disposal or scrapping should be added to the part of the payment attributable to the vessel.

The 2011 Value for Money indicated that: 'the taxation arrangements helped attract some of the participants to the 2008 element of the scheme. Without this more favourable tax treatment, there would have been lower take-up'. Therefore, the Task Force stresses the importance of favourable tax treatment of monies paid under the proposed voluntary decommissioning scheme and that such the re-instatement of these measures should be explored with the Department of the Finance. This would incentivise an increased level of take-up by fishermen; and reduce the decommissioning cost for the State.

However, the Task Force is aware that it is not clear how the EU would treat tax incentives for any future decommissioning scheme. The treatments were put in place as part of the 2008 scheme through amendments to the Finance Act and could therefore be argued to be part of the existing tax legislation of Ireland. However, the EU may view the tax treatments as being additional state aid over and above the funding package ceiling permitted for any scheme. This could necessitate reducing the amount of money available for decommissioning by the value of the tax incentive being offered.

The Task Force acknowledges further clarification is needed as to how taxation will be dealt with under any new scheme, as this obviously will have a bearing on the premium paid out and hence the attractiveness to the industry.

9.7 Crew costs

The Task Force that it was appropriate that crew, who essentially would be made redundant as a result of the vessel they are employed on being scrapped should be compensated. In this context, Article 17 of the EMFAF allows for payment to crew displaced under certain conditions in that they have worked at sea on board a Union fishing vessel concerned by the permanent cessation for at least 90 days per year during the last two calendar years preceding the year of submission of the application for support. This provides a mechanism to include such payments in any voluntary decommissioning scheme. However, the Task Force notes that the EMFAF also includes a qualification that crew receiving support are precluded from fishing for five years following the receipt of support. This preclusion is not included in the EU BAR State Aid Guidelines for fisheries and aquaculture. The Task Force acknowledged such a preclusion would exacerbate the current difficulties vessel owners face in recruiting and retaining crew currently. Therefore, the Task Force has recommended that this preclusion be left out of the scheme on the basis it is not specifically included in the EU BAR State Aid Guidelines for fisheries and aquaculture.

Additionally, it is unclear how any payments under a decommissioning scheme would be viewed by the Revenue Commissioners. Fishermen are currently mostly deemed as self-employed with only a small number employed as PAYE workers. Any support received by crew would essentially be a redundancy payment but may not necessarily classed as such by Revenue and therefore may be liable for tax.

A further complication arises with respect to the status of atypical workers employed under the "Atypical working scheme: Non-EEA crew in Fishing Fleet". Such crew would be eligible for support provided they met the 90-day conditions in the EMFAF and State Aid Guidelines for fisheries and aquaculture but the obligations on owners employing such crew in the event of decommissioning is unclear.

Therefore, the Task Force in recognising the need to compensate crew impacted by voluntary decommissioning, it has not been able to define the method, level of payment or terms and conditions. This will require further consideration and consultation in formulating the detailed voluntary decommissioning scheme.

9.8 Recommendations of the task force

The Task Force considers that this package of measures will help to restore balance between fleet capacity and available quotas, therefore ensuring the profitability the whitefish vessels remaining. The Task Force recommends the target for the scheme should be to remove 60 vessels of around 8,000 GT and 21,000 Kw at a premium of up to **€12,000 per GT** including the crew and scrapping costs.

The Task Force recommends that the proposed restructuring programme involving the elements detailed including appropriate payments to crew should be developed into a fully costed scheme as a matter of urgency, noting that to avail of BAR funding permanent cessation must be completed by the end of 2022.

The Task Force recommends that a package of tax measures similar to the 2008 permanent cessation scheme is put in place. The Task Force also recommends that the 5-year preclusion for crew re-entering the sector following the receipt of support that is included under the EMFAF should be omitted from the scheme if at all possible.

Additionally, The Task Force acknowledges that the full impact of the quota transfers under the TCA will not be seen until 2022. In 2021 decreases in quota under the TCA have largely been offset by quota carryovers from 2020. This, in combination with the fact that the full effects of a voluntary decommissioning scheme will not be seen immediately, the Task Force recommends the need to extend the temporary cessation scheme into 2022. This will require a new State Aid Application.

10. Voluntary Temporary Cessation Scheme for the Whitefish Fleet

Longer-term restructuring of the Irish fishing fleet to align the fleet with the fishing opportunities available post-Brexit is required to reconfigure, diversify, retrain and leverage opportunities for the whitefish fleet to prosper again in a post-Brexit era.

However, the Task Force identified that there is a more immediate need to implement support measures for the whitefish fleet that has been directly impacted by the TCA cuts. To make best use of the reduced quota available to the demersal sector and to ensure continuity of supply throughout the remainder of 2021 a voluntary temporary cessation scheme for fishing vessels in the Polyvalent and Beam Trawl segments of the fleet that are subject to loss of quota resulting from the TCA was agreed by the Task Force as part of the interim report. The underlying principles and elements of this scheme are discussed in sections 9.1 and 9.3, as well as extensions to the scheme agreed by the Task Force subsequent to the publication of the interim report.

10.1 Legal basis for temporary cessation scheme

Article 108(3) of the EU Treaties requires that any proposed measure that entails State Aid must be the subject of a prior State Aid Notification (application) to the European Commission. Some exemptions from this requirement exist, including De minimis aid and block exempted aid. Another broader exemption is provided for in article 11 of the European Maritime and Fisheries Fund (EMFF), as it is the draft European Maritime Fisheries and Aquaculture Fund Regulation (EMFAF) that replaces the EMFF. This provision exempts most types of aid provided within a Member State's EMFF/EMFAF Programme from State Aid Notification.

In November 2018, the European Commission published the Consolidated Version of the Guidelines for Examination of State Aid in the fisheries and aquaculture sector. These Guidelines set out the principles that the Commission apply when assessing whether aid to the fishery and aquaculture sector can be considered compatible with the internal market outside of the EMFF or EMFAF State Aid exemption. **Paragraph 34** of these Guidelines provides that an aid measure of the same kind as an operation that is eligible for funding under the EMFF can only be considered compatible with the internal market if it complies with the relevant provisions of the EMFF for that kind of operation (i.e. a temporary cessation scheme funded from outside the EMFF/EMFAF should be in line with the provisions for such a scheme contained in the EMFF/EMFAF). Furthermore, **paragraph 35** of the Guidelines provides that no aid must be granted for activities that correspond to ineligible operations under the EMFF.

The Proposed Regulation on the BAR(BAR) does not provide for a similar State Aid exemption as in the EMFF/EMFAF and so, any BAR aid must be approved by the Commission through a State Aid application. It is reasonable to assume that any application for State Aid approval, submitted by Ireland, to implement support schemes under the BAR is more likely to be successful if it complies with the relevant provisions of the EMFAF for that kind of operation. The relevant principles and provisions for Temporary Cessation contained in **Article 18** of the EMFAF are set out in Table 44 below.

Issue	Measures in EMFAF
Legal Basis	Article 18
Scope	Support may be granted where, based on scientific advice, a reduction of fishing effort is needed to achieve the objectives referred to in Articles 2(2) and point (a) of Article 2(5) of the CFP and in the case of temporary cessation, contribute to a fair standard of living.
Maximum duration of tie-up	Minimum of 30 days in a calendar year Maximum of 12 months over Programme period
Registration	Registered as active
Days at Sea requirement	Registered as active
Crew	120 over previous 2 calendar years 120 days on board over previous 2 calendar years
Control and Enforcement	To ensure that there will be no overcompensation, Member States must put in place effective control and enforcement mechanisms to validate the vessel concerned has stopped any fishing activity during the period of temporary cessation
EU co-funding rate	Max 70%
Aid intensity rate	100%
Funding available	Full programme budget available, subject to regulatory limits below
Funding limits	15% of EU allocation (15% of €142m = €21m plus national funding, e.g. at 50% = **€42m** in total) Limit applies to tie-up, voluntary decommissioning, & engine replacement
Calculation of the aid	Not specified in the EMFAF
Permanent Cessation links	None

Table 44: *Relevant provisions for a Temporary Cessation Scheme based on the EMFAF draft Regulation*

10.2 Outline of the voluntary temporary cessation scheme

As part of the interim report, the Task Force recommended a voluntary temporary cessation scheme following the basic principles agreed by the Task Force and taking account of submissions from individual Task Force members. This scheme was targeted at the approximate 220 polyvalent vessels and beam trawlers identified as being directly impacted by quota transfers under the TCA during Q4 of 2021 (see section 7).

The main elements of the original scheme were as follows:

1. This scheme should operate over the period September – December 2021 with each vessel having an opportunity to tie-up for a period of one calendar month[6].

2. The vessel payments to be calculated based on average gross earnings (2017-2019) aggregated by Length Overall (LOA) excluding the cost of fuel and food. This is based on official data on turnover of vessels in each of the length categories and reflect the loss of income incurred as a direct consequence of the TCA-induced quota reductions.

3. Beneficiaries must have carried out fishing activities at sea for at least 120 days in total over the calendar years 2018 and 2019 and have made a first sale of quota fish covered by the TCA to a minimum value of €5,000 in the calendar year 2019 or 2018, by reference to the Irish Sales Note System administered by the Sea Fisheries Protection Authority.

4. Beneficiaries must cease all fishing activities for the calendar month concerned and must surrender their sea fishing boat license for that period.

5. Beneficiaries must ensure that a minimum of one third of the payment is distributed amongst the crew members of the vessel. This will be based on verifiable evidence that all the listed crew members have been paid. Crew members availing of the Scheme must not take up alternative employment or claim unemployment benefits/ assistance, PUP, etc. during the period of voluntary temporary cessation.

6. The cost of this Scheme is in the order of €10 million to be funded from the BAR.

On foot of the recommendation from the Task Force in the interim report, this scheme has been progressed, with State Aid Approval being received from the European Commission on the 3rd of September and at the time of writing of this report is now open to applications. The full scheme is presented in Appendix 4.

Subsequently, given the restriction placed by the UK on fishing by Irish vessels in the waters around Rockall in 2022 which has resulted in the loss of the important squid fishery in 2022, an extension to the voluntary cessation scheme was recommended by the Task Force. Total landings of squid in 2019 from this fishery were 1,071 tonnes, valued at in excess of €5 million, while landings in 2020 were 371 tonnes valued at €1.6 million. The impact of the loss of this fishery in 2021 on the polyvalent vessels concerned is additional to the loss of quota under the TCA but is also a direct result of Brexit. The demersal quotas available to these vessels at the latter part of the year is not adequate to compensate for the loss of this fishery, given the reductions in the quotas for other demersal stocks under the TCA,

The Task Force considered that this income loss arising from the unforeseen closure of the Rockall squid fishery warranted an amendment of the Tie up Scheme to allow the small cohort of polyvalent vessels affected to apply to tie-up for a second month over the October to December period. To exclude small quantities of incidental catch, the Task Force considers that this additional month of tie-up aid should be available to polyvalent vessels with either total landings of 5 tonnes of squid species in the Rockall zone over the two years 2019/20, or alternatively 3 tonnes of squid landings in either 2019 or 2020. An extension of the scheme to include vessels targeting squid would cost an estimated additional €2 million.

6. Following delays in attaining State Aid Approval, the period has been subsequently reduced to October- December 2021.

10.3 Recommendations of the Task Force

The Task Force recommends an extension to this scheme to cover vessels that could not participate in the Rockall squid fishery during 2021 due to a lack of agreement with the UK on access to the waters within 12 miles of Rockall. This extension should allow for vessels with a track record in this fishery to tie-up for an additional month during the period October – December 2021 at the same payment rates as per the current temporary cessation scheme. The estimated cost of this extension to the scheme is €2 million and is subject to receiving State Aid Approval from the EU.

Additionally, as stated in section 8.9, The Task Force recommends the need to extend the temporary cessation scheme into 2022. The estimated total cost for extending the temporary cessation scheme is €12 million. This will require a new State Aid Application.

11. Support Scheme for Fishermen's Co-operatives

The Task force recognises the importance of the Fishermen's Co-operatives to the whitefish fleet. They form an integral part of the seafood sector and provide an essential service for the boats and provide significant employment in the coastal communities.

There are huge collective benefits for the member vessels, external vessels, and a myriad of Irish businesses which gain directly and indirectly from the catching and sale of fish through Irish Co-operatives.

There are currently four main Fishermen's Co-operatives – Foyle Fishermen's, Clogherhead, Castletownbere and Galway and Aran. Collectively, these Co-ops manage the sales of close to €100 million from 90 whitefish vessels as summarised in table 45.

Co-op	Turnover	Co-op vessels	Sales and distribution	Main customers	Main species
Castletownbere Fishermen's Co-op	€50-60 million	60+	Organises sales and distribution of catch on behalf of its members and on occasions to non-Co-op members. Mostly sold on contract.	Sells to wholesale customers domestically and c Europe (France, Spain, Italy, Germany, Belgium) and the UK. Co-op has sales contract with major Spanish retailer. An estimated 80% is exported.	Whitefish (Haddock, monk, megrim, whiting, hake) prawns, squid pelagic species (mackerel and herring), albacore tuna
Clogherhead Fishermen's Co-op	€14-15 million	11	Organises sales and distribution of catch on behalf of its members. Has loose agreement with other Co-ops to sell prawns on their behalf in exchange for whitefish. Mostly sold on contract.	Sells domestically and throughout Europe (Italy, Netherlands and Spain) and the UK. Co-op has sales contract with major UK prawn processor and strong links with Northern Ireland. An estimated 90% of output is exported.	Prawns, whitefish (haddock, whiting, monk, megrim, hake), squid
Foyle Fishermen's Co-op	€12 million (7.5% fee charged for Co-op services and recouped from sales proceeds)	8	Organises sales and distribution of catch on behalf of its members. Limited auction and rest sold on contract.	Sells domestically and throughout Europe (France, Spain and Belgium) and the UK. UK is biggest market. An estimated 60% is exported.	Haddock, monk, megrim, whiting, hake, squid
Galway and Aran Co-op	€6-8 million	10 (also handles landings of a smaller number of inshore vessels)	Organises sales and distribution of catch on behalf of its members. Limited auction and rest sold on contract.	Sells domestically and throughout Europe (Italy, France and Spain) and the UK. An estimated 80% is exported.	Prawns, whitefish (monk, megrim, hake), squid and limited volumes of pelagic fish (mackerel, herring)

Table 45: *Summary of Co-ops turnover, membership, species and business*

11.1.1. Impacts of the TCA on the Co-ops

The four Co-ops are different to the processors in that they are totally reliant on the landings of their member vessels and the percentage commission (normally 7.5%) they earn from the first point of sale. They have been directly and significantly impacted by the quota transfers under the TCA as they are unable to source fish from foreign boats or import processed fish and sell it. Their sales have been and will continue to be impacted by the loss of quota available to their member vessels.

Therefore, the Co-operatives have sought a temporary liquidity aid scheme following the EU BAR State Aid Guidelines for the fishery and aquaculture sector. This short-term aid is to cover the reduction in raw material experienced due to the TCA-induced quota share reductions, as well as the negative impacts on trade patterns and logistics (non-tariff barriers) as a consequence of the UK's departure from the EU. It will facilitate an orderly transition in the short-term to allow the Co-ops to re-configure and re-structure their businesses in the longer-term to adapt to the changed trading environment under the TCA. The Co-ops have made submissions to the Task Force detailing the types of long-term initiatives they are planning around the areas of increasing processing capacity on site, added value opportunities, improved logistics and increased cooperation.

In the first half of the year sales for all four Co-ops have been reduced collectively as a direct effect of the TCA by 20%. This includes sales to both their UK and main European markets. Markets in the UK have been lost because UK processors facing severe difficulties in exporting processed fish to European markets due to difficulties with Customs, have favoured buying fish from UK vessels. The Co-ops have also faced severe difficulties in using the land bridge through the UK, which was the quickest and cheapest way to European markets for direct sales. Prices have also been reduced considerably once again as a direct effect of the TCA, slumping in the UK because they had difficulties exporting to Europe, which directly impacted on the price paid back to the Irish Co-ops. Finally, the fact that swapping between Member States and with the UK has been effectively curtailed during the first seven months of 2021 has put added pressure on markets. EU and UK fleets have tended to target the same species at the same time with the consequence traditional markets have come under further pressure. Table 46 summarises the impact on sales experienced in 2021 compared to 2019, averaged across the four co-ops.

Average Fish sales Jan 1st-30th June 2019	Average Fish sales Jan 1st to 30th June 2021	Reduction in Sales	Loss to Co-ops at 7.5% Commission	Reduction in percentage terms
€12,439,915	€10,604,433	€1,835,482	€137,661	18.91%

Table 46: *Impact on sales*

Additionally, the Co-ops have highlighted they will suffer further reductions in sales as their member vessels will be tied-up for one month over the duration of the voluntary temporary cessation scheme during October to December 2021. The scale of losses in sales, equivalent to one month of sales over the period assuming 100% of their member vessels will tie-up, is summarised below.

Average Fish sales 1st Sept- 31st Dec 2019	Projected Loss to Co-op from Tie-up scheme at 7.5% Commission	Projected Loss for one Month of Sales
€9,607,556	€720,567	€180,141

Table 46: *Impact on sales*

The main elements of the scheme proposed by the Co-ops are as follows:

11.1.2 Objectives of the Scheme

The purpose of the scheme is to compensate for the negative impacts from the reduction in quotas for 2021 arising from the TCA. It aims to mitigate against the reduced sales experienced in the first nine months of 2021 compared to 2018-2019, as well as the difficulties accessing markets experienced since the beginning of 2021 because of the new trading relationship with the UK. The scheme would also provide support for the Co-ops during the period of the proposed whitefish temporary cessation scheme to run during October – December 2021.

11.1.3 Description of Scheme

The scheme would support the four Fishermen's Co-operatives.

11.1.4 Scheme Payments

The payments would be calculated by reference to sales information provided by the Co-ops and split into two parts. Part 1 to deal with the first nine months of 2021 retrospectively, and Part 2 to deal with the Temporary Cessation Scheme for the period October to December 2021, providing one month's commission for the Co-ops. The payments would be calculated as follows:

Part 1 – Retrospective payment:

Based on 7.5% (Co-op Commission taken from landings) of the reduction in fish sales for the Co-operative's boats for the first nine months in 2021 compared to the same period in 2018-2019, capped at a maximum of €100,000 per Co-op.

Part 2 – Temporary Cessation Payment:

The payment would be calculating by taking 7.5% of the fish sales for the equivalent period in 2018-2019 October to December, divided by 3 to give 1 month's support, capped at a maximum of €150,000.

Conditions of the scheme

Beneficiaries must provide evidence that the reduction in sales is directly related to TCA-induced reductions in quota and difficulties in market access arising from the UK's departure from the EU. This can be in the form of audited accounts and sales notes.

Beneficiaries must demonstrate they are totally reliant on the landings of member or associated vessels. This can be in the form of agreements/ contracts.

Beneficiaries must ensure that any payment received is not distributed back to the member vessels but is used solely for the operation of the business.

Estimated Cost of the Scheme

The total cost of the Scheme is estimated to be in the region of **€1 million.**

11.2 Recommendations of the Task Force

The Task Force acknowledges the unique contribution of the Co-operatives and that they have been directly and significantly impacted by the quota transfers under the TCA. In most cases they have challenges, in the short-term, sourcing fish from foreign boats or importing processed fish to sell on. Their sales have been, and will continue to be, impacted by the loss of quota available to their member vessels.

Based on the proposal submitted by the four Co-ops, the Task Force considers that this proposal is broadly in line with Section V of the EU BAR State Aid Guidelines for the fishery and aquaculture sector. The Task Force recommends that it should be developed into a fully costed proposal subject to the caveats detailed in section 2.2.

12. Supporting, restructuring and developing the inshore fleet

The Task Force acknowledges the importance of the inshore sector to local communities. While large parts of the inshore sector have not been directly impacted by the quota transfers under the TCA, the sector has faced significant disruption due to route to market issues and increased operating costs.

These, in combination with a range of non-Brexit related issues relating to the state of certain important shellfish stocks and lack of fishing opportunities, have led the Task Force to recommend a range of specific initiatives to assist this vulnerable sector. These initiatives include a range of short-term and longer-term measures that aim to return the inshore sector to a vibrant sector providing employment across coastal communities.

12.1 Immediate impacts of the TCA on inshore vessels

Brexit has had far reaching impacts across the Irish seafood sector and the implications for the Irish shellfish sector have been far reaching with significant economic impacts across supply chains. Inshore fishermen, shellfish processors and shellfish agents have reported immediate challenges. For inshore fishermen these have related to fluctuating prices, higher costs of transport and longer holding times for live shellfish due to the difficulties accessing the UK market and European markets through the UK landbridge. This has led to reduced prices back to the boat and reduced profitability. This reduced profitability has and, will continue to have, knock-on impacts for local communities.

Processors and fish agents handling shellfish have experienced difficulties related to logistics, increased costs, additional burdens in administration, longer lead times to reach export markets, new competitive pressures, and a reduction in raw material across key species. This has reduced their competitiveness and resulted in a difficult trading environment in the first six months of 2021.

Reduced access to raw material for valuable shellfish species is of serious concern to the inshore fisheries sector as well as the live and processing shellfish sector. Uncertainty continues to prevail around future access to fishing grounds for species such as scallop, whelks and brown crab in the medium to long term. Loss of access will have a direct impact on the ability of the inshore sector to service existing customers and build new markets.

In the longer term, inshore vessels may be impacted significantly from displacement of larger vessels from offshore quota fisheries into inshore waters due to the reduction in demersal quota shares and available fishing opportunities resulting from the TCA. There is a danger of offshore vessel owners choosing to diversify into fisheries for non-quota species or transfer vessel ownership from larger vessels into smaller inshore vessels. This has the potential to increase fishing effort in the medium to longer term, resulting in overexploitation of inshore stocks, which are already under pressure. Effort in the inshore sector is already high and while difficult to quantify the scale and impacts of displacement and diversification by vessel owners, it is important that reduced quota availability for offshore whitefish vessels does not inadvertently incentivise such effects.

Continuity of supply is another critical issue to the survival and long-term viability of the Irish shellfish sector and the impact of Brexit on the volumes potentially available for export and processing have been felt across all parts of the supply chain, reducing export values and the returns generated from this sector. Ultimately, inshore fishermen at the bottom of the supply chain have most to lose. Inshore fishermen have also been impacted by cheaper prices being offered by UK competitors supplying the EU markets in an effort to retain these customers since Brexit. This has resulted in European customers placing pressure on Irish suppliers to match these prices hence reducing the export returns to the sector.

Brexit is also presenting enormous challenges to the sector in terms of the logistics of servicing core European markets which account for more than 70% of Irish shellfish exports annually. Many shellfish exporters are now electing to use direct ferries rather than the UK landbridge to reduce the administration burden of dealing with customs controls and other administration requirements that are required to transit through the UK market. While this cuts down on administration, it is more costly and slower than using the landbridge. These additional costs have mostly been passed onto fishermen, resulting in prices back to the vessel reducing by 10-20%. In a sector with narrow margins, such losses are putting pressure on inshore fishermen to remain profitable.

One of the biggest issues facing fishermen and exporters is the loss of flexibility which the landbridge always afforded in terms of it being the quickest and most efficient route to market with lots of choice in times and servicing a variety of ports in the UK. During bad weather, the landbridge option is typically the quickest to get back to service so exporters always had plenty of choice and could service their European customers in a timely manner. Some live exporters are still using the landbridge and whilst they are facing real administration challenges, they are managing it. There is increased pressure to get the timing and paperwork right and staff resourcing is critical to ensure all shipments are logged correctly to ensure smooth transit. These exporters are reporting additional costs of €50/pallet to go the direct route so the landbridge remains the most viable option for these exporters. Nonetheless, these exporters are reporting that the uncertainty is very difficult to manage and checks on the landbridge route eats into driver hours and check in times have also increased. The increase in logistics costs is estimated to be in the region of 8-10% higher. As with the increased costs for logistics, these costs are largely being passed back down the supply chain onto the fishermen.

All of these factors are having a knock-on impact on inshore vessels who are under increasing pressure to ensure loads are on the pier on time which means landings have to be coordinated with increased need for better facilities to enable inshore fishermen hold live shellfish for longer. Direct shipments to Europe mean an extra day is required for shellfish to reach the market. This additional time in storage impacts on mortalities and on product shelf life. Typically, fishermen are reporting additional storage times of 3-5 days, and many have resorted to putting in additional storage capacity at a typical cost of €1,000-€1,500.

The inshore sector has also been faced with a plethora of additional costs as a result of Brexit. The sector relies heavily on imports from the UK for inputs such as packaging, machine parts, capital equipment etc. and there are associated increases in these costs which are all impacting on the bottom line. There are additional concerns within the sector around UK certifications that may no longer be recognised across Europe. This is likely to remain indefinitely or become compounded if the size of the Irish fishing fleet is reduced impacting domestic suppliers' capacity to hold relevant stock.

In summary, Brexit has resulted in many new cost increases and challenges with logistics, which will be on going and will have to be borne by the sector for many years to come, with continued volatility in the live shellfish market likely. There are additional concerns around further delays after 1 October[7] when further controls and inspections will take place and health certs will be a new requirement. It is anticipated that these delays will increase the necessitate the need to direct freight further through the direct routes increasing costs and storage times which directly impact the inshore sector.

The issues within the inshore sector have been brought into stark focus this year with the significant decline in the brown crab and lobster pot fisheries experienced. This has resulted in increased effort in the hook and line fishery for mackerel in Q1 and Q2 of 2021, which has led to exceeding the 400-tonne allocation for under 15 metre vessels and the fishery being closed early in 2021. Increased effort has also been observed in hook and line fisheries for pollack, while due to poor catches in traditional pot fisheries, many inshore fishermen have reverted back to gillnetting or trawling for quota species. The quota transfers under the TCA will result in less national quota, any increased effort from the inshore sector will put further pressure on quotas for the entire fleet and will exacerbate imbalances between fleet capacity and quotas.

[7] The date for full implementation of phytosanitary regulations has been pushed back to 1 July 2022.

These challenges have led the Task Force to propose a range of initiatives as described in sections 11.2 to 11.5.

12.2 Inshore voluntary permanent cessation scheme

The Irish Inshore sector has experienced declining profitability in recent decades as identified in the Inshore Fisheries Strategy 2019-2023. Previous interventions have failed to address this issue. The consistent erosion of fishing opportunities, with the demise of many traditional fisheries, has combined with other drivers to create the current situation where there is a high dependency on a relatively small number of mostly shellfish stocks. Additionally, markets for some of these species are known to be volatile and exposed to external drivers that Industry has little control over. Other negative drivers such as climate change, and even climate change mitigation, (given Government commitments ORE development) also pose future challenges to the sector.

Due to the limitations in the available data, it has not been possible to complete a detailed analysis for the inshore sector as has been completed for the whitefish fleet, other than for a small number of vessels under 12 metres targeting whitefish and prawns. However, based on discussions with the inshore representatives, there are clear indications that significant overcapacity exists in the inshore sector, which has led to the decline in profitability observed. Concerns exist regarding over exploitation of some of the stocks of importance to the inshore sector, while new trading arrangements under the TCA as well as Covid have meant the market situation has been particularly challenging for the inshore sector in 2020 and 2021.

Looking forward, additional pressure on the inshore sector may arise due to management arrangements relating to non-quota species included in the TCA. In the ongoing negotiations between the EU and UK, future management including effort limitations for non-quota species have been muted, and these have the potential to impact on inshore vessels in the longer-term through restricted access and allowable fishing effort. The risk of future knock-on effects from displacement of effort and continued difficulties accessing markets are also recognised as potential threats to the future viability of the inshore sector. All of these factors combined clearly indicate a level of re-structuring of the sector is likely to be required through a voluntary decommissioning scheme.

The Task Force considers the primary objective of any decommissioning scheme for the inshore sector is to build resilience and restore profitability of the inshore sector to a level that's sustainable in the longer-term, in a manner that also protects the biological resources. It should be targeted at inshore vessels operating in fisheries where the largest imbalance seems to exist.

Despite general consensus on the need for a voluntary decommissioning scheme for the inshore sector and the overall objectives of such a scheme, the Task Force has not had any substantive debate on the details. No concrete targets have been set for the level of reduction required and there has also been only limited debate on the structure and level of payment for inshore vessels choosing to decommission. The Task Force recognises that payments should be sufficient to support reinvestment in coastal communities in a manner that allows capacity to be built over the necessary timeframe to do so. As with the whitefish voluntary decommissioning scheme, payments should at a minimum amount to current market values of replacement capacity (both GTs and KWs) and the vessel itself, with possibly some form of premium or incentive to encourage re-investment and job creation in coastal communities.

The Task Force acknowledges that voluntary decommissioning alone cannot be seen as the only solution to address the imbalance within the sector. Given current profitability and activity levels in comparison to existing opportunities, the inshore representatives estimate that decommissioning would need to remove an estimated 75% of existing on-register, active capacity if it be considered the only mechanism to address the imbalance. The permanent negative impact on coastal communities, resulting from such a measure would be far too significant.

Therefore, the Task Force considers that voluntary decommissioning would need to be combined with policy development and resource management measures. A combination of measures would allow for the profitable exploitation of existing fishing opportunities for inshore vessels, in a manner that yields the broadest socio-economic benefits for coastal communities, while also protecting biological resources. In combination with these measures, additional opportunities such as making use of underutilised species should also be capitalised on where possible.

Additionally, all indications suggest that the serious imbalance on capacity when compared to existing fishing opportunities, is uniquely exaggerated perated by the fact that approximately 40% of the registered inshore fleet demonstrate relatively low levels of activity. In time, it is anticipated, that as this capacity changes ownership, economic drivers will lead it to become more active, putting further pressure on existing fishing opportunities. Given the amount of registered capacity that has relatively low levels of activity in existence, consideration should be given to removing some of this "latent" tonnage as a secondary objective of a restructuring programme for the inshore sector. It is also important and necessary for additional subsequent support needs to be available to support transition to alternative sustainable Seafood/Marine related enterprise in coastal communities. This is covered further under Section 12.

12.2.1 Recommendations of the Task Force

The Task Force recommends a voluntary permanent cessation scheme targeted at inshore vessels should be developed in consultation with the industry representatives. The objective of this scheme should be to bring the inshore sector back into balance with the available fishing opportunities to ensure profitability of the sector going forward and should be consider in parallel with accompanying policy development and resource management measures.

While no specific targets and level of payment have been agreed, the Task Force recommends a budget of €6 million should be sought to fund this scheme.

The Task Force recommends that, in developing this scheme, consideration should be given to whether this scheme could be funded under the EMFAF rather than the BAR, given the issues with the inshore sector are wider than the direct impacts of the TCA.

The Task Force also recommends that an investigation into removing inactive tonnage in the inshore sector is needed, given it is estimated that as much as 40% of inshore vessels less than 12m are inactive. Without addressing this issue, the effectiveness of the voluntary decommissioning scheme will be lessened. Additional funding of up to €2 million should be allocated for the buying out of a significant proportion of this inactive tonnage.

12.3 Inshore short-term support

Inshore vessels less than 12m registered as polyvalent and fishing for quota species covered under the TCA would be eligible for support under the whitefish voluntary temporary cessation scheme. However, this makes up only a relatively small proportion of the inshore vessels with the majority fishing for non-quota shellfish species. While these vessels have not been immediately impacted by the TCA, as outlined in section 11.1, they have nonetheless difficulties with logistics and route to market, particularly for live shellfish. These are due to Brexit and have resulted in losses to the inshore operators. Therefore, the Task Force recommended in their interim report to put in place a short-term support for the inshore fleet is needed to help inshore fishermen stay in business to overcome the immediate impacts of Brexit. In this context, the National Inshore Fisheries Forum (NIFF) has developed a proposal for a short-term aid scheme as detailed in sections 11.3.1 to 11.3.6.

12.3.1 Objectives of the scheme

The purpose of the scheme is to provide an ex-gratia payment to the inshore sector to alleviate for the negative impacts faced from the market access difficulties, increased costs of logistics and increased storage times as well as costs attributable to the new trading arrangements with the UK under the TCA. It is a short-term measure to transition the inshore sector to future restructuring measures (e.g., Decommissioning) and will assist vessels remain in business through the difficult trading conditions that have arisen because of the TCA. The scheme is contingent on the inshore sector engaging actively with DAFM, BIM and Bord Bia to put in place an Action Plan for ensuring the viability of the inshore sector going forward, in line with the requirement in the EMFAF for such a plan.

12.3.2 Scope of the scheme

For the purposes of this scheme, inshore fishermen are defined as fishing vessels with a maximum length (LOA) of up to 18m, registered on the Irish sea-fishing boat register on 1 January 2021 in the polyvalent, polyvalent potting or specific vessel categories and holding a valid sea-fishing boat license issued by the Licensing Authority for Sea-Fishing boats.

12.3.3 Eligibility Criteria

The scheme should operate in 2021 through the provision of an ex-gratia payment to active vessels under 18m (LOA) operating in the inshore sector that are not eligible for the Brexit Temporary Cessation Scheme.

For vessels to be eligible, they must demonstrate they were active during the first six months of 2021 through sales notes and logbook data. In the absence of such data, verifiable sales invoices from registered buyers for the period January – June 2021 would be accepted.

12.3.4 Scheme Payments

The grant amount is calculated as 10% of average turnover for three months for a vessel of a given size and operating in the Polyvalent < 18m, Polyvalent Potting or specific segment < 12m. Average turnover has been calculated based on DCMAP data for 2017, 2018 and 2019 rounded to the nearest €100.

Given the nature of the inshore sector, a single ex-gratia payment covering all inshore vessels in two categories i.e. Under 8m and Over 8m is proposed as per table 48 below.

Vessel Category	Number of Registered Vessels	Estimated number of active assets	Payment per vessel	Total Payment based on all vessels	Total cost based on active vessels
< 8m	1125	675	€2,700	€3,037,500	€1,822,500
> 8m	694	416	€4,000	€2,776,000	€1,665,600
Total	**1819**	**1091**		**€5,813,500**	**€3,488,100**

Table 48: *Vessel length categories and payment structure*

Based on the number of active vessels in the under 8m Category, the total cost of the scheme is estimated at €1.8 million for vessels less than 8m, and €1.7 million for the over 8m Category, giving a total cost based on active vessels of €3.5 million.

It is proposed that the scheme will be funded by the Exchequer under the de minimis provisions Commission Regulation (EU) No 717/2014.

This scheme is designed to provide a limited level of short-term support to a significant part of the inshore sector. However, the inshore representatives acknowledge that there are undoubtedly inshore fishermen who have suffered much higher losses because of Brexit, and this scheme does not preclude them for seeking compensation for those losses with DAFM outside of the Task Force process.

12.3.5 Recommendation of the Task Force

The Task Force has considered the proposal submitted by the NIFF and agree that as part of an overall package of support measures for the inshore sector, it will help the sector in dealing with the difficult trading conditions that have arisen because of Brexit. It will also help the sector transition to longer-term restructuring measures that are required to return the sector to profitability.

Based on the proposal submitted, the Task Force recommends that this scheme be worked up into a detailed, fully costed proposal, covering active inshore vessels less than 18m, not eligible for support under the voluntary temporary cessation scheme.

The Task Force recommends funding for this scheme should be sought under the de minimis provision as per Commission Regulation (EU) No 717/2014.

12.4 Inshore marketing initiative

The Task Force acknowledges that the impacts of Brexit on the inshore sector are many and varied as detailed. However, when looking at the export figures for live shellfish to date for 2021, it is clear there has been a good recovery across many export markets with export value increases for key inshore species such as crab, whelks and lobster showing some strong positive increases when compared to the same period in 2020. This is predominantly due to the post-Covid recovery being experienced across many export markets and the subsequent reopening of the foodservice channel which is one of the main routes to market for the inshore sector. Whilst this recovery in export values is to be welcomed, it could be argued that the returns to the inshore fishermen would have been even greater if the Irish processing sector had not been as impacted due to Brexit and they had been in a position to process purchasing volumes as normal. However, the loss of many retail contracts due to the extended transit times to reach core European markets thereby impacting on product shelf life has meant that some processors were purchasing less volumes than in a normal year, with the fishermen subsequently losing out on the higher prices that could have been achieved if the processors were not competing against the live exporters purchasing on the pier for the same valuable raw material.

Bord Bia, through its funding support under the EMFF programme, has worked closely with the Irish shellfish sector over the last number of years. Providing a range of marketing supports to both the live and processing sectors, Bord Bia has assisted these clients to build customer loyalty in core European export markets, to penetrate new markets across Asia as well as slowly introducing a range of shellfish species to consumers on the Irish market. The success of Bord Bia's marketing programme for Irish shellfish is demonstrated in the export statistics which show that during the 5-year period between 2016-2020, Irish shellfish export values increased by 35.3% in value against a backdrop of volume increasing by just 7%. This growth in value shows the strength of demand for Irish shellfish in the international marketplace. Notable successes have been achieved by this sector in the opening up of new markets for Irish crab, whelks and lobster in China, Vietnam and across South-East Asia whilst at the same time maintaining strong customer relationships in the core markets of France, Spain and Italy during this period.

In order to support the inshore sector in a post Brexit environment and specifically focusing on growing value in existing markets and in the development of new markets, the Task Force has recommended Bord Bia will develop a marketing plan to support the sales and promotion of species such as Irish crab, lobster, whelks on both the home and in key export markets. The plan which will be developed following extensive consultation with industry stakeholders such as NIFF, IIMRO, BIM and the main inshore exporters and processors would be put in place from January 2022. The activities that will be developed by Bord Bia will include a suite of measures designed to achieve the following objectives:

1. To assist the inshore sector in developing new markets for Irish shellfish
2. To Identify and facilitate access to new customers in new markets and in new channels
3. To assist the industry to retain its customer base and secure higher added value business in its core markets across the EU
4. To help build a vibrant home market for a range of inshore shellfish species
5. To raise awareness about Ireland as a source of quality inshore shellfish
6. To promote the sustainability credentials of Irish inshore species to international seafood buyers

The type of marketing activities that Bord Bia will undertake to achieve these objectives include:

- B2B Trade Advertising Campaigns in target export markets to raise awareness, generate buyer interest and new trade leads
- Inward journalist visits from leading trade publications in key target markets to showcase first-hand the quality, range and sustainability credentials of Irish inshore species leading to positive PR coverage in target media across export markets
- Trade research in emerging export markets to identify new customer leads, profile new buyer requirements and build a database of potential customers for inward buyer visits to Ireland
- Chef culinary competitions across target export markets using Irish inshore species as the lead ingredients for recipe development. This is an effective means of raising awareness within the all-important foodservice channel, building new customer leads and generating strong PR around the quality of Irish shellfish
- Recruit high profile chefs across target export markets to act as 'Ambassadors' for Irish shellfish, developing new recipes using species such as crab and lobster and promoting them in both traditional media and across social media platforms
- Trade/Media/Influencer events to showcase the range of Irish species, to raise the profile and build new leads for the sector
- Advertising campaign on the Irish market to build on the work already undertaken by Bord Bia in promoting Irish brown crab through its extensive radio and social media campaign. Activities could include a new shellfish TV advert along with a dedicated PR and social media campaign to help introduce these species to the Irish consumer
- Develop a suite of dedicated POS and marketing assets to support the promotion of this sector including new trade videos focused on individual species, brochure, leaflets and a dedicated website which can be promoted across B2B trade advertising campaigns

12.4.1 Recommendations of the Task Force

In order to support the inshore sector to develop market opportunities and add value to their landings, the Task Force recommends a detailed, costed marketing plan should be developed. This plan should be prepared by Bord Bia in conjunction with BIM, the inshore representatives and the main shellfish exporters and processors by early 2022. This marketing plan will form part of the Action Plan required for the inshore sector under the EMFAF and will help to ensure the viability of the inshore sector going forward.

To implement this plan, the Task Force recommends a dedicated marketing fund of €2.5 million channelled through Bord Bia be put in place over a 5-year period to provide this marketing and promotional support to the inshore fisheries sector.

12.5 Inshore Processing Support

The Irish shellfish processing sector that is heavily reliant on the landings from inshore vessels has a strong brand awareness in various overseas high-end retail and wholesale premium markets. The shellfish processing plants have achieved a strong reputation for professionalism and consistency with shellfish processed in Ireland having a reputation for quality in premium markets. However, the Task Force recognises that the shellfish processing sector is under significant risk from Brexit. Given the preponderance of small companies, this sector is particularly vulnerable to any extra costs that may be incurred due to Brexit. Much of this shellfish is destined for EU markets and the concerns in relation to Brexit are multifaceted as described earlier in section 11.1. Without a dynamic shellfish processing sector, the inshore sector will continue to face significant challenges that will hinder its development.

Therefore, the Task Force considers it is vitally important that significant investment is channelled into the shellfish processing sector, as well as directly to inshore fishermen to provide them with the opportunities to add value to their own fishery products. This will not only assist the processors develop and grow but it will also ensure employment in peripheral coastal communities, not only in the processors themselves but also in the inshore sector. Investment in the shellfish processing sector and to inshore fishermen will also increase penetration of emerging global markets for value added products and enhance product utilisation.

12.5.1 Recommendation of the Task Force

The Task Force recommends substantial investment should be provided to shellfish processing enterprises to support the development of the inshore sector and protect employment within coastal communities. Investments onshore that add value to fishery products, by allowing inshore fishermen to carry out the processing, marketing and direct sale of these catches should also be supported. This should be funded through a combination of capital support for processors as well as funding for Community Led Local Development initiatives targeted at the inshore sector. Up to €10 million should be made available for such initiatives over the next five years.

13. Onshore/Offshore Initiatives – Processing Capital Support

The Task Force was asked to identify opportunities for jobs and economic activity in coastal communities dependent on the seafood sector. In this context, the Task Force has considered proposals and submissions detailing strategic onshore and offshore initiatives that have the capacity to sustain coastal communities by providing jobs and economic activity.

The Task Force has been encouraged by the scope, vision and emergence of new concepts in these proposals. They have focused on a wide range of issues around the circular economy, adding value, diversification, the blue economy and community led investments that can benefit multiple sectors. The broad spectrum of Task Force membership, including State agencies, local authorities and development groups, have added impetus and insights to the shaping of these initiatives into potential funding programmes. A wide range of measures have been considered across categories of activity, including investment for seafood processors, in public marine infrastructure to support the seafood and wider marine sectors, development of aquaculture, and for Community Led Local Development (CLLD) initiatives. These are detailed in sections 12 to 14. To support these initiatives, the Task Force has recommended seeking a level of funding from the BAR and under the EMFAF, which recognises the ambition of the seafood sector and the local communities where activity is centred.

13.1 Overview

The Irish seafood processing sector is a diverse sector with companies producing whitefish, shellfish, salmonids and pelagic raw material. In total there are around 160 fish processing enterprises in Ireland.

Of these, 85 enterprises had turnover of less than €1 million, 48 enterprises had a turnover of between €1 million and €10 million, with the remaining 27 enterprises having a turnover of greater than €10 million (figure 28).

Category	< €1m	€1m - €10m	> €10m	Total	Growth 2020
Whitefish	39	20	14	72	-2%
Shellfish	29	14	3	46	-2%
Salmonids	13	13	4	29	-2%
Pelagic	4	2	7	13	-2%
Total	85	48	27	160	-2%
Breakdown of Industry	53%	30%	17%	100%	

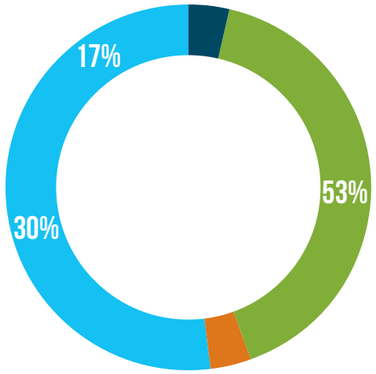


Figure 28: *Breakdown by revenue and by main seafood category in 2020*

The value of the sector has increased throughout the period 2015-2018 but experienced a decrease in 2019 (figure 29). The average turnover of the pelagic, whitefish and salmonids sector has largely remained the same or has increased slightly over the period 2015-2019.

Value of the Irish Processing Sector (€M)

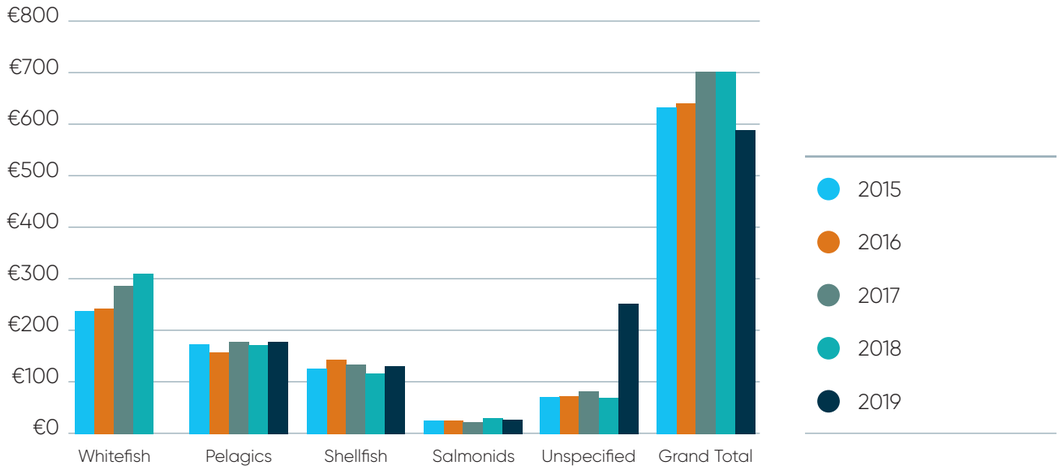


Figure 29: *Time series of the value of the Irish processing sector*

The sector is split into three sectors as follows:

Whitefish processing sector: Comprised of 72 companies with a combined turnover of around €300 million in 2020. Of these companies, 14 are larger processors with a turnover in excess of €10 million. The remaining 58 are a mixture of small firms and first point of sale entities, which includes the four main Fishermen's Co-operatives. Main export markets include the UK, Spain and France.

Pelagic processing sector: Comprised of 13 companies with a combined turnover of around €175 million in 2020. Of these companies, seven are larger processors with a turnover more than €10 million based principally in the northwest of the country. The remaining five are small firms involved in added value pelagic products. Main markets for the more affordable pelagic products remained robust in West Africa and Asia. However, escalating logistics costs and freight bottlenecks, particularly in China, remained stubbornly problematic. Value added products tend to be sold to the domestic market as well as exported to Europe and the UK.

Salmon and shellfish processing sector: Comprised of 75 companies with a combined turnover of around €160 million in 2020. Of these companies, seven are larger processors with a turnover in excess of €10 million. The remaining 68 are a mixture of small processors, oyster growers and smokers. The salmon and farmed shellfish sector account for export value of €140m and represent 21% of total seafood exports. The main exports for salmon are France, UK, Poland and Germany, while for shellfish the main export countries are France, UK, Spain and Asia.

An overview of each sector presented to the Task Force by the IFPEA is contained Appendix 5.

13.2 Brexit Challenges

The whitefish processing sector has been primarily impacted by Brexit from a raw material access perspective, processing capacity and to a lesser degree from a logistics perspective. There is a distinct subset of companies who are more exposed due to their business model. This subset comprises processors, first point of sale entities (e.g., Co-ops) and other producers who export into and operate logistics via the UK. This requires moving fish caught locally, quickly to the market from the pier and can often lead to surplus supply in the domestic market. In the absence of domestic processing capacity, the surplus is shipped to Scottish based processors. Conducting this type of business model has become much more demanding and costly because of Brexit. The remaining whitefish processing (value-adding) subsector does not export significant volumes of added value whitefish into UK and therefore has been less impacted. There main issue has been in sourcing raw material due to the logistics challenges presented by Brexit. The impact on their UK customers, who largely export value added to the continent, has been significant and this is having a knock-on effect on the value and need for raw material coming from Ireland. It has also been difficult for the sector to maintain good service levels to continental customers due to the difficulties experienced on the landbridge routes and lack of capacity on the direct routes to mainland Europe.

The pelagic processors are the most heavily impacted part of the processing sector. Sourcing of raw material, particularly mackerel has become more challenging. This has meant the Irish pelagic sector has opted to concentrate effort on catching the mackerel quota early in the year. Consequently, this has resulted in increased processing activity during the first three months of 2021, which in turn has created several issues. Firstly, the processors have experienced increased market pressures and poorer prices due to increased supply and customers knowing that the processors must sell their stock earlier in the year. Additionally, the concentration of processing effort into Q1 has truncated the season and created employment retention issues, as there is less fish available for processing to retain employment later in the year. In-house cold storage capacity, which is typically carefully managed for a longer processing season, has become increasingly challenged, while the need for more freight containers has exerted significant cost and logistical pressures. These cost increases, in high volume low margin enterprises are of particular concern. The inability to service higher value Asian customers seeking high fat content mackerel from the latter end of the year has reduced margins during 2021 and finally, as with other processors, the logistics to service EU customers has also been complicated by increased time and bureaucracy using the UK landbridge or accessing alternative shipping routes.

The salmon and shellfish sectors are also under significant risk from Brexit and given the preponderance of small companies, this sector is particularly vulnerable to the extra costs being incurred due to Brexit and TCA. The primary concern for both the salmon and shellfish sector is around logistics. This has impacted in two ways, extra costs associated with reaching export markets and delays in transit time. The salmon industry has found that direct sea routes to the key markets in Europe were causing a loss of one day's shelf life and have now returned to primarily using the land bridge option through the UK. The landbridge does require extra paperwork but is more competitive in terms of price and transit time for product that needs to reach the market quickly. Shellfish exporters continue to use direct routes to mainland Europe as most do not have the capacity to provide full loads and must use groupage. Logistics operators tend not to use the landbridge for this type of transport. This has added extra costs to exporters and increased transit times.

13.3 Opportunities - Seafood Future

Over the course of the first half of 2021 Bord Bia undertook a Seafood Futures study which sought to understand how we can optimise our seafood Industry to meet evolving consumer, customer and market needs and the potential opportunities that may arise in the global marketplace. This study was presented to the Task Force and complements the vision put forward for the different processing sectors. The study details opportunities that could potentially help to create strong points of differentiation and create value for Irish seafood producers over the next five to ten years. A summary of the findings is presented in the following sections.

13.3.1 Growth Strategies

Four different growth strategies were identified:

- Low Price/Low Cost of Goods Sold (COGS) strategy concerns delivering the lowest price at basic acceptable quality and building at scale.
- Differentiation through Model is an alternative growth strategy where companies seek to do something different within the supply and value chain to deliver the same or additional benefits.
- Premium Differentiation and Diversification is about focusing on building a high value or niche market or diversifying into new or adjacent categories.
- Differentiation through Benefits is a growth strategy where producers will seek to tap into new trends and evolving demands to deliver new benefits to customers and consumers.

13.3.2 Critical Uncertainties

Looking at the future drivers of demand within the global seafood market there are two critical uncertainties that must be considered. The first is focusing on Sustainability or Benefit & Gain. Here, there is a tension point between an inherent need to provide protein with benefits around health or convenience for a growing population and the commercial impact of doing so, versus the necessity of safeguarding our oceans and ecosystems for the future of the planet. Successive sustainability reports speak to the absolute necessity for the future of the oceans, for the planet & for human sustenance to limit overfishing, to ensure that fisheries and the ocean environment can thrive as the world's most important eco-system.

The alternate need is to provide smarter solutions in areas like health or convenience, often for the same cost, for a growing population, in a way that generates profitable business growth. The second critical uncertainty is delivery orientated, focusing on production and capacity. Here, we need to consider the balance of nature, science, technology, and innovation in not only the delivery of supply but also the maximisation of yields for future sustenance or even yields beyond basic protein.

13.3.3 Drivers for Demand

Four drivers of demand over the coming decade were identified in the study.

1. With a growing number of value conscious consumers demanding accessible and affordable protein, seafood can increase its share of the global volume of protein
2. Through technological & innovative benefits, seafood can deliver on meeting existing or new trends – like convenience - with smart solutions across taste, indulgence etc. There is an opportunity here to leverage the move out of meat and seafood in contrast becomes popular as a healthier and lower fat protein.
3. With increasing wealth comes premiumisation and the demand for rare commodities. Seafood can play in a high premium market as protein, entertainment or even move into high value spaces like health & wellness and functional foods. Bord Bia has identified clear opportunities to drive the growth of Irish seafood as a functional ingredient from a recent analysis on functional foods.
4. Finally, as validated through a recent joint BIM/Bord Bia's Seafood Sustainability study, consumers globally are demanding more when it comes to sustainable seafood and this demand will only accelerate. There is an opportunity to leverage our natural advantages and existing building blocks to harness the potential of Sustainability as a driver of growth to become a key element in the industry's future.

13.3.4 Marketplace of Tomorrow

Combining the growth strategies and future drivers of demand Bord Bia has defined four marketplaces of tomorrow.

1. Scale Biz: The first is one of consolidation and collaboration, where economies of scale drive competitive advantage in the production of cheaper protein as an undifferentiated commodity. To meet this demand, sustainable innovation will have unlocked the power of affordable aquaculture to become a significant provider of global protein.
2. Smart Fish: Smart Fish features a blended or hybrid approach of smart pricing and product differentiation that looks to offer value through added benefits enabled by new models and efficiency technologies.

3. Blue Ocean: The Blue Ocean Marketplace leverages similar or adjacent resources to diversify into high value categories (both in protein / food but beyond into areas like pharma, wellness, or energy) with greater protection of margins. Investment in new and emerging blue economies will bring about new opportunities beyond increasingly under pressure traditional fishing.

4. Green Tales: Green Tales sees focused differentiation within the sustainability marketplace in response to the demand for natural and sustainable seafood having accelerated to a point of premiumisation and luxury. To command a higher price, sustainability will need to be owned throughout the value chain and delivered by marrying innovation and technological breakthrough.

To develop a strategic position and ensure long term relevance, the Task Force recognises that a decision on which marketplace is the best fit for Ireland's processing capabilities and where demand with supply can meet is needed.

All the State Agencies involved in the sector need to strategically align and coordinate efforts around investment in resource, capability, sustainability measures, science, and innovation to capitalise on the range of opportunities that clearly exist within the global seafood marketplace.

13.4 Current Support

Prior to considering the proposals for new initiatives to assist the processing sector overcome the challenges of the TCA and stimulate their realisation of the opportunities that have been presented, it is appropriate to outline some of the existing supports that are currently available as a reference point which the Task Force has used to build recommendations.

13.4.1 BIM's Seafood Innovation Hub

BIM's Seafood Innovation Hub (SIH) offers a specific seafood business development service that assesses and understands the proposed market drivers and size, relevant processing technology developments and advancements, and the financial return on investments. The SIH permits a de-risking of new business proposals for industry, with the SIH acting as an outsourced service in which proposals are fully researched, developed, trialled, and assessed before industry commits to full scale investment.

13.4.2 Client Engagement overview

Currently the SIH engages with seafood processors across different categories. During 2020 the SIH engaged with industry on a total of 51 projects, with approximately half associated with the Whitefish category, a quarter related to shellfish and the remained between the Pelagic and all other categories.

13.4.3 Types of Projects

Projects are categorised as:

1. Research projects in association with third level institutions focused on early research with seafood applications.
2. Industry projects available to the sector widely that are near to commercial application.
3. Client specific projects that build a comprehensive business assessment of a new opportunity.
4. Client specific technical assistance on supports for new product developments.

13.4.4 Types of Services

The project services of the SIH are focused through three primary services of technology trials, market insights and financial analysis. Technology trials comprise of the testing of new, modified, and existing technologies for application to a seafood business and the associated changes in product formulations, shelf-life, and sensory attributes to ensure it meets customers specifications.

Market insights, in conjunction with Bord Bia, are derived from existing market data, commissioned reports and client information to develop specific insights relevant to the marketplace that can strengthen the seafood business offering to buyers.

Financial analyses are undertaken for specific projects to understand operations cost, overhead costs, and capital investments to ensure sound financial returns in relation to profit margins and the associated scale of production requirement.

13.5 Current Investment Schemes

In recent years, the seafood processing sector has benefitted from investment from the European Maritime and Fisheries Fund (EMFF) through the grant aid programmes administered by BIM. Figure 30 details the combined expenditure, the annual total level of grant aid and the number of recipients from the Seafood Innovation and Business Planning Scheme, the Seafood Processing Capital Investment Scheme and the Seafood Scaling and New Market Development Scheme. The average annual spend in the period has been some €7 million of which €2 million was grant aid received by 29 grantees.

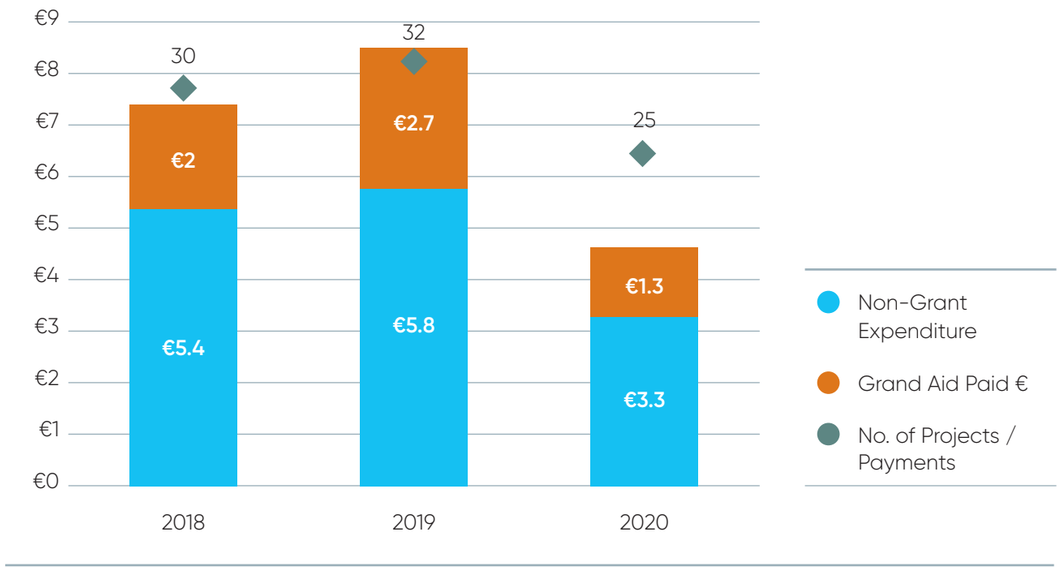


Figure 30: *Summary of EMFF Grant Aid and number of applicants (2018-2020) for processing sector.*

Some examples of investment across the different sectors are as follows:

13.5.1 Whitefish Sector

The whitefish processing sector in Ireland has lacked the capacity to add value to the bulk of the Irish whitefish catch landed by Irish boats. Hence the need to ship most of the catch immediately to various processors in GB and Europe at the point of first landing

As a response to this issue BIM has showcased whitefish processing equipment to the industry. Since starting in 2018, there are now six fish filleting machines operating in plants around Ireland and we anticipate further investment in the short term. These investments of up to €500,000 have been supported at a rate of 30% by the BIM Capital Investment Scheme through the EMFF.

13.5.2 Pelagic

Although the pelagic sector has adopted a successful high-volume low-margin commodity business model, international competition has intensified, particularly in the past five years. Processors have evolved to align with the focused fishing activities and capacities of the larger vessels, where up to 1,000MT per vessel can be landed per trip within a condensed season. Several of the larger plants have maximised their daily processing capacities, to ensure they can attract large Irish vessels, and more recently, non-Irish vessels.

Processing capacity is particularly important to ensure the necessary scale and efficiency resources are in place to offer a fair price and to ensure vessel discharging efficiency, as these are important determinants in where vessels decide to land. Likewise, the larger processors have also significantly increased their cold storage capacities. This allows them scope to hold more stock until market conditions are optimum and to better manage product delivery to customers.

To achieve the necessary scale and efficiencies to remain competitive pelagic processors have consistently invested in their facilities. This is reflected in the fact that Killybegs has the highest capital investment nationally within seafood.

13.6 Needs Analysis

Despite the challenges of Brexit and the TCA, the Task force considers that the seafood processing and marketing sector can play a critical role in the continued growth and success of the seafood industry post-Brexit with restructuring and development around the following objective areas:

13.6.1 Accessing new markets and added value

Foodwise 2025 targets that the level of Irish fish produce sold in commodity form should be reduced from 70% to below 50% by 2025. This remains an area for development in the forthcoming period as impacts of quota transfers further emphasises the need to maximise returns from the available raw materials.

Opportunities for value added products need to be clearly identified and supported within a defined customer-led market development strategy for achieving growth. To develop new products for market to suit customer specifications will require investment in better size/quality grading of fish landed, improved standards of quality and safety reassurance, introduction of new products and product formats, improved packaging and presentations and increased labelling, nutritional and sourcing information.

Additionally, as Brexit has posed challenges for the industry in servicing and accessing existing customer bases, the need to diversify and identify new markets and generate demand in these markets for Irish seafood has become apparent. This includes developing the skills and expertise for the industry to engage with these opportunities through their customers and to effectively identify market opportunities. This will require investment in improving and creating effective supply chains, improving the frequency and reliability of logistics, integrating the supply chain and where possible, reducing dependence on intermediaries.

13.6.2 Building capacity, resilience and competitiveness

Whilst the processing sector has well practiced logistical and operational procedures, many of these have been impacted and adversely effected by Brexit. This has impacted shelf life, freshness to market and costs as the disruption has resulted in issues on routes, longer lead times to markets, needs for additional cold storage. This is impacting on all sizes of businesses including those smaller operators for whom the additional financial, people, and timing costs make it more difficult to trade profitably. Additionally, larger operators need to deal with the extra administration burden and time impacts on deliveries.

As the sector is challenged to retain and develop markets, the competitiveness of the sector with its international counterparts becomes increasingly challenged by the additional costs borne by businesses because of Brexit. The extra distance to market and complexities of supply chain compliance poses challenges for the Irish sector.

Economies of scale have the potential to help the sector offset some of the additional costs borne by their business because of Brexit. This is true for both large and smaller scale businesses who would benefit from greater collaboration to offset costs.

A suite of supports has previously been put in place by BIM and other agencies to mitigate these effects in under the EMFF. However, further investment, both public and private, will be needed going forward to ensure these impacts are minimised in the longer term and the processing sector can build capacity, resilience and competitiveness.

13.6.3 Securing raw material supply

Following from the TCA, the issue of supply shortages and access to raw material is by far the biggest issue affecting the processing sector. Given the quota transfers under the TCA, which is impacting many EU countries, the supply situation is unlikely to improve in the short to medium term. There has been increased difficulty in sourcing raw material supplies from other countries which have been similarly impacted by inbound logistics issues and costs into Ireland. This raises a key challenge in terms of how the sector can alleviate supply shortages and continue to operate profitably.

To increase the use, sales and landings of raw material supplies landed into Ireland, identifying opportunities to access and add value to raw material from non-Irish catches will be important. The feasibility of achieving this has been shown by Project Atlantic, which was set-up in 2018 to enable the Irish seafood sector to add value to the ever-increasing landings into Irish fishery ports from international vessels. This project aims to intercept and streamline the supply chain of international landings which are currently transported whole out of Ireland to Spain and France.

13.6.4 Participating in the green transition:

With increasing focus on climate change and protection of biodiversity, it will be essential that the processing sector embeds and promotes the widespread use of sustainability innovations, processes, and methodologies to drive growth and improvement across the sector. Large-scale investment will be needed to address climate change and sustainable development challenges whilst also implementing the recommendations of the forthcoming 2030 Agri-Food Strategy and championing the UN sustainability development goals. Failure to do so, will restrict the ability of the processing sector to access international markets. Support to seafood processors should aim to improve the sustainability of their operations across key resource areas including waste, water, energy management and emissions, while also demonstrating the sustainability and the traceability of the products being placed on the market.

13.7 Vision

The challenges for the processing sector instigated by the TCA have been comprehensively outlined. Equally the opportunities and growth that can be potentially realised by the seafood sector have been set out. The fundamental business case for the Irish seafood is that there is access to a valuable resource, have skilled people and capital producing quality seafood that is healthy and in demand. This arises from both a growing requirement for more protein as well as an increasing cohort of consumers who seek sustainable products that meet their discerning needs.

The test for the initiatives proposed by the Task Force will be how these recommendations can stimulate and support the sector to overcome these significant challenges and facilitate transformation so that it can grow sustainably for a better future. It is appropriate to describe the vision for the future as developed by the sector itself in order to assess the impact of proposed initiatives. The following elements outline this:

- Build technical and innovation capability to reach world class standards and facilities: Increase the technical sophistication and develop the innovation capability of Irish seafood processors so that the maximum value of the harvested and farmed material can be realised. Although there has been support available to encourage and incentivise such development a step change is now required that will reach across all processing activity so that all participants can attain the highest capability levels to add value and significantly increase the unit value of output.
- Increase profitability through premiumisation and maximising marketplace returns: Build greater understanding and insight of supply chains and analysis of how Irish seafood can compete more profitably and reduce dependence on undifferentiated markets. Working collaboratively where appropriate to reduce costs, build scale, avoid intermediaries so that value is protected for increased returns for the sector.
- Informed and strategically aligned to market trends & opportunities: The seafood processing sector must be aware and have access to information to assess and assist their strategic decision making. There is a broad spectrum of requirements that must be met from improving the tactical data needed to understand current market opportunities to the insights that are essential to strategically plan and invest for longer term growth.
- Build market preference from an enhanced reputation for quality and sustainability: Through full participation in quality and sustainability programmes set and achieve ambitious targets to provide

abundant evidence to customers and consumers of Irish seafood that will enhance its reputation and build market preference. Utilise technology effectively to increase transparency of the achievement of standards. Resource the marketing effort required to promote effectively.

- Develop leadership & management capability, attracting people and developing talent: Through training and mentoring develop the management capability of the Irish seafood processing so that is best equipped to lead the sector through the transition required and build an industry that is positively regarded so that it can attract new entrants who in turn will be developed with the professional skills needed to sustain growth over their careers.

13.8 Draft Proposed Initiatives

In converting this vision into initiatives, this should be viewed in the following context:

- The Irish Seafood sector is at an inflection point as it faces into the new trading environment shaped by Brexit and its' impact on trading relationships and operational and commercial challenges and opportunities. The future of the seafood sector will be led by those larger businesses with the capacity and ambition to deliver significant initiatives that will deliver growth.

- There is evidence that the sector had been withholding investment decisions in the context of the uncertainty surrounding Brexit as grants awarded under the Seafood Innovation and Business Planning Scheme, the Seafood Processing Capital Investment Scheme and the Seafood Scaling and New Market Development Scheme were some 50% lower in 2020 vs 2019.

- The sector has been severely impacted by Brexit but equally opportunities have and will emerge whilst it has also required many businesses to change their business models including identifying new marketplaces, refining their product offering, and altering their route to market

- As there is now more certainty around the impact of Brexit there is a latent appetite for this investment to happen and an appetite to invest and capitalise on the opportunities and adapt to and respond to the new environment.

To assist the Task Force to develop recommendations and initiatives BIM carried out a short survey of processors to gauge appetite for investment. BIM consulted with 34 clients and have been advised of outline plans for 54 projects. The level of grant aid rate available has a significant influence on investment decisions and the expenditure plans discussed were being considered by clients largely on the assumption of grant rates of some 50% being available. It is clear from the consultation that as the available grant rates become more attractive, it will have a significant impact on the level of plans being actioned and the timings of same.

Processors with turnover above €10 million have advised BIM of plans for total project expenditure totalling €199 million and expenditure of €9 million on average per client surveyed.

Processors surveyed with turnover between €1million - €10 million which included 12 clients from a base of 48 advised BIM of plans for total project expenditure of €29.4 million with an average client expenditure size of €2.5 million. An allowance has been made for the remaining universe of clients in this range. Doing so in a simple straight line based on client numbers would suggest an additional ask of €90 million of project expenditure. However, our assessment is that this is unlikely to be the case and accordingly we have revised this downwards to €50 million.

Furthermore, BIM has assessed these client plans based on their state of readiness, any requirement for planning permission, their likelihood of completion by the end of 2023, and our previous experience with plans for grant applications materialising to actual applications.

This has resulted in BIM's assessment of potential expenditure to be in the range €164 million to €193 million versus an industry projection of €278 million inclusive of BIM's estimate for those companies not yet surveyed.

There is a range of proposals which are under consideration by these clients and those which are at the most developed stage of readiness are concentrated on adding value, driving NPD, developing new export markets, and addressing sustainability.

In assessing how these plans for expenditure could translate into a need for grant availability BIM has applied potential funding models to the BIM range of expenditure noted above. In doing so BIM has modelled a 60% grant rate against the top end of this range which, whilst applying a graduated grant rate scale from 30% to 50% based on company size as per the current Enterprise Ireland Accelerated Recovery Fund. This Enterprise Ireland scheme is analogous to this scenario as it is both short term in nature and seeks to address a unique and challenging set of circumstances. The rates available through that scheme are detailed in table 49.

Funding Rate by Company for Eligible Costs			
	Capital	Implementation	Training
Small (<50 employees)	50%	50%	70%
Medium (50-249 employees)	40%	40%	60%
Large (>250 employees)	30%	30%	50%

Table 49: *Enterprise Ireland Accelerated Recovery Funding Rates*

The outcome of this modelling demonstrates a grant support of €68M in the low scenario ranging up to €116M in a high scenario (table 50).

Project Costs	Industry Projection	Low	Medium	High
Non-SME	€27	€5.9	€10.5	€13.4
SMW	€112.1	€61.9	€78.8	€102.4
Total	€139.1	€67.8	€89.3	€115.8

Table 50: *Modelling of grant support for low to high scenarios for Non-SME and SMEs.*

The planned expenditure by clients' areas have been categorised by BIM based on the information we have gathered into these categories.

- Equipment, systems and facilities enhancements (further processing, processing efficiency, new products, traceability, by product, packaging).

- Build capability through development support (market opportunities, testing new products & formats, efficiency, RTM).

- Improve quality and sustainability performance (certs & accreditation, environ. footprint, quality management systems, transparency to customer).

- Develop management capability and professional skills.

This has demonstrated the following distribution of expenditure based on BIM's assessment of the projects. At a total sectoral level, it demonstrates that over 70% of the proposed expenditure is in equipment, systems, and facilities enhancements, in each instance helping the sector to move further along the value chain.

From the current supports available reviewed earlier, some €7 million is invested annually by the seafood processing sector of which €2 million is grant aid. It is envisaged that much greater utilisation of funding support is conditional on both the grant aid rate as well as the total level of available support. It is proposed that significantly increased graduated grant aid rates should apply so that categories of activity that will be most impactful would be most incentivised.

13.9 Recommendations of the Task Force

The Task Force recommends facilitating substantial investment in seafood processing enterprises to support greater utilisation of raw material, improved efficiency, developing new offerings, demonstrating quality and sustainability and building capability and innovation through people and processes. The initiative will provide temporarily increased graduated grant aid rates, between 30-50%, during the period of BAR funding, to provide an immediate stimulus to overcome some of the constraints arising from Brexit. It is recommended that the graduated rates should reflect the level of added value.

Grant aid support of €90 million over the period of the BAR and EMFAF funding will provide the stimulus required. This funding when combined with industry funding, across all processing initiatives, would give the sector a unique opportunity to implement the transformational change required.

14. Onshore/Offshore Initiatives - Aquaculture

14.1 Overview

The Irish aquaculture industry is small in a global context but is a significant part of the Irish Seafood Sector being dominated by salmon, mussel and oyster farming. Output over the past decade has varied from 30,000 to 50,000 metric tonnes with employment between of 1,700 and 1,900 people. There is a total of 266 aquaculture businesses, running 309 production units in Ireland, these range from small family enterprises up to fully integrated global multinationals.

Salmon is the dominant aquaculture species produced in Ireland, with 13,400 tonnes worth €127 million produced in 2020. Irish rock oysters are the next most valuable species produced with 9,000 tonnes and sales of €37 million in 2020. Mussel production in 2020 equated to 10,300 tonnes of rope grown and 4,400 tonnes of seabed cultured mussels worth €6 million and €7 million respectively. Other finfish, 600 tonnes valued at €2 million, and other shellfish, 300 tonnes valued at €1 million, make up the remainder of Irish aquaculture production (BIM, 2021). Seaweed production, a small sector which had been restricted to under 50 tonnes annually, has the potential to grow significantly, over the next number of years as a number of new businesses move into full production.

Over the past decade output capacity has remained relatively static, linked to licensing and consequent reductions in production output. However, value has seen a net gain from under €100 million in 2009 to €180 million in 2020. This value growth was made possible by steady increases in the unit value of product driven by a growing recognition of Irish product quality and provenance. To negate static production output, industry players have increasingly moved to producing niche, differentiated products and markets using international certifications such as MSC and Organic Labels along with consolidation in the sector fuelled by foreign direct investment.

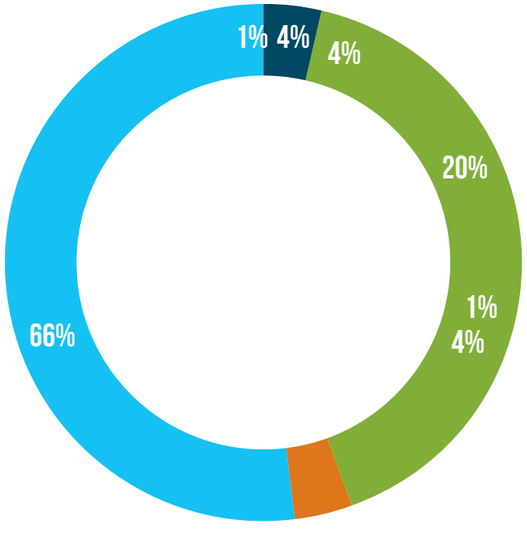


Figure 31: *Aquaculture Output by Value 2020*

	Employment	Production units	% of National employment	Trend 2019-2020
National 2020	1871.0	310.0	100.0	-6.8
North	526.0	67.0	28.1	-0.4
Northeast	80.0	10.0	4.3	1.3
Northwest	208.0	42.0	11.1	-13.0
South	260.0	50.0	13.9	10.6
Southeast	204.0	31.0	10.9	3.6
Southwest	283.0	56.0	15.1	-30.9
West	310.0	54.0	16.6	-2.8

Table 51: *Regional Employment and business structure (Assign via FLAG region)*

Value of major Irish Aquaculture Segments (€) 2016-2020

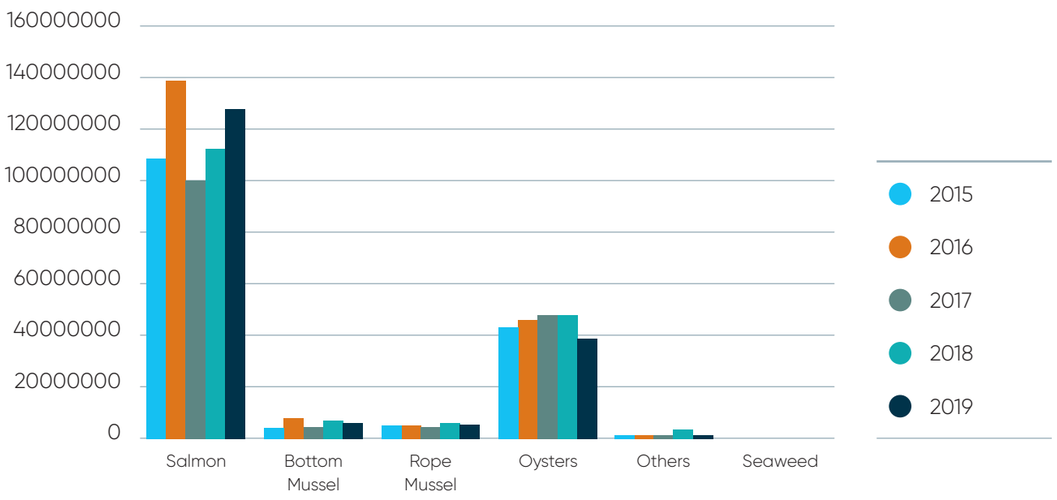


Figure 32: *Aquaculture volume and value 2016- 2020 by species*

An overview for each aquaculture sector presented to the Task Force by the IFA Aquaculture and BIM is contained Appendix 6.

14.2 Brexit Challenges

Due to Brexit, the Irish salmon farming sector has primarily been impacted from a raw material access (feed, juveniles, equipment) and from a logistics perspective. Due to size of the Irish industry, there are no companies that produce feed in Ireland, so all feed must be imported, primarily from the United Kingdom where it is produced. Due to the new health certificate requirements, ordering feed and having it delivered, a task which normally took a week from order to delivery in Ireland, now takes around a month. In addition to this delay in the time taken to get feed, there are extra logistical cost as feed has to be handled through a customs port, Dublin, so companies can no longer import feed directly, which again increases the time and cost of feed deliveries. Similar issues arise with importing equipment. The cost of equipment from UK based suppliers has increased, both in terms of the cost of the equipment and on the logistical cost of getting it too Ireland. In addition, to this delivery times have significantly increased.

Juvenile and eggs supply, both to and from Ireland has also been negatively affected. On the former, Ireland is not 100% self-sufficient in the production of eggs so is reliant on taking in eggs from third countries, primarily Scotland, Norway and Iceland. At present, getting eggs from these three countries has not proven to be too challenging, relying on non-EU suppliers comes at a risk should there be any disease or regulatory issues which would result in farms not having enough stock to put to sea on a given year. Another facet to juvenile supply is some Irish producers sell surplus stock to Scotland. Because of Brexit, this has become much more complex and costly, which has reduced the competitiveness of selling surplus juveniles

As the Irish salmon farming sector is reliant on the export market for its product, logistics to those market has been significantly impacted by Brexit. The biggest challenge has been the increase in cost and time in reaching European markets, whether that has been via the UK land bridge or utilising the direct ferry routes from Ireland to the continent. Every Irish salmon producer has reported a significant cost increase in using either option, time delays related to additional paperwork requirements, acquiring space on direct ferries, the additional sailing time with the direct route, and/or weather related postponing direct ferry sailings. Combined, these have resulted in Irish salmon being less competitive in the markets they supply.

As with the salmon farming sector, the Irish farmed oyster sector has primarily been impacted from a raw material access (juveniles, equipment), and a logistics to market perspective. However, this challenge is further complicated by the yet unresolved issue of new costs in the form of veterinary certification and inspections for the movement of live shellfish, upon entry into the UK as third country be it as the product destination or as a land bridge. The impact of this is compounded by the introduction of fees under the EU Official Controls Regulation which has added an additional cost to the industry which was not there prior to Brexit. Increased costs and reduced availability of imports from UK are leading to difficulties in maintaining boats and machinery. Ever increasing lead times on equipment deliveries and customs clearance is also frustrating the efforts of the sector to modernise and thus improve product handling and thus quality.

In common with other aquaculture sectors the rope mussel sector has primarily been impacted a logistics to market perspective. Again, like other bivalve species this challenge is further complicated by the yet unresolved issue of new costs in the form of veterinary certification and inspections for the movement of live shellfish. Equipment cost inflation and ever-increasing lead times on equipment deliveries and customs clearance is also frustrating the efforts of the sector to maintain/modernise and thus improve product handling and thus quality.

The seabed cultured mussel sector also has a unique set of uncertainties associated with the reciprocal access arrangements for the Irish and NI fleets conferred by the joint management arrangements document in the 'Rising Tide Report' and underpinned by the Voisinage agreements between Ireland and the UK.

Accessing the UK market has led to the same logistical challenges as the shellfish sector who utilise the land bridge. The increased administration is challenging but the sector and haulage firms have adapted. The infrastructure deficit for checks at Holyhead is a concern in that it adds to transport time. Drivers are much further constrained with check in times increasing.

Given the small size of the other parts of the aquaculture sector – seaweed and shellfish excluding oysters and mussels which accesses local and niche markets, Brexit has thus far failed to have a notable negative impact. As with other sectors, they are exposed to inflation in the cost of logistics, increased administration, and transit delays.

14.3 Opportunities

The aquaculture sector currently finds itself subject to an extremely favourable policy environment both at a European and National level. The European Green Deal and the Farm to Fork Strategy both underline the potential of farmed seafood as a source of protein for food and feed with a low-carbon footprint which has an important role to play in helping to build a sustainable food system. The Farm to Fork Strategy also sets specific targets for aquaculture a significant increase in organic aquaculture. This is because organic aquaculture is viewed as a means of meeting consumer demand for diversified high-quality food produced in a way that respects the environment and ensures animal welfare. It can also help fill the gap between EU aquaculture products demand and production for sustainable aquaculture products, and release pressure on wild stocks.

Given the challenges faced in the wild capture fisheries sector due to Brexit, a thriving and dynamic Irish aquaculture sector has the potential to mitigate the damage caused by providing opportunities in the seafood sector that would otherwise be lost. Aquaculture creates jobs and economic development opportunities in the EU's coastal and rural communities. This sector can also help: decarbonise the economy; fight climate change and mitigate its impact; reduce pollution; contribute to better preserving ecosystems (in line with the objectives of the biodiversity strategy and the Zero-pollution ambition for a toxic-free environment); and be part of a more circular management of resources. A strategic and long-term approach for the sustainable growth of aquaculture is therefore more relevant today than ever and thus the EU have updated.

The EU further recognise that scaling the sector will require addressing different challenges in order to reach the following inter-related objectives:

1. Building resilience and competitiveness;
2. Participating in the green transition;
3. Ensuring social acceptance and consumer information; and
4. Increasing knowledge and innovation.

At a *National Food Vision 2030* foresees the seafood sector continuing on a path of sustainable economic and environmental development through careful management. It further recognises the role of aquaculture in the wider seafood sector as a primary driver of rural economies around the coastline of Ireland. The sector acts as an anchor in these locations around which other supporting service sectors develop. Due to low productivity agricultural land, distance from urban settlements, low levels of transport connectivity and lack of alternative industry, these areas are often highly dependent on the seafood sector.

The Strategy has adopted a framework which revolves around the concept of high-level Missions which are underpinned by a series of key goals and actions. This reflects a movement towards mission-oriented policy which responds to 'grand challenges' and moves away from narrow sector-based approaches to more system wide transformation. This Strategy has four Missions and 22 Goals for the sector to work toward:

1. A climate smart, environmentally sustainable agri-food sector
2. Viable and resilient primary producers with enhanced well-being
3. Food, which is safe, nutritious and appealing, trusted and valued at home and abroad
4. An innovative, competitive and resilient agri-food sector, driven by technology and talent

Actions and goals relevant to the aquaculture sector include:

- Building sustainable aquaculture enterprises by broadening income sources which could include new/diversified markets, payment for carbon sequestration and storage, microgeneration of energy, protecting habitats and species, and providing other ecosystem services.
- Ireland to play a leading role in mitigating greenhouse gas emissions - The potential to develop new aquaculture opportunities, particularly the role anti-methanogenic properties of certain seaweed species could play in ruminant livestock diets.
- Implementation of recommendations of the report of the Independent Aquaculture Licencing Review Group, to ensure that feed products for aquaculture are sourced and produced in the most sustainable manner possible.
- Streamline the administrative procedure - The aquaculture licensing system needs to be adaptive to technology advances and local environmental conditions during the lifetime of the licences and at renewal. These issues need to be continued to be addressed through legislative change to maximise market demand and growth in the Aquaculture sector.
- Seafood Sustainability Programmes should be further developed to provide independent evidence to customers of good practice.
- Develop new bio-based value chains: algal biorefineries, seaweed farming, the multi-use of marine space in off-shore platforms, zero-waste, digitalised and circular aquaculture, new products and new pharmaceuticals from marine ecosystems, and carbon sequestration.
- Improve economic capability through training and broadening technical and business acumen of primary producers.
- Attract global investment in aquaculture technology. Promote Ireland as a knowledge base for aquaculture technology and research to attract investment on our knowledge base.
- Continue to develop linkages between local food and tourism offerings, including support for business development and marketing initiatives, specifically the seafood sector's approach to augment their value and connect with other economies in their area with the Taste of the Atlantic – a seafood journey.

Such a supportive policy framework provides an unprecedented opportunity for the sector to sustainably develop and increase output so as to offset the national reduction in seafood raw material supply as a result of the TAC. Such ambitious development targets will only be achieved by reaching the critical capacity to become self-sufficient in terms of seed stocks and other required raw materials.

14.4 Current Support

14.4.1 Bord Iascaigh Mhara (BIM)

BIM helps to develop the Irish Seafood Industry by providing technical expertise, business support, funding, training and promoting responsible environmental practice. In response to the needs of the sector BIM focus supports to industry in a number of areas:

Sustainability

BIM assists the sector in meeting environmental legislative requirements, and also to implement best environmental management practices. Supports are also available to assist in obtaining product certification that validates the reputation of the sector as one that produces sustainable, safe, seafood. BIM further support and partner the sector by researching and trialling novel technology with positive environmental and fish husbandry attributes. An example of this was the Desalination Solutions project where BIM worked with Irish salmon farmers and equipment suppliers to develop and refine eco-friendly methods for freshwater treatment and transport. This was an innovative and successful project, yielding cost-effective technological advances of benefit to the salmon farming sector. This project was co-funded by the Government of Ireland and the European Union, under Ireland's European Maritime & Fisheries Fund Operational Programme for the seafood sector.

Training

BIM provide a range of training/mentoring programmes to the sector including Food Safety, Seafood Quality and Technical Skills, Leadership and Management Development, safety training and Commercial Diving. BIM is continually seeking to make training as accessible as possible and thus is seeking to develop its capacity to integrate blended learning, such as e-learning and virtual classroom, into its programmes. BIM have piloted the delivery of a number of online programmes. This means that BIM can continue to offer training and advice to clients despite geographical challenges, scheduling conflicts and the current COVID 19 restrictions.

In partnership with the Institute of Technology Carlow, BIM has also been involved in the development of the Higher

Diploma in Aquabusiness. This programme offers opportunities for those interested in entering management roles in aquaculture and the wider seafood sector

Innovation

The overall aim of BIM's Innovation supports is to drive commercial growth across the sector in the quickest and most efficient way possible. An example of these efforts is the aquaculture accelerator programme which aims to fast-track the development and growth of companies in the aquaculture sector. Overall, a total of thirty-three companies have participated in the BIM Accelerator Programmes since 2018 and over 10 have gone on to receive private investment capital and continue to grow. This positions Ireland as a significant contributor of worldwide aquaculture innovation and thus directly reflects the food Vision 2030 aim attracting global investment in aquaculture technology.

Competitiveness

BIM works with the aquaculture processing sector to address issues of supply and scale. This was achieved through the provision of business insights and intelligence in combination with analyses of the socio-economic impacts of key issues facing the sector. Data is collected and dispersed through formal (Survey's and report publication) and informal means (Site visits, industry working groups).

Funding

BIM administer co funded European and National grant on behalf of DAFM (See Current Investment Schemes Section below.

14.4.2 Marine Institute

The Marine Institute provide a range of services to the aquaculture industry to ensure that the industry operates to the highest standards, in the areas of seafood safety, fish health and monitoring of the marine environment. They run a number of national aquaculture monitoring and control programmes to ensure that the aquaculture industry operates to international best practice standards, in accordance with European and national legislation, ensuring high quality seafood production and minimising the impact on the environment. These programmes include the national sea lice monitoring and control programme, the national phytoplankton monitoring programme which monitors marine waters for harmful algal blooms, and the national residues programme. The Marine Institute is the competent authority for fish health in aquaculture, and monitors shellfish for viral and bacterial contamination, and environmental pollutants.

The Marine Institute provide advice to the Department of Agriculture Food and the Marine on the licensing of aquaculture operations. In doing this, they assess all relevant information, including all relevant Irish and international scientific research on aquaculture and its impacts, which includes sea lice impacts, seafloor impacts, environmental pollutants etc and assess all the environmental factors to arrive at a consensus on the potential impacts of an aquaculture development.

The Marine Institute also carry out research, stimulate, fund and coordinate marine research and innovation programmes to support the sustainable development of Ireland's marine resources. Notably in 2016, they secured EU Horizon 2020 and Science Foundation Ireland funding for a range of research projects that will be carried out in close collaboration with Marine Institute teams in Newport and Galway as well as researchers at the NUIG campus in Carna with support also provided by Udaras na Gaeltachta. Research projects included studies on cleaner fish, which are used to control sea lice and other external parasites, animal welfare and on poly culture of shellfish, finfish and seaweeds to enhance biodiversity and reduce environmental impacts. The Marine Institute committed funding to create three jobs to run and maintain the Beirtreach Buí aquaculture research site and provide support to marine aquaculture research teams and projects.

14.4.3 Udaras na Gaeltachta

Udaras na Gaeltachta have further committed to extending national aquaculture research and industry infrastructure through the development of Páirc na Mara (PnM). PnM is envisioned to be a state of the art, low carbon, Marine Innovation Park, located on a greenfield site on the southern edge of the Connemara Gaeltacht. The site which will accommodate the Marine Innovation Park comprises approximately 9.01ha and will encompass a variety of marine related activities, where productive sector enterprises, public bodies, state development agencies and the research community will work together to add value to their products and services and to maximise the development potential of the marine sector in the region.

14.4.4 Bord Bia

Bord Bia assist in bringing Ireland's aquaculture products to the national in international markets thus enabling the growth and sustainability of producers. In relation to seafood promotion, Bord Bia received EU funding under the European Maritime and Fisheries Fund (EMFF) 2014-2020 with the objective of increasing exports in the emerging seafood markets and to assist the industry to secure higher value business in its core markets. This funding was allocated to support Bord Bia's international trade exhibition programme which comprises a Bord Bia Ireland Pavilion at a number of international trade shows.

14.5 Current Investment Schemes

The aquaculture sector accesses funding from the National and EU co-funded European Maritime and Fisheries Fund (EMFF) through grant aid programmes administered by BIM.

14.5.1 Sustainable Aquaculture Scheme (SAS)

This scheme provides grant aid to sustainably increase the productive output of aquaculture enterprises, supports new aquaculture enterprises entering the sector, scaling up of aquaculture enterprises to improve their competitiveness and efficiency, diversification into new species, more farming of underutilised species and promotion of organic aquaculture.

Particular attention is also given to the diversification of aquaculture towards methods with significant commercial output. The scheme also provides funding at a higher rate to encourage new farmers into aquaculture and to promote seaweed farming and recirculating aquaculture systems (RAS). The scheme funds capital investments in farms to meet these objectives.

Year	No. Projects	Total Funding €
2018	38	2.6m
2019	31	2.2m
2020	30	1.9m
Total	**99**	**6.6m**

Table 52: *Summary of EMFF Grant Aid under the SAS and number of applicants (2018-2020) for the aquaculture sector.*

CASE STUDY:

Construction of an oyster handling facility

GRANT AID WAS PROVIDED:

€323,821

COMPANY INVESTMENT:

€485,732

Outputs:

The company employs 20 people in rural Donegal and produces speciale oysters- a specific, high-quality grade which is in great demand in France, the Netherlands and Belgium. In addition to these markets, China has opened up and it is quickly becoming an additional core market. To produce the oysters to these high-quality demands careful grading and sorting to ensure that only the best make it through to the "speciale" grade. This project allowed the company to build a facility to handle the oysters and dedicated grading machinery to sort and pack them. Choosing a sheltered low-lying site means that the building has low visual impact and being close to the shore reduces transport time for the oysters, ensuring high quality and reducing the environmental impact of diesel consumption of vehicles by 20%

14.5.2 Knowledge Gateway Scheme

The objective of the Knowledge Gateway Scheme is to promote knowledge, innovation and technology with focus on research, new species development, managing diseases, business planning advisory, training, networking and knowledge transfer in the aquaculture sector.

In 2020 the scheme supported 11 projects with a total grant aid of €1.08 million. These projects were primarily undertaken by research institutions and were aimed at delivering technology solutions for industry or undertaking research. The projects cover a wide range of topics and areas relevant to the development of the aquaculture sector in Ireland including developing commercial applications for primary research in areas such as integrated multi-trophic aquaculture and micro algae.

Project topics funded include:

- developing a farm management and data warehousing solution for oyster farms
- evaluating commercial scale cultivation of the clam species Venerupis corrugate
- developing a roadmap and supporting processes/ methodologies to benchmark the environmental and socio-economic performance of the freshwater aquaculture sector
- longitudinal investigation to elucidate role and relationship between algal and microbial communities in freshwater aquaculture
- optimising integrated multitrophic aquaculture; developing sustainable, commercial applications

- development of commercialisation pipeline of Microalgal bioFactories starting from biodiscovery screening (M-factories)

Alongside the research projects, the Knowledge Gateway Scheme also supports initiatives directly from the aquaculture sector in partnership with research bodies to address current issues in the sector and develop solutions.

CASE STUDY:

Thermal treatments for the removal of sea lice from Atlantic Salmon during the high- risk period.

GRANT AID WAS PROVIDED:

€24,228

COMPANY INVESTMENT:

€24,228

Outputs:

The project was trialling a thermolicer in Ireland onboard a well boat. The treatment method uses water at 30-34oC, the sea lice have a low tolerance for changes in temperature causing removal of the lice. The salmon get passed through the processing loop in 25-30 seconds before being returned to their pens. The trial showed that the thermolicer was effective at removing sea lice from the salmon with minimal stress and injury to the fish. It is an efficacious treatment, which will help in reducing the use of veterinary medicines in the aquaculture sector whilst ensuring that disease management is effective. It also adds a further non- medical treatment type which is an important aspect of sea lice management and control.

14.6 Needs Analysis

With highly competitive global markets, the sector has to work hard to protect its reputation and continuously strive to innovate and maintain a level of competitiveness and resilience that enables it to prosper and develop in a globalised trading environment. Insight, innovation, and product differentiation and developing opportunities at home and abroad are further important elements in adding value.

The continued development of the sector to 2030 will depend on a continued focus on competitiveness and innovation, but also on an understanding of domestic, UK, EU and global market dynamics, a consumer orientation and an alignment with societal expectations in relation to issues such as climate change, animal welfare, and the links between food and health.

There is a need to develop the evidence to demonstrate the differentiating attributes of sustainably produced Irish food and beverages, particularly around taste, nutritional profile and health inducing properties, that are in line with lifestyle trends particularly in the area of convenience.

Logistical challenges particularly as a result of Brexit must be tackled if businesses are to be sustainable in the long term.

Full implementation of the recommendations and actions contained within Food Vision 2030 and in particular:

- Continue the implementation of recommendations of the report of the Independent Aquaculture Licencing Review Group.

- Streamline the administrative procedure - The aquaculture licensing system needs to be adaptive to technology advances and local environmental conditions during the lifetime of the licences and at renewal. These issues need to be addressed through legislative change to maximise market demand and growth in the Aquaculture sector.

Sector specific needs are further expanded below:

14.6.1 Salmonids

14.6.1.1.1 Building resilience and competitiveness:

There is an international, industry-wide trend of rearing larger smolts at sea resulting in a reduction in the grow-out time in sea-pens. In future Irish smolt growers and marine farmers will need to develop this capability which will bring several benefits. Firstly, all licenced salmon sites can be utilised for a 10-month period bringing fish to 5+ kg and be ready to receive fish two months after fallowing. This annual turnover of fish on a per site basis will increase productivity from year-to-year using the same maximum allowable biomass and the same number of licensed sites. Secondly, this shorter period at sea and the larger size at input will reduce both susceptibility and exposure to naturally occurring pathogens, parasites and stressors and will reduce the number of freshwater bath treatments and improve the financial outcome over each life cycle of farming.

The Irish sector is not self-sufficient in terms of ova or feed and equipment is imported. Brexit has highlighted the fragility when there is disruption in longer supply chains. Acknowledging the requirement to scale the sector, this is a factor to be addressed in building resilience and competitiveness.

14.6.1.1.2 Participating in the green transition:

As extreme storm events become more frequent, the successful transfer of robust offshore farming technology from other countries, along with product development in Ireland, will be of pivotal importance. Coupling these offshore systems, capable of dealing with a more aggressive wave climate, and having renewable power generation systems capable of harnessing the energy in the environment will further reduce costs and decrease carbon outputs to a very low level in comparison to any other livestock production system. The widespread implementation of scheduled, periodic freshwater treatments via the principles of nano-filtration and desalination for marine salmonids will improve fish health and welfare. Enhanced health diagnostic tools coupled with sentinel water quality monitoring will result in a reduced number of lost feeding days, this will improve Food Conversion Ratios (FCR) enabling smaller quantities of feed to be converted into a quality protein source suitable for human consumption. Taken together these advances will significantly reduce the already low environmental footprint of the sector. The use of fossil fuels to power salmon feeding barges is widespread currently, by 2030, these processes will be de-carbonised and renewable energy systems (wind and wave) will be employed. These are currently under test on specific sea sites and the technology will be further refined and implemented.

14.6.1.1.3 Ensuring social acceptance and consumer information:

The salmon industry in Ireland is under significant pressure due to competition from non-EU countries in the organic salmon market which has historically yielded high prices and thus supported profitability despite the higher cost of production in Ireland. The sector must respond by decreasing the cost of production and differentiation into both new markets and new products.

14.6.1.2 Increasing knowledge and innovation:

Rainbow trout production has remained stable at about 600 tonnes per annum for the last five years. The production of organic certified freshwater trout on cutaway bog land has been explored and with the further development of integrated multi-trophic aquaculture there is potential to grow volumes significantly. The further development of commercially scaled marine Recirculating Aquaculture Systems (RAS) will reduce cost per kg of production and the advancements in renewable energy capture, storage coupled with onsite energy generation will further improve the cost of production.

In the salmon sector, targeted efforts are needed to further develop preventive measures in terms of fish health and welfare – e.g., vaccines, genomics, treatment systems and functional feeds. Increased reliance on digital systems to optimise production processes is already evident in the sector but there is a clear need for improved sensor technologies and intelligent systems for disease detection and husbandry management.

14.6.1.3 Shellfish

14.6.1.3.1 Building resilience and competitiveness:

The increasing use of branding and an attention to quality and food safety management has led to an increased recognition and concomitant increased market penetration of Irish premium oysters into the top end of the markets in China and more recently in Holland and Belgium. However, the Covid-19 crisis has highlighted the overreliance of a large part of the sector on the food service markets in Europe. While these markets will return, a renewed focus on quality of product and a diversification of markets is required if large parts of the sector are to be resilient when faced with possible market disruptions in the future.

Aligned to salmon the Irish oyster sector is not self-sufficient in terms of seed supply and equipment is imported. Brexit has highlighted the fragility when there is disruption in supply chains (Logistics and trade barriers), this is a factor to be addressed in building resilience and competitiveness.

Mussel production in the EU has fallen during the last two decades in stark contrast to upward global production trend. The main strengths identified that sustain and may support growth in the near future are the expansion of domestic consumption, the increasing tendency to incorporate 5 added value to the mussels produced, the low environmental impact of mussel production, their capacity to clean water and to the potential for sequestration of carbon dioxide. For the rope grown sector challenges are mainly at the production and marketing levels. Low margins, due to an over dependence on the spot market and food safety management risk are the constraining factors.

14.6.1.3.2 Participating in the green transition:

There remains the potential for significant growth in the shellfish sector by utilising and developing technologies that improve the management of production and in the cultivation methodologies. An example is real time physicochemical monitoring systems for shellfish farms and as a result improved cultivation practices that will make better use of the current licensed areas. The drivers will continue to be "greener", utilising sustainable recyclable elements and renewable energy sources where practical.

Broadening income sources within a more diversified and resilient sector while participating in the green transition would support aquaculture business viability. Currently aquaculture businesses are reliant on a narrow range of products and are vulnerable to market fluctuations. Future income sources could range from the market for food products, to payment for carbon sequestration and storage, microgeneration of energy, protecting habitats and species, and providing other ecosystem services.

Ensuring social acceptance and consumer information:

Ireland has been a leader in placing a value on the low environmental impact of mussel production remaining Europe's main producing country for organic mussels which along with MSC certification for both rope and bottom grown mussels will hopefully lead to increased prices for the product.

14.6.1.3.3 Increasing knowledge and innovation:

Selective breeding programmes for disease resistant Crassostrea gigas provide opportunities for increasing the tonnage of oysters produced nationally, improving economic returns and providing a stable supply of oysters that match the markets requirements in Europe and Asia. With a full and efficient utilization of the current portfolio of licensed plots an annual output of 20,000 tonnes per annum is a likely prospect.

A return to vacuum packed cooked frozen mussel products would go a long way to solve the profitable route to market dilemma facing the growers. It may be reasonably assumed that the real-time assays for biotoxin contamination currently under development will be perfected and this will facilitate a resurgence in the growth of the processed mussel sector.

14.6.1.4 Seaweed

14.6.1.4.1 Building resilience and competitiveness:

As Ireland ramps up its farmed seaweed production there is a requirement for the development agencies to innovate and support existing tried and new production techniques. A commercial hatchery would address the issue of supply of seeded collector strings to the sector.

14.6.1.4.2 Participating in the green transition:

Research to investigate the commercialisation opportunity of A. armata as an anti-methanogenic animal feed additive could have an impact upon efforts by the beef and dairy sectors (as a suite of measures) here to meet their greenhouse gas (GHG) emissions targets. The scale of the undertaking cannot be under-estimated though and more growth data is needed to understand our ability to culture this species whether this is in inshore waters or further offshore co-located with wind energy sites. The ability of seaweed to fix carbon and the role of farmed seaweed in contributing to mitigation of Ireland's carbon footprint should be investigated along with inclusion in IMTA and bioremediation for heavy metals.

14.6.1.4.3 Increasing knowledge and innovation:

Adding value to the raw seaweed products including the extraction of bio-actives, are crucial areas needing attention for the sector to realise its full potential value. Early innovation work needs to be taken forward and supported by the development agencies with the knowledge generated being transferred towards product generation and commercialisation.

14.7 Vision

- A sustainable, profitable, competitive, and market-focused aquaculture industry making the maximum long-term economic and social contribution to coastal communities and Ireland as a whole. This vision is centred on delivering on the following development priorities:
- Market focused, supported by product diversification, enhanced trade and promotional activity in the domestic, EU and Global markets
- A sustainable increase in production of Irish Aquaculture output and value, to support communities affected by Brexit EU/UK TCA.
- Creating employment in coastal communities by providing direct and indirect jobs across the seafood sector, as well as retaining jobs displaced as result of the Brexit EU/UK TCA. Valued in the local community and the wider society.
- A reliable economic, and efficient route to market. Capitalising on new technologies to ensure competitive and timely routes to market
- Sustaining ancillary services in marine and aquaculture sectors. The development of the aquaculture sector sustains and is sustained by other marine sectors such as marine engineering, seafood processing and emerging technologies. Targeted supports here could assist in offsetting displacement from fisheries quota reduction as a result of the Brexit EU/UK TCA and merits consideration.
- Self-sufficiency in Irish Aquaculture production. Irish Aquaculture is largely dependent on sources of seed/ova for aquaculture production from providers in other countries -ambition for the sector to be self-sufficient in seed/ova supply with investment in innovation and technology
- Climate Positive. Contribute to meeting Climate action targets through carbon sequestration value, carbon efficient food production, use of renewable energy sources & creating smart jobs
- Innovative - Investment in adaptive technology and research to support a more efficient and environmentally sustainable Irish Aquaculture industry.

14.8 Draft Proposed Initiatives

New funding sources (BAR and EMFAF) represents an opportunity to invest in developing the aquaculture industry in Ireland and accordingly offers mitigation against the negative impacts that have occurred in other sectors of the seafood industry due to Brexit. Primarily, the BAR funding should allow the opportunity to invest in areas that will allow the Irish aquaculture industry to become more resilient, competitive and delivers the opportunity to grow sustainably. It is recommended that investment in the following areas takes place:

- **Equipment, systems, and facilities that will:**
  - modernise production sites and ancillary equipment in line with international best standards
  - maximise farm output while conforming to organic certification and other environmental considerations as appropriate
  - improve production efficiency
  - improve husbandry management systems
  - increase resource efficiency and reduce environmental impact
  - better utilise by-product
  - reduce waste
  - streamline administrative processes and increase flexibility in the system to facilitate rapid adoption of new production systems.
  - ensure high standards of navigational safety
  - mechanise repetitive low skill tasks
  - support health and safety
- **Build capability through development support to:**
  - better understand market opportunities (Domestic, EU and Global)
  - identify and trial new routes to market
  - trial new equipment and techniques
  - increase innovation capability
  - support research into areas of key need to the sector
  - facilitate access to expert technical assistance by the sector (Environmental, technical etc.)
  - support the development of ancillary services to modernise husbandry systems and capitalise on international market opportunities
  - build the social licence of the sector
  - address fragmentation
- Aid improved quality and sustainability performance through:
  - participation in programmes and systems and that improve product quality and environmental sustainability
  - reducing environmental footprint
  - monitoring and reporting sustainability improvement
  - attaining certification and accreditation
  - improving transparency to customers and the community
  - develop carbon models and climate mitigation measures to support the credentials of the sector as a low carbon source of protein
- Develop technical, management and marketing skills through support for:
  - developing skills in production and operational management
  - developing marketing and digital skills
  - developing an entry level suite of skills training

14.9 Funding

From the current supports available reviewed earlier, some €7 million is invested annually in the aquaculture sector of which €2-2.5 million is capital investment directly to the sector. It is envisaged that much greater utilisation of funding support is conditional on both the grant aid rate, eligibility as well as the total level of available support. It is proposed that graduated grant aid rates should apply so that categories of activity that will be most impactful would be most incentivised.

Funding to support the initiatives will be derived from both BAR and EMFAF with the former being available for immediate investment given the deadlines stipulated from that source. In response to the ambitious EU and National vision for the sector a support fund of €60m is suggested. Combined with matching industry funding, the stimulus suggested, would give the sector a unique opportunity to implement the change required to overcome the impact of Brexit while achieving the ambitious objectives outlined in Food Vision 2030 and the EU Strategic guidelines on sustainable aquaculture development.

14.10 Recommendations of the Task Force

The Task Force recommends that both the BAR and EMFAF funding sources should be utilised, as appropriate, to develop Irish aquaculture to mitigate against the negative impacts of Brexit that have been most pronounced in other sectors of the Irish seafood industry. It is recommended that graduated grant aid rates should apply so that categories of activity that will be most impactful would be incentivised with total grant aid support of €60 million being made available for investment. This would stimulate the modernisation of production sites in line with international best practice, increase resource efficiency and reduce environmental impact, advance understanding of market opportunities and innovation capability and develop technical, marketing and management capability.

15. Onshore/Offshore Initiatives - Public Marine Infrastructure

15.1 Overview

A key element in enabling coastal communities to maximise the benefits from their marine resources is the availability of good and varied, publicly owned, infrastructure to allow all potential marine users safe and easy access to the water. Availability of publicly owned marine infrastructure, of differing types and of different scale, assists coastal communities to flourish and diversify.

Good public infrastructure, allowing safe access to and egress from the water for the young, the old, the able bodied and the physically challenged, is a key enabler for the development of fishing, aquaculture, sea angling, marine tourism and leisure and a host of marine related activities.

Good public infrastructure is a central and essential element in creating an integrated response to the impact of the TCA on coastal communities. Accessible and safe public marine infrastructure enables Community Led Local Development (CLLD) to develop a wide range of marine activities.

Irelands marine public infrastructure, small piers, harbours, and slipways are often in the range of 100 to 150 years old. While widely used, they often fail to meet the expected modern standards. Much of this infrastructure does not enable, encourage, or facilitate the full development of Ireland's excellent and varied marine resources. While there are many hundreds of these public marine access points around the coast, many need to be improved and/or enhanced. Modern engineering and new technology allow for the development and enhancement of this infrastructure to better serve a wide range of users. Safe places for shelter and berthage, safe slipways for launching all kinds of vessels and modern pontoons for safe, level and easy access are critical elements in opening the full potential of our marine resources for the benefit of the coastal communities and the country more generally.

At local level, a good slipway, pier, or pontoon enables local enterprises and small business to develop and utilise the marine resources. Improvements and development of this type of public marine infrastructure around the coast would be a vital element in the integrated response and package of initiatives, which the Task Force is seeking to be put in place to offset the effects of the TCA. Enhanced public marine infrastructure is an enabler for coastal communities to develop a more diversified range of activities and a more resilient marine economy at a local level.

Much has been done over the last decade to improve public marine infrastructure and where development of slipways, pontoons and small-scale small craft harbours has occurred these have all been heavily utilised. The Department of Agriculture, Food, and the Marine, working with Local Authorities with a limited programme has driven these developments. However, Local Authority demand for funding for these types of development has always exceeded the available funding. It is clear that there is significant potential, with more funding, to accelerate the scale and variety of public marine infrastructure development.

15.2 Role of local authorities

The 31 local authorities across the country are responsible for a wide range of functions. Some of the functions involve a direct responsibility for strategic planning, funding and implementation of specific measures while other functions involve a broader developmental and an enabling role across society and communities. The local authorities while standalone statutory bodies

work collectively under the County and City Management Association (CCMA).

In relation to the Seafood Task Force, the role of the local authorities mainly involves:

I. the provision and management of coastal infrastructure such as piers and harbours.

II. the provision and management of the majority of Aids to Navigation along the Irish coastline in their role as Local Lighthouse Authorities. This involves literally the deployment and maintenance of many hundreds of lanterns, buoys and marker posts.

III. the provision, management and maintenance of infrastructure supporting various uses of harbours such as car parking, bus parking, lifts, hoists and so on for marine leisure and facilitation of the dredging of harbours through support from the DAFM.

IV. the developmental role in supporting wider coastal communities.

V. the support and development of linked enterprises such as tourism, innovation, digital connectivity.

VI. the support and mentoring of entrepreneurs who have propositions for value added products; and,

VII. the enhancement of coastal locations and public realm through town and village funding and the like.

15.3 Development Of Coastal Infrastructure

The fishing industry operates around the Irish coastline and islands from hundreds of piers and harbours of differing sizes that serve a wide range of coastal communities and industries. The piers and harbours can be categorised under the following headings:

I. The six national Fishery Harbour Centres of Howth, Dunmore East, Castletownbere, Dingle, Rossaveel and Killybegs.

II. Many significant regional ports and harbours with significant fishing activity for example Clogherhead in Co. Louth, Arklow in Co. Wicklow, Kilmore Quay in Co. Wexford, Helvick in Co. Waterford, Kinsale and Union Hall in Co. Cork, Fenit and Renard in Co. Kerry, Kilronan in Galway, Mullaghmore in Co. Sligo, Broadhaven and Achill in Co. Mayo, Greencastle and Rathmullan in Co. Donegal and others.

III. A vast number of small piers.

It is understood that around 85% of fish caught and landed into Ireland are landed into the six Fishery Harbour Centres. These are operated by DAFM. The Department invests to develop and modernize these Harbours to facilitate Irish and non-Irish fishing vessels to land. Each year there is a significant investment made by the Department and, the investment in 2021 is €33 million. Demand for further funding is always high to keep abreast of the needs of the Harbours.

All other piers and harbours fall under the control of the local authorities with very limited funding available. In 2021, €4.5 million has been made available by DAFM to assist Local Authorities in developing and maintaining small Local Authority owned harbours. Due to the funding shortfall, local authorities are only able to provide very basic day to day maintenance funding out of their own resources and borrowings.

It is important for the country to protect the many pier and harbour assets that are dotted around the coastline. Most of these were constructed generations ago and while they have stood the test of time, many have weathered, deteriorated, and fallen into disrepair. It is also noted that some regional ports require extensive dredging – without it they will no longer be able to accommodate deep drafted fishing and / or merchant vessels, thus reducing their economic viability as commercially viable entities. These state-owned assets are vital for the fishing industry and the associated uses such as marine leisure, tourism, rescue services, and support industries that help ensure the sustainability of our coastal communities.

Local Authorities up and down the country have various plans for developing their piers and harbours, but their ambitions are limited by funding available to them and the need to prioritise limited funding across the many functions for which they have responsibility.

15.4 Current Funding Arrangements

At present Coastal County Councils have functional responsibility for delivery of the Local Authority Fishery Harbour and Coastal Infrastructure Development Programme, funded on an annual basis by DAFM. In May 2021, the Minister for Agriculture, Food and the Marine, announced details of a €4.5 million Capital Investment Package for the ongoing development of Ireland's publicly owned harbour network involving 79 Local Authority Harbours across 12 coastal Local Authorities

Under this programme coastal infrastructure developments and essential upgrade works are carried out by the coastal local authorities at numerous harbours around the coast.

15.5 Post Brexit Regeneration

A key enabler in offsetting the implications, for local communities, of the Brexit related adjustments to the fisheries sector is regeneration and development of many of coastal structures around the coastline. Many of these structures, especially those of a minor nature and which are important landmarks to local communities, have declined in both their structural integrity and effective usage over the years. A new focus on innovative restoration would see many of these structures delivering new benefits to smaller and often remote communities. In some instances, this investment could result in these structures becoming different in nature to their original functionality, with diversification into leisure, recreational and other usages, such as aquaculture support facilities for small vessel launch to access nearby sites.

An initiative in this area could see Local Authorities being invited to submit funding proposals for improvements and regeneration to selected Local Authority Fishery Piers, Harbours and other coastal infrastructure, with specified improvement works aimed at enhancing the use of these facilities by the general public for inshore fishing, sea angling, aquaculture and wider leisure and recreational purposes.

The initiative would be administered by DAFM with the co-funding coastal Local Authority being fully responsible for the planning, permitting and construction of the approved projects. The initiative is premised on delivering a broad geographical spread of the investment monies based on the priorities of the Local Authorities.

A number of necessary conditions could attach to the initiative for example all proposed works must be on State owned property and all proposed works would require relevant statutory permitting, put in place by the Local Authority. Works should be designed to a high architectural and engineering standard and would be pre-approved by DAFM.

Slipway under construction at Rossaveel FHC, Co. Galway

In developing such an initiative, coastal Local Authorities would be encouraged to designate marine infrastructure in accordance with a tiered order of priority. Coastal Local Authorities would have to plan and allocate works according to an expected consistent standard of service and facilities appropriate to the level and type of use and importance of different marine infrastructure. Where relevant, development proposals should be in line with County Development Plans.

Coastal Local Authorities would also be required to plan, and design works to enable compliance with obligations such as those relevant to formal Engineering Standards (BS or otherwise), Port Safety & Access, Port Waste Management and the Climate Action Plan relevant to the Public Sector Obligations.

Helvick Harbour, Co Waterford

Where works are expected to last more than one year, the Local Authority should outline future proposed project stages. Where continuity is essential, these stages will be given priority over new applications at application stage each year. Allowing for variation in funding allocations under the initiative, Coastal Local Authorities would be encouraged to have a project pipeline in place, where the opportunity for increased funding might arise.

Coastal Local Authorities would also outline measures they propose to ensure public awareness of the project funding and financial sponsors and to promote public knowledge of marine infrastructure within their charge, (e.g. making location and infrastructure information available on Local Authority websites). Coastal Local Authorities would also liaise with the locally led development bodies to ensure that maximum synergies would emerge.

Under the initiative and in addition to inclusion of public safety elements, promotion of environmental awareness and high standard design will be

included as strong themes in development proposals.

15.6 Investment in works that will Deliver Impacts

It is envisaged that under the Task Force the following category of works would be recommended for funding.

- Major Infrastructure works (LAND BASED): (e.g. berthing walls, pier strengthening, piling, pontoons, slipways (Islands/barge access and leisure traffic)
- Major Infrastructure works (MARINE BASED): (e.g. dredging, navigational aids)
- Ancillary infrastructure works: Public lighting, CCTV, Electrical power facilities for commercial & leisure vessels, Access control, Port Waste Management Facilities, Port management facilities for Harbour Masters/Managers (offices, showers/toilets provision), Temporary Storage Areas/facilities, Access to water, Parking (related to harbour access), EV Charging facilities
- Slipways and Slipway improvements
- Access Pontoons
- Harbour access walkways and/or gangways
- Vessel and water-based recreational use (e.g. canoeing, kayaking, paddle boarding) launching points
- visual landscape enhancement of location
- provision of outdoor seating areas
- viewing point & local information noticeboards
- safe public access to waterfront
- vessel embarkation points: jetties, floating pontoons; etc.
- water lifesaving enhancements (life-ring points, etc)
- include features relevant to the location, (e.g. artwork)
- access for the disabled
- high standard welfare facilities
- Vehicle battery charging points (incl. electrical power supply infrastructure)
- Environmentally sound Foreshore reclamation (dredging / development)
- Waste Management Facilities
- Ancillary: Safety signage and equipment, designation or management measures for different users, Information promotion regarding facilities

15.7 Scale of Funding

The Task Force recommends that this initiative should provide funding to coastal Local Authorities of €80 million over five years. In the early the years the focus should be almost exclusively on smaller projects, which face shorter lead in time and could be "shovel ready" at an early stage to have an immediate impact. Funding for these early-stage projects, which would also provide an immediate construction stimulus to remote rural coastal communities impacted by the TCA, could be funded under the BAR.

Subject to this initial focus on small scale should ready projects with a short lead in time, it is envisaged that of the €80 million identified over the next five years:

- €10 million would be aimed at projects with an upper per project limit of €1 million and a Local Authority co-funding rate of 15%.
- €50 million would be aimed at projects with an upper per project limit of €500,000 and a Local Authority co-funding rate of 15%.
- For harbours that are particularly impacted by Brexit, either Fishery Harbour Centres or Local Authority piers, by virtue of proximity to UK waters and the potential loss of fishing opportunities resulting from Brexit, the project limit would not apply and a fund of up to a maximum of €20 million would be made available for this category of project. It would be a requirement that the project be completed within the five-year lifetime of the programme. If the harbour in this instance is Local Authority owned the Local Authority co-funding rate of 10% would apply to such projects.

The proposed reduction in the Local Authority co-funding rate from the current 25% is designed to facilitate Local Authorities in carrying out the expanded investment programme. It is also important to allow time for Local Authorities to pipeline projects (scoping, consultation, design, permitting, etc.). Accordingly, it is proposed to stage the scheme for Local Authority owned infrastructure over five years with a budget of up to €15 million in year 1, €20 million in year 2 and €15 million in each of years 3 to 5.

15.8 Key Conclusions

Public Marine Infrastructure (Piers, Slipways, Pontoons etc) are a critical enabler to maximising the use of and benefits to be gained from our rich marine resources. Good publicly owned marine facilitates the development of a myriad of uses and enables commercial fishing, aquaculture, sea angling and other marine leisure and recreational activities to develop and flourish. The development of this range of water-based activities drives related on shore activities and helps to diversify and build resilience in our coastal communities.

Much of our marine public infrastructure is old and is holding back the full development of a range of marine water-based activity. Accordingly, and in line with the Task Force terms of reference, the Task Force is recommending an €80 million five-year initiative for the development publicly owned marine infrastructure.

The earlier years of the programme would focus on small scale "shovel ready" projects, which would be funded under the BAR and would give immediate construction stimulus to the coastal communities impacted by the TCA. The resulting infrastructure development would provide a long-term platform for the development of new and diversified economic activity in these coastal communities. The provision this enhanced publicly owned marine infrastructure would be a key enabler in allowing integrated application at a local level of the Task Forces other initiatives for the seafood sector, locally led development and marine tourism initiatives.

15.9 Recommendations of the Task Force

Much of our public marine infrastructure is old and is holding back the full development of a range of marine water-based activity. Accordingly, and in line with the Task Force terms of reference, the Task Force recommends an €80 million five-year initiative for the development of publicly owned marine infrastructure.

16. Onshore/Offshore Initiatives - Coastal Community Led Local Development (CLLD)

16.1 Overview

Recognising that coastal communities are facing reducing incomes and a myriad of challenges due to Brexit; the Seafood Task Force had identified Community Led Local Development (CLLD) as having a key role to play in addressing the detrimental impact of the TCA on Ireland's coastal communities.

CLLD empowers communities to support initiatives to create employment and economic activity to sustain livelihoods in an area-based approach. The Seafood Task Force has sought the participation and views from a range of stakeholders specifically focused on CLLD including Fisheries Local Action Groups (FLAG) and Local Community Development Committees (LCDC), Irish Local Development Network (ILDN), County & City Management Association (CCMA) and Údarás na Gaeltachta to strengthen the vision for CLLD as part of the solution to Brexit.

The Fisheries Local Action Group Programme was first established in Ireland in 2013 under the European Fisheries Fund (EFF) and continued under the European Maritime and Fisheries Fund (EMFF). Under the initial Programme 6 FLAGs were established around the Irish coast, this increased to 7 under the EMFF Programme.

Figure 33: *FLAG Areas*

- FLAG Northeast
- FLAG Southeast
- FLAG South
- FLAG Southwest
- FLAG West
- FLAG Northwest
- FLAG North

There are two main funding streams for community led local development in Ireland, both of which co-funded by EU.

- Under European Agricultural Fund for Rural Development (EAFRD), LEADER is programmed under Priority 6 of the Rural Development Programmes: – promoting social inclusion, poverty reduction and economic development in rural areas and provides the basis for LEADER to address key challenges facing Irish society and deliver supports to address, for example, the increase in levels of poverty and social exclusion.

- The Fisheries Local Action Groups 2014-2020 were funded under Union Priority 4 of the European Maritime Fisheries Fund (EMFF). It is worth considering the key differences between EMFF and EMFAF Article 60 and the implications for how to deal with detrimental impacts of Brexit on coastal communities.

Under the European Maritime Fisheries Fund (EMFF), the FLAG was to be representative of not just the fisheries and aquaculture sector but also the wider coastal community and the LDS to be an integrated development strategy for the entire community as per Article 60 below:

Community–led local development strategies

1. *In order to contribute to the achievement of the objectives referred to in Article 59, community–led local development strategies shall:*

   a) *maximise the participation of fishery and aquaculture sectors in the sustainable development of coastal and inland fisheries and aquaculture areas.*

   b) *ensure that local communities fully exploit and benefit from the opportunities offered by maritime, coastal and inland water development and, in particular, help small and declining fishing ports to maximise their marine potential by developing a diversified infrastructure.*

2. *The strategies shall be coherent with the opportunities and needs identified in the relevant area and the Union priorities set out in Article 6. Strategies may range from those which focus on fisheries to broader strategies directed at the diversification of fisheries areas. The strategies shall go beyond a mere collection of operations or juxtaposition of sectoral measures.*

Article 63 went further with respect to specifying the types of actions to be carried out to implement the LDS:

Article 63

Implementation of community–led local development strategies

1. *Support for the implementation of community–led local development strategies may be granted for the following objectives:*

   (a) *adding value, creating jobs, attracting young people and promoting innovation at all stages of the supply chain of fishery and aquaculture products.*

   (b) *supporting diversification inside or outside commercial fisheries, lifelong learning and job creation in fisheries and aquaculture areas.*

   (c) *enhancing and capitalising on the environmental assets of the fisheries and aquaculture areas, including operations to mitigate climate change.*

   (d) *promoting social well-being and cultural heritage in fisheries and aquaculture areas, including fisheries, aquaculture and maritime cultural heritage.*

   (e) *strengthening the role of fisheries communities in local development and the governance of local fisheries resources and maritime activities.*

The EMFAF in contrast acknowledges that the wider focus both in terms of the membership of the FLAG and the breadth of the LDS resulted in a loss of focus in the targeting of funding. This is evident in Recital 44 which advises appropriate representation of the blue economy (including the fisheries and aquaculture sector) consistent with the level of focus of the LDS in that area:

(44) *The development of a sustainable blue economy strongly relies on partnerships between local stakeholders that contribute to the vitality of coastal and inland communities and economies. The EMFAF should provide tools to foster such partnerships. For that purpose, support through CLLD should be available under shared management. That approach should boost economic diversification in a local context through the development of coastal and inland fisheries, aquaculture and a sustainable blue economy. CLLD strategies should ensure that local communities in fishing and aquaculture areas better exploit and benefit from the opportunities offered by the sustainable blue economy, capitalising on and strengthening environmental, cultural, social and human resources. Every local partnership should therefore reflect the main focus of its strategy by ensuring a balanced involvement and representation of all relevant stakeholders from the local sustainable blue economy.*

With respect to the LDS there is no longer a requirement for a holistic approach and the option is given for a more targeted approach in Article 30:

Article 30

Community-led local development

1. *To achieve the specific objective referred to in Article 29 of this Regulation, support shall be implemented through the CLLD set out in Article 31 of Regulation (EU) 2021/1060.*

2. *For the purposes of this Article, the CLLD strategies referred to in Article 32 of Regulation (EU) 2021/1060 shall ensure that communities in fishing or aquaculture areas better exploit and benefit from the opportunities offered by the sustainable blue economy, capitalising on and strengthening environmental, cultural, social and human resources. Those CLLD strategies may range from those which focus on fisheries or aquaculture to broader strategies directed at the diversification of local communities.*

These changes mean that there is the scope to adopt a much more focused approach for the LDSs in the forthcoming programming period consistent with the need to explicitly focus on the impacts of Brexit.

As currently structured the FLAGs Programme involves a partnership approach between coastal communities as represented by individuals from various community, state, particularly the seafood sector through active seafood producers and BIM as the State Agency and Implementing Body. The Fisheries Local Action Groups (FLAGs) uniquely focus development funding specifically on fisheries and aquaculture areas within 10km's of the sea around the entire coast, precisely the communities that will be most impacted by Brexit. FLAGs have benefitted collaboratively by including LCDC, ILDN LCD (Local Development Companies), Údarás na Gaeltachta, coastal County Councils and Local Enterprise Offices (LEO) in their groups and in the development of the Local Development Strategy and its subsequent implementation. This approach has greatly enhanced the penetration of funding and maximised the impact for fisheries and aquaculture dependent communities in a targeted manner.

16.2 Brexit Challenges

The seafood industry supports some of the most fragile and vulnerable communities in the State. The implication of any reduction in competitiveness or resilience can send economic and social shock waves through their communities. The complexity and interplay between jobs at sea and their supporting communities is well recognised and any loss of profitability at sea leaves an economic vacuum ashore.

Under the TCA between the EU and UK, Ireland will lose 26,412 tonnes of quota per year, on a phased basis up to 2026, valued at around €43 million. The direct impacts relating to quota reduction have been considered elsewhere by the Task Force and are detailed in section 4. While much of the quota reduction will be felt at the 6 DAFM Fishery Harbour Centres and 5 larger County Council ports (Clogherhead, Kilmore Quay, Union Hall, Baltimore and Greencastle) the wider, direct and indirect, impacts of Brexit will be felt by communities around the entire coast who are dependent on fisheries, aquaculture, and spending power they generate at a local level.

The loss of quota will have direct downstream impact on the processing sector and workforce in coastal communities. The direct impact of these quota cuts has been explored in depth in parallel papers and as mentioned will be addressed through a number of initiatives developed by the Task Force aimed at supporting the fishing and processing sectors directly.

In addition to the direct loss of quota there exists significant other direct impacts from Brexit on the fisheries and aquaculture sectors which have resulted in reduced prices and increased costs. For example, the access to raw materials; lack of self-sufficiency; logistical challenges; new and additional costs such as health certificates, import/export duties; access, lead times and cost inflation to equipment; and competition from non-EU countries. These can be considered under the following categories:

16.2.1 Direct impacts of Brexit

Market Access – Historically much of the lobster catch, was exported through to, or to, the UK. Since Brexit this outlet has been effectively closed. As a result, shellfish buyers without established markets in Europe are selling product to exporters that have access to European markets rather than exporting themselves directly.

Export Logistics – Much of both the aquaculture and inshore fisheries sectors export of their product live. This is an even more time sensitive product than fresh chilled fish, requiring careful logistics to avoid mortalities and meet markets. Access to the speedier land bridge via the UK has been extremely important in facilitating these live shellfish exports to Europe.

In order to avoid possible delays due to customs formalities and veterinary inspections due to Sanitary and Phytosanitary Controls (see below), exporters have been forced to utilise more expensive and slower direct shipping routes to Europe. This increases costs, reduces shelf life and thus the value of the product and results in decreased prices for the fishers and producers.

Sanitary and Phytosanitary (SPS) Controls – While these have yet to be implemented even their impending introduction has resulted in significant direct price impacts. The associated risk and cost of compliance with paperwork has impacted prices and thus competitiveness. There are also serious concerns that Category B waters with bivalve shellfish requiring either depuration or cooking before consumption, that the UK could mirror the current EU restrictions on UK bivalve shellfish and prohibit the import of bivalves from Category B waters for processing or even their import to transit to Europe for processing there.

Increased Costs – Access, lead times and cost inflation are impacting operating cost. For example, engineering parts for vessel engines etc have seen significant increases as the distributors are still based in the UK. Aquaculture equipment and fishing gear, a high proportion of which is manufactured in the UK have also seen price increases of 10-20%. Delays and uncertainty coupled with imposition and collection of customs charges are economic implications through increased cost and disruption of operations.

Second-hand Vessel Importation - The majority of imported second-hand vessels have historically been and continue to be imported from the UK. Significant costs increases are being felt in this area due to the imposition of customs charges. While VAT can be reclaimed, it does create added complexity to the transaction.

16.2.2 Indirect impacts of Brexit

The effects on the ancillary enterprises servicing the fishing fleet, the aquaculture and the processing industry in these ports as well as their coastal communities are significant. A wide range of enterprises including, boatyards, engineering works, chandlers and gear suppliers will inevitably be impacted as the fleet restructures. Similarly, it is feasible that there will be displacement from the fishing and processing sectors due to Brexit related restructuring and these individuals will be seeking alternative careers in their local communities.

A further potential impact of Brexit is that of displacement of activity from the sectors which have lost quota into the inshore sector where no quota restrictions apply for many species, nor are there comprehensive management plans to ensure sustainable exploitation. It is imperative that any investment intervention does not have unintended consequences and does not distort competitiveness in the current fragile situation in the inshore sector.

Despite the direct loss of quota being most acute in the under 15m polyvalent sector, whitefish and pelagic species make up a proportion of the annual catch for many vessels in the inshore

sector. While these may be small amounts, they are a crucial building block in the overall annual income for these vessels. The continued availability of whitefish and pelagic quota to the inshore sector is critical in ensuring that the economic value of these valuable quotas is dispersed as widely as possible across coastal communities diversifying activity and increasing resilience.

The above assessment demonstrates that there are and will be significant impacts of Brexit across all sectors of the seafood industry and its communities. Specific supports for individual sectors are either in the process of being implemented or are in development. Many of these supports will be by their very nature be temporary and only mitigate the immediate impacts of Brexit and will not address the longer-term structural changes that will be required to fully adapt to the new reality that Brexit brings. In addition, these supports will only be focused at mitigating direct impacts in specific sectors but will not mitigate the inevitable loss of business to the ancillary sector that provides maintenance, repair and support services to the industry that will flow from both the short-term impacts, reduced profitability and the restructuring that follows. Nor will they mitigate that loss of economic activity at large in communities in terms of grocery shops, garages, hardware stores etc that all depend on people employed in the seafood industry spending within their own coastal communities.

All of this will inevitably drive reduced profitability of seafood and ancillary enterprises and in some circumstances result in job losses. Therefore, there is clearly a need for a directed support programme to facilitate the transition that will be required in the affected coastal communities across the wide range of sectors that stimulates economic activity, supports investment to recover profitability as well as retraining and measures for diversification and the establishment of new businesses.

16.3 Current Support

Bord Iascaigh Mhara helps to develop the Irish Seafood Industry by providing technical expertise, business support, funding, training and promoting responsible environmental practice. In response to the needs of the sector, BIM provides services to industry in the areas of Sustainability, Innovation, Competitiveness and Training. Much of the support provided is in the form of capital grant aid under the EMFF Seafood Development Programme funded with specific sector-based funding schemes which are detailed under the respective sectoral profiles in the report. The Fisheries Local Action Groups Programme is of particular importance with respect to supporting coastal communities. This Programme has delivered supports across a wide range of sectors within coastal communities complementary to the other-directed sectoral supports provided through the EMFF.

The FLAG Programme was first launched in 2013 and has since increased from 6 FLAGs under the EFF, this was further expanded to 7 FLAGs under EMFF from 2016 to the present. A total of 987 projects have been funded by the FLAG programme since 2013. (Table 53). Several Examples of successful FLAG projects are available in Appendix 7.

Year	Projects Approved	Projects Paid	Total Investment	Total Grant Aid	Average Grant Aid Rate
2017	170	139	€3,034,662	€1,774563	58%
2018	285	210	€3,158,549	€1,944,750	62%
2019	274	228	€4,398,177	€2,729,051	62%
2020	189	224	€5,651,953	€3,535,123	62%
2021*	62	N/A	N/A	N/A	N/A
Total EMFF	**980**	**801**	**€16,233,241**	**€9,983,487**	**62%**

*FLAG 2021 budget figures are fully committed for this period and are projected to meet the full EMFF allocation

Table 53: *Funding disbursed by FLAGs over the period 2013 to 2020*

16.4 FLAG Impacts

In considering the potential of the FLAG Programme to contribute to mitigating the impact of Brexit on fisheries and aquaculture dependant coastal communities it is useful to consider a brief analysis of spend of FLAGs over the period 2017-2020 presented below:

Percentage of FLAG Spend by Project Type

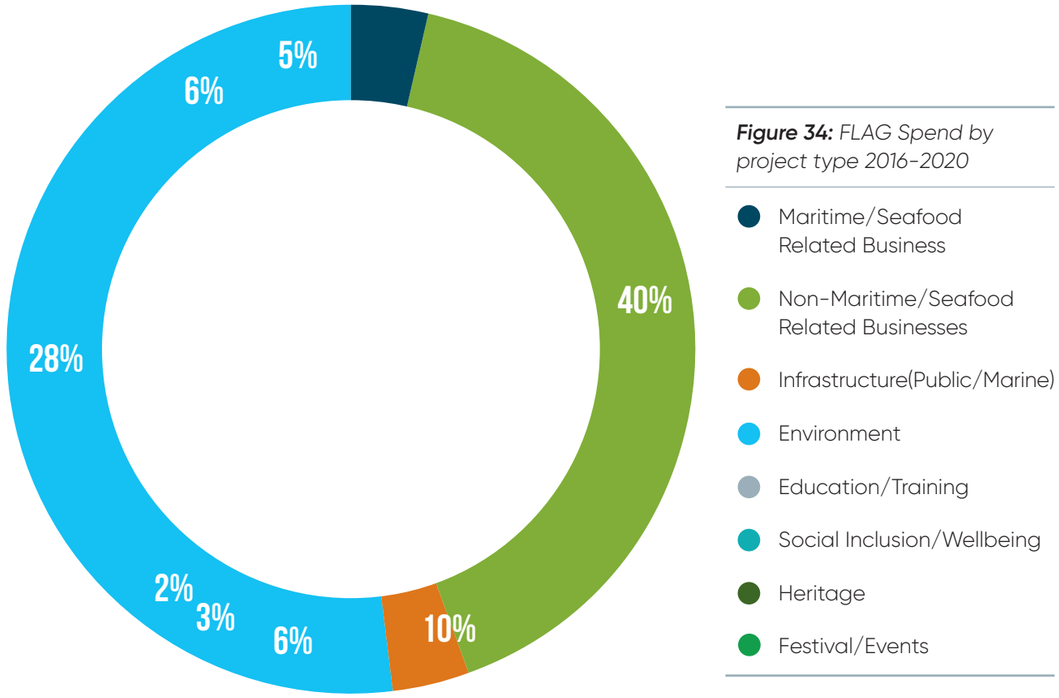


Figure 34: *FLAG Spend by project type 2016-2020*

Of particular interest are the categories Maritime and Seafood Related Businesses, Non-Maritime and seafood Related Businesses and Infrastructure making up 56% of expenditure in total. The first two categories are clearly associated with job creation and maintenance, while infrastructure overwhelmingly concerns pier or landing place improvements that are not eligible under other funding schemes and can also be considered as contributing, albeit indirectly, to job creation and maintenance. Of importance in this regard has been works carried out at piers and landing places such as the installation of railings, landing davits and pontoons and nationally funded schemes that do not only benefit the fisheries and aquaculture sector in the area but also the marine tourism sector. The category Non-Maritime and Seafood Related Businesses is primarily comprised of tourism related enterprises that are not directly linked to the marine. However, they stimulate much need economic activities by attracting by tourists to coastal communities. It is of note that the percentage cumulative expenditure figure for these categories was as high as 65-70% over the period 2017-2019 but, the challenging business environment brought about by the impact of the COVID 19 pandemic in 2020 saw this proportion fall markedly. It is a strong indicator that the design of new supports needs to consider the delicate balance of cashflow and investment confidence if it to truly stimulate growth diversification, reskilling and job creation.

To assess the impact of the FLAG programme under the EMFF, the promoters of 682 FLAG projects were surveyed with a 58% response rate. Projects that were Maritime/Seafood related businesses and Non-Maritime/Seafood reported 232.5 jobs created, and 304 jobs maintained.

While the FLAGs Programme is not an explicit job creation programme, the figure for investment per job created can be calculated at €19,000 based on all projects funded. This demonstrates the positive impact of the FLAGs programme on job creation in coastal communities.

16.5 Swot Analysis

The SWOT analysis of FLAGs and their role as a mechanism for CLLD targeted specifically at coastal communities that will be impacted by Brexit is complemented and balanced by the SWOT for the Small-Scale Coastal Fishing sector[8] (SSCF). Taking both, gives a realistic barometer for the challenges facing coastal communities.

Strengths	Weaknesses
• Focus on fisheries and aquaculture dependant coastal communities • Expertise and local knowledge from both seafood sector and community on FLAG Boards • Strategies developed through extensive consultation with communities using CLLD methodology • Operational areas coherent, sensible and practical facilitating significant localised impacts • Focus on small seafood and marine tourism businesses, particularly start ups • Low administrative costs as borne by BIM increases grant aid available • User friendly application process • Strongly networked coastal community • High level of entrepreneurial activity within communities • Strong sense of community, heritage, and it's preservation • Recognition of the sustainable management of the marine resource • Global food demand is rising, and local fishing communities can supply this growing market • Growing level of tourism activity within the coastal region	• Too few networking opportunities for FLAGs • Limited animation and publicity of the programme • More promotion and branding of FLAGs as funding entities is required • Some overlap with other support schemes • Difficult to attract and retain seafood industry members to serve on FLAG boards • More focus required in Local Development Strategies – too broad based • Young people leaving coastal areas for education and employment and not returning because of limited employment prospects. • Young people seeking employment in more secure sectors e.g., ICT • Very limited access to existing marine / environmental assets. Significant barrier to utilising and promoting these. • Issues around dual licensing creating a barrier to diversification activity for fishing vessels. • Problems attracting young people in the fishing and aquaculture industry is a significant weakness for future planning and succession planning. • Infrastructure issues in relation to broadband and mobile telephone signal are barriers to new business development in coastal or rural areas. • Limited access to finance for private individuals or businesses making it difficult to apply for grant aid. • Seasonal unemployment is high

Table 54: *SWOT Analysis for CLLD through Fisheries Local Action Groups*

8. Small-scale coastal fisheries (SSCF) are defined as fishing carried out by fishing vessels of an overall length of less than 12 m and not using towed fishing gear

Strengths	Weaknesses
• A large and diverse sector, comprising 85% of vessels registered 48% of employment • A diverse and skilled catching sector. • RIFFs and NIFF, NIFA providing the sector with a stronger voice and increased profile and advocacy. • Increased representation of the sector contributing to policy making • Clean Atlantic waters, high quality environment and the international reputation of Irish food drives demand for inshore sector produce • Growing access to diversified markets for Irish shellfish in Asia and mainland Europe. • Local, more stringent, conservation measures and management of fisheries in Ireland. • Dedicated funding streams and programmes to support the sector	• Lack of cohesion and disparate voices in sector results in ineffective advocacy for sector. • Limited reservoir of industry leaders with capacity to engage on emerging issues and represent sector. • An ageing workforce in the sector due to lack of new entrants • Inadequate data on the inshore fisheries sector. • Lack of digital literacy among fishers a barrier to engagement, information and progress. • Low awareness of marine biodiversity, habitat loss, climate change and environmental impacts • Wide variation in levels of profitability • Limited opportunities for diversification. • Poor stock management in certain fisheries could lead to further stock depletion • Large fluctuations in income creates vulnerability in the sector • Lack of stress testing business investment opportunities • Inherent low carbon nature of fixed gear fishing can put sector at the forefront of climate action in the wider seafood sector. • Insufficient onboard and onshore infrastructure to maintain consistently high-quality seafood products across the sector • Poor communication and co-operation between the industry and environmental NGOs

Table 55: *SWOT for SSCF*

16.6 Priorities and Enabling Actions Identified in Submissions to Task Force

Recognising the experience and impact of CLLD in Ireland, the Seafood Task Force comprised several members who are experienced CLLD practitioners in rural communities and invited submissions from them. The relevant key points of which are presented below.

The County and City Management Association (CCMA) in a comprehensive submission identified seven areas that would address the impacts of Brexit:

- Driving Value-Added Processing and Innovation
- Marine Support Industries
- Upskilling Workforce in Coastal Communities
- Sustaining Coastal Communities
- Broadband Connectivity
- Designated Ports
- Community led Local Development Initiatives

While some are directly relevant to CLLD, others such as poor broadband connectivity are obstacles to the general competitiveness and resilience of coastal communities. They note that digital connectivity of coastal and fishing regions has tended to be weaker than the more populated towns and cities and that this should be addressed to underpin and support business establishment, for efficient trading to take place and to strengthen our coastal communities as locations to live, work and visit. It is recommended that coastal towns and villages are examined for priority roll-out.

They also recommend that additional funding can be provided through the Rural Regeneration Development Fund (RRDF) to progress many initiatives and it is recommended that consideration be given to creating a special fund within the RRDF that is only available to coastal communities and islands and that specific criteria be established for the fund so that it could achieve the best impact and success to address specific areas.

The CCMA recognises the roles of Fisheries Local Action Groups (FLAG) and the Local Community Development Committees (LCDC) in distributing their respective funding streams but also highlights that the local authorities are at the heart of bringing communities together, organising consultation, developing strategic community plans and leading and guiding the implementation of agreed actions to deliver successful results therefore are well positioned and willing to lead this effort for coastal fishing communities affected by the TCA agreement.

Donegal County Council identified support diversification and the blue economy as did Killybegs Fisherman's Organisation Ltd in conjunction with Killybegs Harbour Development Group. In recognition of the valuable role played by coastal communities in terms of supporting job creation and enhancing economic activities in their areas, Donegal County Council recommends that funding be made available to community-based groups to deliver a range of project that support the social, cultural, environmental, and economic development of their communities. These funds should be distributed via existing structures such as the Fisheries Local Action Groups (FLAG) or the Local Community Development Committees (LCDC).

ILDN comprehensively outlined in wide-ranging submission 17 priorities the most impactful of which are highlighted below:

- The adaptation of a CLLD// Multi fund approach to ensure coastal communities' benefit from all available EU and State supports.
- The opening up of training facilities in National Fishery Schools to all marine based training requirements
- The establishment of an Implementation Body answerable to the Minister to ensure that delivery of the Task Force recommendations
- Develop Coastal Zone Management centres within coastal communities as part of a Green transition.
- Ensure full engagement of industry and community in Digital Transformation, Development of Digital hubs, and remote working opportunities for our coastal communities.
- It should be recommended that Chapter 10 of "Our Rural Future" supporting the sustainability of our Islands and Coastal Communities should be amended to include coastal communities in recommendation

- By supporting employment, through re-training, re-skilling, and employment support programmes (RSS, TUS and CE schemes) BAR and other initiatives could facilitate the development of targeted and sector specific responses.
- BAR funding for CLLD approach, LEADER / FLAG given the mirroring of the LEADER and FLAG footprints across Ireland both CLLD initiatives focus on the priorities in collaboration and cooperation with stakeholders, partners and coastal communities. Best practices in sustaining coastal communities should be explained in accordance with the cooperation principals underpinning CLLD.
- Marine Leisure and Tourism - Increase pontoon capacity to accommodate marine leisure and cruising capacity. Align with the Failte Ireland's programme of establishing facilities around the coast to encourage more participation in marine leisure activities. Consider independent of onshore services like power and water that are self-sufficient for use in remote / environmentally sensitive areas.
- Dual licensing of fishing/ passenger boats – where all safety and regulatory concerns can be met allow fishing boats to be used as passenger boats without any diminution of safety standards and to increase opportunities for under-employed fishermen whilst boosting local tourism offering. It would al-so create opportunities to "rest" inshore fishing grounds whilst boats earn a wage by other means.

Other recommendations, which reaffirm the aspirations of "Our Rural Future" were recurring across the various submissions, they included.

- Major focus on attracting Remote Workers to rural communities
- Revitalising town centres, rural jobs, adventure tourism, green economy and island development central to new policy
- Broadband roll-out to bring new opportunities in areas like eHealth, remote learning, online trading and new technologies
- Five-year strategy will be underpinned by updated National Development Plan

Many of the submissions on CLLD highlighted the importance of infrastructure related projects as a way to negate the effects of Brexit. Whilst this is important in the general context of development in coastal communities, it is being considered separately by the Task Force so that it can tie in with the correct and dedicated funding schemes that deal specifically with the area.

The submission on behalf of the 7 current FLAGs elucidates the need for that for CLLD to tackle in an incisive and definitive manner the devastating impacts of Brexit and the TCA. Crucially, it identified the need for each FLAGs to have a Local Development Strategy that will address the restructuring and reskilling that is going to be required to drive resilient and thriving coastal communities. They also agree that given their makeup of seafood producers (including fishers, aquaculture operators and representative group), their geographic scale and resolution in addition to the functioning synergies they have developed by their ecumenical approach to the inclusion of LCDC, PPN, LEO, Co. Co., LDC, that are in fact the most appropriate CLLD structure to channel BAR funding in conjunction with subsequent EMFAF funding.

16.7 Needs Analysis

Based on Brexit impacts and challenges, the SWOT analysis for FLAGS and SSCF and the submissions on CLLD to the Seafood Task Force the following needs have been identified:

Training and Education

1. Promote and provide transferable skills within the sector to increase options and resilience for fishers through economic diversification of income
2. Increase digital literacy generally across sector that allows them to build stronger businesses and take advantage of new business opportunities
3. Increase technical and engineering opportunities through upskilling and lifelong learning

Finance

1. Agreements with third party lender to provide working capital/bridging loans that enable Investment and Diversification

2. Support to implement Climate Action measures around business operations that are directly linked to the FLAG funding scheme (excluding SEAI schemes)

3. Support the development of the blue economy to foster start-ups, facilitate existing marine businesses to diversify, add-value and to grow employment in coastal communities

4. Support to enable refurbished equipment purchases from recognised traders specialising in the supply of the equipment concerned

Mentoring and Technical Support

1. Assistance to allow businesses to tackle climate action and equally to prepare for climate change impact on fishing patterns

2. Assistance to support industry to reduce/avoid marine plastic pollution and prepare for plastics directive

3. Support that allows businesses to establish sustainability and low impact credentials that will provide business development opportunities to increase value and secure markets.

Programme Administration

1. Improved seafood producers' representation on FLAGs balance

2. Clearly defined scope for Programme and complementary measures

3. Clearly defined multiannual budgeting capability and visibility for projects

4. Clearly defined and more focused Local Development Strategies to include specific measures to mitigate impacts of TCA agreement on Seafood producers and their wider economic halo. biodiversity and climate change actions

5. Capacity to address Circular Economy and value for in measures.

6. Include formal participation of LEOs in assessing FLAG projects as appropriate

16.8 Vision

Promote innovative approaches that provide the impetus that will reinvigorate coastal communities dependant on the seafood sector, allowing it to restructure, reconfigure, retrain and diversify post Brexit

This vision is centred on delivering on the following development priorities:

- Sustain, support and develop coastal communities

- Support local businesses and entrepreneurship

- Deliver projects that support social, cultural, environmental and economic development

- Community based projects that seek to address the impact of Brexit

16.9 Draft Proposed Initiatives

It is envisaged that the Task Force would recommend that significant funding is made available to support fisheries and aquaculture dependent communities impacted by Brexit. In considering the Needs Analysis conducted as part of the development of the Seafood Development Programme 2021 – 2027 however, two Needs in particular stand out in considering how the FLAG Programme is placed to mitigate the impact of Brexit. These are:

1. Need to develop the blue economy to foster start-ups, facilitate existing marine businesses to diversify, add-value and to grow employment in coastal communities

2. Improved clarity and focus in LDSs developed and adopted by each FLAG with very specific actions and targets articulated, including supports for specific biodiversity and climate change actions. Preparatory support provided must be adequate to allow sufficient strategy development to ensure this.

The newly adopted EMFAF Regulation 2021/1139 stipulates that FLAG LDSs shall 'ensure that communities in fishing or aquaculture areas better exploit and benefit from the opportunities offered by the sustainable blue economy, capitalising on and strengthening environmental, cultural, social and human resources. Those CLLD strategies may range from those which focus on fisheries or aquaculture to broader strategies directed at the diversification of local communities.' The role FLAGs play in mitigating Brexit should be focused as per the highlighted text and targeted calls should be provided for under the EMFAF FLAGs Implementation Plan:

Driving resilience through

- Diversification of economic activity

- Identifying complementary marine activities

- Enabling operators through skill development

- Funding supports and expertise to pivot business models that maximise opportunities

- Funding supports that create businesses that have a more diversified and resilient income flow in coastal communities.

- Aquaculture production, adding value and marine tourism offer significant opportunities to create additional economic activity to complement the infrastructure and sea going skills accrued by fishers.

Targeted support measures

- Seed capital

- Business mentoring

- Capacity development where employment has been directly impacted by Brexit.

Engage with the blue economy

- Up skilling and development of capacity

- Training to exploit economic opportunities that complement existing and new coastal activities such as in the marine renewable energy sector

- Training opportunities that complement existing fishing opportunities to encourage up take and create opportunities to transition.

Fostering partnerships

- Bring together marine collectives and support them with access to technical / professional expertise

- Develop innovative solutions that deliver for coastal livelihoods.

- Develop coastal partnerships (the academy idea) to introduce fishers, businesses, research institutions to share successful experiences and match problems to problem solvers.

Sustainable Communities

- Empower and enable the development and delivery of activities and services to improve sustainability and adapt to climate change.

- Education on data collection and monitoring to allow fishers to provide sampling and monitoring services to underpin sustainability initiatives.

- The development of fishing gear and processes to reduce impact, to reduce plastics and energy use.

Support engagement with the Circular economy

- Support seafood producers to examine the processes embedded in fisheries and aquaculture dependent business /communities

- Identify steps to address potential solutions based on a design and business model.

Diversification

Figure 35: *Practical example of CLLD in action.*

16.10 Funding

Because of Brexit, Irelands coastal communities are facing into a number of serious challenges. The sea fisheries sector has been particularly badly hit with the direct loss of fishing opportunities, which will ultimately lead to there being less vessels involved in the industry and unfortunately a consequent reduction in direct employment figures. The aquaculture industry faces additional costs due to Brexit that will erode profitability and competitiveness. Less seafood businesses, increased costs and a drop-in profitability will also affect the ancillary industries that support Irelands seafood sector. Put all together, Brexit has the potential to badly hit the fabric of coastal communities which rely upon the seafood industry to survive.

To redress this and to protect the viability of these communities, there is an urgent need for suitable and targeted funding that will negate the worst effects of Brexit. Keeping people in these coastal communities by allowing them to upskill, retrain and ultimately keep their skills from a lifetime spent in the marine industry is key. Providing seed funding for new businesses, funding to diversify or expand and enabling capacity development that will allow people to use their skills for new opportunities in the marine sector is paramount to keeping these communities viable in the long term.

To do this, it is suggested that FLAGs, in close cooperation with the LEOs, are the correct vehicle to enable the targeted and meaningful delivery of funding and direction for CLLD in these coastal communities. FLAG has to date supported 801 projects with grant aid of €12 million (including current commitments) and a total investment of €16 million under EMFAF. The scale of individual grants has meant that operators from all economic levels within the coastal communities have been able to see their investment supported by funding to allow them to make improvement in their businesses. This has led to increasing resilience and competitiveness but most importantly drives further economic activity and entrepreneurial development. It has meant that there is established relationship between seafood operators their communities and FLAGS as a fund source.

For funding to target the entrepreneurial projects required to drive real economic impacts to allow operators and their communities to restructure, reconfigure, retrain and diversify post Brexit we need to aggressively focus initiatives to target the affected people, their businesses and their communities.

Funding to support the initiatives will be derived from both BAR and the EMFAF with the former being available for immediate investment given the deadlines stipulated from that source. In response to the ambitious EU and National vision for the sector a support fund of €45m sourced from the BAR and EMFAF. Combined with matching industry funding, the stimulus suggested, would give the sector a unique opportunity to implement the change required to overcome the impact of Brexit while achieving the ambitious objectives outlined in Food Vision 2030 and the EU Strategic guidelines on sustainable aquaculture development.

16.11 Recommendations of the Task Force

The Task Force recommends that significant funding is made available to support communities dependent on fisheries and aquaculture impacted by Brexit. The funding will target entrepreneurial initiatives to drive real economic development thereby allowing operators and their communities to restructure, reconfigure, retrain and diversify post Brexit.

Funding of €35 million is proposed to support the initiatives and will be derived from both BAR and the EMFAF with the former being available for immediate investment given the deadlines stipulated from that source.

An additional €10 million is proposed to support the CLLD initiatives with a direct connection and relevance to the inshore fisheries sector.

17. Liquidity Support Schemes

EU BAR State Aid Guidelines for the fishery and aquaculture sector allows for the provision of short-term liquidity aid for the benefit of vessel owners and fishers, as well as for operators other than vessel owners and fishers. The EU regard these as measures that may exceptionally be justified in order to react to the immediate aftermath of the TCA but only during the first three months of the year 2021 when permanent or temporary cessation schemes were not yet available.

The Task Force has discussed several such liquidity aid schemes in respect of the RSW pelagic segment, fish processors and for scallop vessels. The Task Force has considered whether such schemes meet the conditions of the EU BAR State Aid Guidelines for the fishery and aquaculture sector and also whether they are appropriate in the context of longer-term initiatives that will enable the relevant sectors to re-organise themselves and to adapt to the new situation post-TCA.

17.1 Refrigerated Seawater (RSW) Pelagic Segment Fishing Vessels

The Task Force recognises that the RSW Pelagic segment of the fleet have suffered the largest TCA related quota reductions for their main target species of mackerel. Based on an analysis carried out for the Task Force by BIM, these losses are estimated at around €15.3 million in 2021, representing a reduction in mackerel quota of 9,835 tonnes (87% of the total reduction of 11,305 tonnes) because of the quota transfer to the UK. Given the scale of the reduction, it is expected that some level of permanent restructuring of this segment of the fleet may be deemed necessary. In the context of the need for adjustment and rebalancing in the longer term, it is considered that some short-term support to prepare for the changed situation may be justified.

In the interim report, The Task Force agreed to actively explore as a matter of priority, in the context of the need for adjustment and rebalancing in the longer term, possible short-term supports to prepare for the changed situation with a view to submitting a reasoned case for such support measures to the Minister.

In this context, the KFO and IFPO have jointly submitted a proposal for short-term measures for the period 2021-2023. The Scheme aims to mitigate the losses associated with certain stocks included in Annex FISH.1 and FISH.2 of the TCA, principally mackerel. The KFO/IFPO proposal is presented in full below.

17.1.1 Background

Based on the preliminary analysis of available data carried out by DAFM with the assistance of the Marine Institute and BIM, under the TCA, Ireland will lose 26,412 tonnes of quota valued at around €43 million over the period 2021-2026. These figures are estimated on the mean fish price per species in 2019 from Irish Sales Notes data, 2020 Irish quotas and assumes 100% quota uptake which has been the case for several years for the RSW vessels. The TCA represents a significant and permanent loss of quota. In the short-term in the period from 2021 to 2023, the re-adjustment through burden sharing which is top priority for industry is unlikely to yield reductions in these significant losses.

Table 56 shows the reduction in Irish quota value by stock group. Pelagic stocks account for 67% of the total loss in quota value, with Nephrops making up 20%. Whitefish and deepwater stocks combined make up for the remaining 13%.

Stock Group	2021	2022	2023	2024	2025	2026
Pelagic (oily fish)	17.188	20.039	22.864	26.290	28.565	28.565
Nephrops (Prawns)	4.931	5.753	6.575	7.557	8.218	8.218
Celtic Sea Whitefish	2.020	2.357	2.694	3.099	3.368	3.368
Irish Sea Whitefish	0.318	0.372	0.424	0.488	0.531	0.531
West Scotland Whitefish	1.349	1.573	1.798	2.068	2.248	2.248
Deepwater	0.004	0.005	0.006	0.007	0.007	0.007
Total	**25.810**	**30.099**	**34.360**	**39.510**	**42.937**	**42.937**

Table 56: *Reduction in Irish Quota Value (€1000) due to quota transfer from EU to the UK*

Impacts on the RSW Pelagic Sector

The Irish fishing fleet is currently divided into five segments in accordance with Ministerial Policy Directive 2 of 2003, as amended by Policy Directive 1 of 2006 and Policy Directive 1 of 2011 and Policy Directive 2 of 2011. One of the five segments is the RSW Pelagic segment. There are 23 RSW vessels in this fleet segment, targeting pelagic species such as mackerel, horse mackerel, blue whiting, herring, and boarfish during Q1 and Q4. These vessels typically tie-up for Q2 and Q4 except for some which participate in the albacore fishery in Q3 and fish less than 100 days per year. Based on sales notes data the catch composition of these vessels by value is made up as follows:

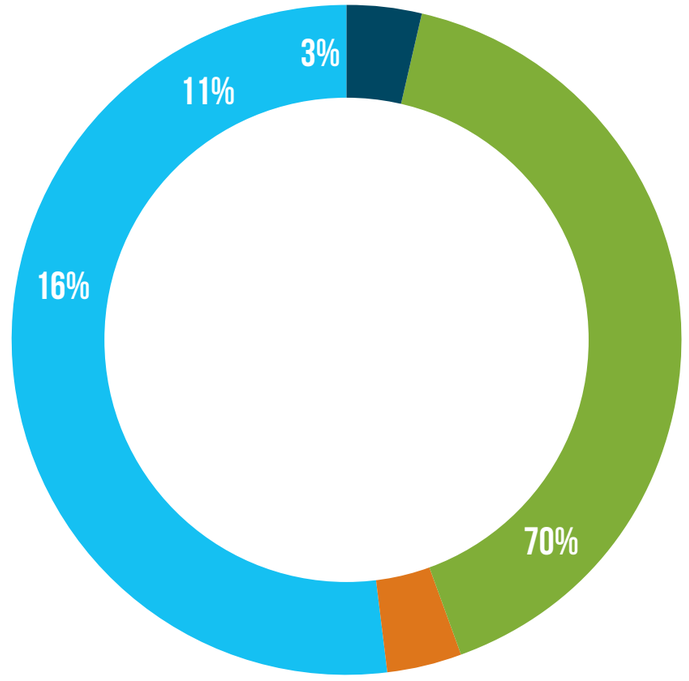


Figure 36: *Species catch composition of RSW Pelagic segment by value (€)*

Under the TCA, the transfers of Irish pelagic quota to the UK are estimated at €17.2 million in 2021, €20.04 million in 2022, €22.86 million in 2023, increasing to €28.6 million by 2026. Of these transfers, reductions in mackerel quota amount to €16.5 million in 2021, increasing to €27.5 million by 2026. The RSW Pelagic segment vessels land around 87% of the total Irish mackerel quota. For 2021, this equates to a loss of 9,835 tonnes from the total quota transfer of mackerel of 11,304 tonnes. Assuming 100% quota uptake which has been the case for several years, the impact of the TCA on these vessels from loss of mackerel quota is estimated to be €13.28 million in 2021. €2.22 million in 2022 and €2.20 million in 2023. This is estimated to increase to €22.13 million by 2026. The quota shares for other pelagic stocks - blue whiting, Irish Sea herring, Atlanto-Scandian herring and West of Scotland herring – that are impacted under the TCA, in terms of overall value are less significant. They are estimated to amount to a reduction in quota value of €0.26 million in 2021, increasing to €0.36 million by 2026. The quota shares for western horse mackerel, herring 6a (south) 7bc, Celtic Sea herring and boarfish are not changed under the TCA. The losses over the period 2021 to 2026 are summarised below.

	Irish quota share						IE Reduction €m	
Pelagic stocks	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2025**
Mackerel (W)	21%	18%	17%	17%	16%	16%	16.51	27.51
Herring (ISea)	26%	11%	9%	6%	3%	1%	0.424	0.707
Blue Whiting	12%	12%	12%	12%	12%	12%	0.079	0.131
Herring (ASH)	9%	8%	8%	8%	8%	8%	0.110	0.110
Horse Mackerel (N Sea)	3%	2%	2%	2%	2%	2%	0.049	0.082
Herring (W Sco)	15%	14%	13%	13%	13%	13%	0.017	0.028
Total							**17.19**	**28.57**

Table 57: *Irish quota share in the years 2020 (old relative-stability share) to 2025 onwards. Also given are the Irish reductions in quota value in 2021 and 2025 onwards*

	2021 Quota Pre-TCA	2021 Quota (actual)	Quota 2022 (estimated)	Quota 2023 (estimated)	Quota 2024 (estimated)	Quota 2025 (estimated)
Quota	72,152	60,847	58,962	57,092	54,824	53,318
RSW Allocation based on 87% of quota	62,772	52,937	€51,297	49,670	47,697	46,387
Losses in Volume RSW (tonnes)	NA	9,835	1,641	1,627	1,973	1,310
Losses in Value RSW (million €)	NA	€13.28m	€2.22m	€2.20m	€2.66m	€1.77m
Cumulative losses Value (million €)	NA	€13.28m	€15.50m	€17.70m	€20.36m	€22.13m

Table 58: *Quota losses in volume and value for the RSW Pelagic fleet segment in the period 2021-2025*

In terms of volume and value, the table summarises the value and volume of mackerel quota transfers based on 2021 quotas that the RSW vessels will be subject. By volume this equates to 16,386 tonnes and €22.13 million by value.

17.1.2 Objectives of the Scheme

The purpose of the scheme set down by the KFO and IFPO is to provide short-term aid in the years 2021 to 2023 to vessel owners in the RSW pelagic segment for their income loss related to the TCA-induced quota share reductions as a direct consequence of Brexit. This will provide the owners the financial means to overcome the first and immediate impact of the TCA, thereby enabling them to re-organise themselves and to adapt to the new situation. The Scheme aims to mitigate the losses associated with certain stocks included in Annex FISH.1 and FISH.2 of the TCA, principally mackerel.

The scheme follows the guidelines set out by the Commission in the EU BAR State aid in the fishery and aquaculture sector to the extent possible. In particular, the scheme clearly shows that the measures envisaged are not directed towards causes other than the impacts of Brexit. Furthermore, the scheme has considered some key principles in schemes already approved for France and Germany and the Netherlands scheme which is in the final stages of preparation for submission for State Aid approval.

17.1.3 Description of Scheme

The scheme is split into two parts:

Part 1 : Covering 2021, will support the 23 RSW pelagic vessels owners through liquidity support to vessel owners to cover losses in turnover during the period from 1 January 2021 until 31 March 2021. Support will be based on the loss of turnover in 2021 compared to average turnover over the period January – March 2018-2020. Taking account of the provision contained in the State Aid Guidelines that, *"The loss caused by the TCA-induced quota share reductions, the lack of access to UK waters or other third country waters or to negative impacts on trade patterns and logistics(non-tariff barriers) as a consequence of Brexit must amount to more than 30 % of the average turnover"*, it should be noted that over the duration of the TCA, the losses are likely to be in the region of 30% depending on the TACs for the relevant pelagic species.

Part 2: Covering the years 2022 to 2023, support will be provided to the 23 RSW pelagic vessels owners through a one month's temporary tie up scheme in each of years based on the TCA losses in those years. The scheme will be accompanied by a package of longer-term restructuring measures that will ensure the viability of the RSW pelagic fleet segment going forward. These measures are detailed below.

17.1.4 Eligible Beneficiaries

This Scheme is available to owners of Irish sea-fishing boats licensed in the RSW Pelagic segment of the Irish sea-fishing fleet, and who meet the Terms and Conditions of the Scheme.

17.1.5 Scheme Payments

Part 1: The payments will be calculated by taking the average turnover during the period January – March 2018-2020 and comparing this to the turnover for the same period in 2021 as verified by sales note data and verified accounts. The payment will equate to the actual reduction in turnover experienced by the RSW vessels. The table below shows the average turnover per vessel for the period Jan-March 2018-2020 by ratio and the resulting losses based on sales notes data for 2021. This equates to losses of around 284-565 tonnes of mackerel per vessel (based on 9,835 tonnes divided by 23 vessels in accordance with the ratios).

Ratio	Number of Vessels	Average turnover per vessel for the period Jan – March 2018-2020	Average Turnover per vessels for the period Jan-Mar 2021	Reduction in turnover Jan- March 2018-2020 against Jan-Mar 2021
"10"	8	€3,724,726	€321,1598	€513,128
"7"	9	€2,765,742	€2,341,316	€424,426
"5"	6	€2,235,112	€2,016,886	€218,226

Table 59: *Summary of reduction in turnover by vessel ratio type*

The vessel owners must ensure that a percentage (to be agreed) likely to be in region of 30% of the payment is distributed amongst the crew members of the vessel. This will be based on verifiable evidence that all the listed crew members have been paid.

The short-term liquidity support covers the first year of the scheme 2021 with the support for the 2022 and 2023 covered under the second part of the scheme set out below. The total scheme will allow a three year period for the RSW vessels owners to adapt to very significant losses under the TCA by actively pursuing the long-term measures outlined below. The payments above are averages, the final payments would be based on the audited accounts of the individual vessels.

17.1.6 Scheme Payments

Part 2: Bar guidelines provides that:

"Member States may grant aid for the fleet segments directly affected by TCA-induced quota share reductions or lack of access to UK waters or other third country waters due to Brexit. Temporary cessation support measures need to be linked to TCA-induced quota share reductions for stocks set out in Annex FISH.1 and FISH.2 of the TCA or to lack of access to UK waters or third country waters due to Brexit and should help the beneficiaries to re-organise themselves and to adapt to the new situation in the short term."

The temporary cessation scheme outlined below for 2022 and 2023 is in accordance with these guidelines. It should be noted that guidelines do not require making quota available for the period of temporary cessation

The table below outlines the lump sum payment per month for participating vessels. The fleet segment is split into the three catch ratios.

The payments are calculated by reference to sales notes data on turnover of vessels in each of the length categories and using official DCF data derived from the National Seafood Survey for the economic costs. Calculations are based on the loss of income incurred as a direct consequence of the TCA-induced quota share reductions because of the TCA.

The payment is calculated based on turnover averaged for the fleet segments over the period 2017-2019 excluding the cost of fuel and food. The average gross turnover is then divided by the number days in the six months fishing period (182) to give an average daily rate per vessel category as shown below. The payments below are averages, the final payments would be based on the audited accounts of the individual vessels.

Ratio	Number of Vessels	Average monthly turnover per vessel Jan-Mar 2018-2019	Average monthly turnover per vessel Oct-Dec 2018-2019	Average Monthly turnover per vessel both periods 2018-2019 (6 months)	Average Monthly turnover per vessel less cost of fuel and provisions	Average Gross turnover 6 months period per vessel less cost fuel and provisions	Daily Rate based on Average turnover for the fishing period / number of days in the period (182)
"10"	8	€1,202,314	€454,546	€745,768	€673,861	€4,043,163	€22,215
"7"	9	€951,616	€415,062	€536,554	€464,629	€2,787,775	€15,317
"5"	6	€726,831	€302,917	€423,914	€372,470	€2,234,819	€12,279

Table 60: *Summary of daily rates for RWS by vessel ratios*

The temporary cessation proposal for 2022 and 2023 is based on vessel ceasing fishing activity for one month in each year during the 6 months fishing period but the payments are based on a maximum of 25 days in 2022 and 15 days in 2023. This is recognizing that it is short-term aid and that some of the restructuring measures should be coming to fruition in this period.

The final payment for each of the years as shown below is calculated by multiplying the daily rate by the maximum number of days allowed. The percentage payment in terms of the percentage of losses is also covered.

Ratio	Number of Vessels	Daily Rate	Max Number of Days	Payment 2022	Losses 2022	% Payment / losses
"10"	8	€22,215	25	€555,375	€895,954	62%
"7"	9	€15,317	25	€382,925	€627,168	61%
"6"	6	€12,279	25	€306,975	€447,977	69%
Total payment 23 vessels 2022 is €9,731,975						

Table 61: *Payment losses by vessel ratio type and payment in 2023*

Ratio	Number of Vessels	Daily Rate	Max Number of Days	Payment 2023	Losses 2022	% Payment / losses
"10"	8	€22,215	15	€333,225	€1,023,121	33%
"7"	9	€15,317	15	€229,755	€716,185	32%
"6"	6	€12,279	15	€184,185	€613,873	30%
Total payment 23 vessels 2023 is €5,838,705						

Table 62: *Payment losses by vessel ratio type and payment in 2023*

The overall losses for 2022 and 2023 amount to €33,200,000. The payment for both years amount to €15,570,680. This is 47% of the losses that will be incurred by the 23 RSW vessels in both years.

To be eligible, beneficiaries must have carried out fishing activities at sea for at least 120 days in total over the calendar years 2018 and 2019. However, given the fishery is of a highly seasonal nature in the sense that it cannot be carried out throughout the whole calendar year, the period of 120 days has been reduced based on the ratio between the number of days of activity and the number of fishable days. This is provided for in the aid referred to in the State Aid Guidelines document provided to the Task Force. For the RSW pelagic segment the fishery is essentially a 6-month fishery.

Beneficiaries must cease all fishing activities for one calendar month over the period January-March or September-December in each year and must surrender their sea fishing boat license for that period.

Beneficiaries must ensure that a percentage, likely to be in the region of 30% but still to be verified and agreed, of the payment is distributed amongst the crew members of the vessel. This will be based on verifiable evidence that all the listed crew members have been paid. Crew members availing of the Scheme must not take up alternative employment or claim unemployment benefits/ assistance, PUP, etc. during the period of voluntary temporary cessation.

Based on the calculations above the total estimated cost of the scheme would be €25.5 million, made up of €9.9 million for part 1 and €15.6 million for part 2.

Longer-term Restructuring Measures

The short-term aid as outlined in the two parts scheme above covering the period 2021 to 2023 is essential financial support to allow the 23 RSW vessels sufficient time to put in place longer-term restructuring measures.

The analyses carried out by BIM for the Task Force shows that given the magnitude of TCA losses 8 out of the 23 RSW vessels equating to 36% of RSW fleet in numbers and 6,128 GT would be required to be decommissioned. The prohibitive cost of doing this makes it a non-runner as option for longer-term restructuring.

The long-term restructuring measures that will be actively pursued and have a reasonable chance of success in the three years' time frame can be categorised into number of board categories set put hereunder.

1. **Short-term burden sharing options.**
   The short-term burden sharing options identified already in the interim Task Force report such as equalisation of the TCA mackerel reduction over the four management areas, loss of Hague Preferences by the UK, Coastal States negotiations and swaps will be actively pursued.

2. **Renewal of the EEA Agreement**
   The renewal of EEA agreement affords an opportunity to link the EU market access concessions to Norway for access to Norwegian waters resources particularly mackerel.

3. **Efficiencies**
   All operational and management efficiencies will be pursued to increase EBITA thus reducing the effect of the TCA losses.

4. **Diversification**
   The RSW vessels are tied up for six months of year. This provides opportunities to diversity in non-fishing activities, as well as alternative fisheries in third-country waters.

5. **Price Increases**
   Increasing the prices for all the pelagic species targeted by RSW vessels through a range of marketing and other initiatives would ameliorate the losses.

In conclusion this KFO and IFPO proposal for the RSW Pelagic fleet segment sets out a short-term aid scheme split into two parts and covering the period 2021 to 2023. It is in accordance with the guidelines set out by the Commission in the document circulated to the Task Force and outlines the long-term restructuring measures that will be required to maintain in the long-term a viable RSW fleet segment.

17.1.7 Recommendations of the Task Force

The Task Force has recognised, from the outset, that the most important initiative for the Irish RSW Pelagic sector is the Burden Sharing actions as detailed in section 2.2.

The Task Force considered the proposal submitted by the KFO and IFPO, recognising the RSW pelagic segment of the fleet has been subject to the largest TCA related quota reductions. The KFO/IFPO proposal outlines a range of longer-term initiatives that will help the RSW pelagic fleet segment restructure and re-organise.

Based on the proposal submitted, the Task Force recommends that the two parts of the scheme outlined should be considered separately.

The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector.

The Task Force recommends that further analysis and consideration be given to a scheme by the sector to ameliorate the impacts of mackerel cuts on the RSW Pelagic segment and Tier 1 vessels. Any such scheme should have regard for similar schemes which are, or maybe approved other Member States' pelagic fleets, impacted by the TCA. Any such scheme where developed must have regard for the seasonal nature of this fishery and relevant fishing patterns and will require national and EU State aid approval.

17.2 Support Scheme for Processors

The IFPEA submitted a proposal to the Task Force for a short-term liquidity aid scheme for the Irish processing sector, which comprises around 160 enterprises. The proposed scheme is required to partially offset losses incurred by the processing sector during the first quarter of 2021 due to the quota reductions under the TCA, which have reduced supplies of raw material. It also aims to ameliorate against non-tariff barriers that have been introduced since the beginning of 2021. The IFPEA contends that this temporary aid scheme will facilitate and underpin the short-term orderly transition to address the trading environment that now exists. To this extent, the aid will enable the processing sector to re-configure and re-structure based on the longer-term initiatives outlined in section 13. The IFPEA proposal is presented in full below.

17.2.1 Background

There are currently approximately 160 fish processors and exporters located in different parts of the country, from remote areas along coastal counties to inland locations and right into urban coastal areas. From an employment perspective the processing sector provides circa 4,000 jobs. Most enterprises focus on the valued added (or optimal market facing processing) of whitefish, pelagic and shellfish products.

The Irish processing industry is primarily reliant on seafood landed by Irish vessels with some exceptions such as the shellfish segment which has diversified and developed supply chains with the UK. Supply chain diversification across the sector has delivered scale to compete internationally.

Due to this reliance on landings from the Irish fleet, it is apparent that many processors have been significantly impacted by the quota transfers under the TCA, coupled with increased costs from the new logistics and administration arrangements introduced by the TCA. For many processors the introduction of post-TCA non-tariff barriers, has created significant insurmountable choke points, fracturing supply continuity during the critical period from 1 January 2021 to 31 March 2021. Supply chains have been disrupted and this has severely impacted on many processors that have experienced reduced volumes as a direct result. This new scenario has resulted in impaired asset utilisation rates,

lost market share, challenges to overhead absorption rates and a consequent reduction in employment levels. The processing segment is faced with having to accelerate the modification of long developed business plans and to adapt to a new business paradigm.

Therefore, as per the EU BAR State Aid Guidelines for the fishery and aquaculture sector, the processing sector is seeking temporary liquidity aid to mitigate the key TCA driven factors. This temporary aid will facilitate and underpin the short-term orderly transition to address the new normal. To this extent, the aid will enable the medium and long-term adaption of the processing sector and to re-configure and re-structure their businesses to the changed trading environment. A key focus will be to address post TCA changes in access to raw materials currently impaired by quota cuts and a range of onerous non-tariff barriers.

17.2.2 Objective of the Scheme

The objective of the proposed short-term liquidity aid scheme is to partially offset losses incurred by the processing sector during the first quarter of 2021 due to the TCA. It mirrors a similar scheme put in place in France earlier this year. The proposed scheme would operate for quarter one only of 2021 as per the EU BAR State Aid Guidelines for the fishery and aquaculture sector. It will address the direct financial losses directly resulting from TCA/Brexit, and it will also address the consequences arising from the new trading environment that resulted directly after the TCA/Brexit for the period 1 January 2021 to 31 March 2021.

This short-term measure should be considered in the context of long-term measures that have several of board categories:

1. Additional mechanisation where appropriate to underpin international competitiveness
2. Diversification and broadening of supply channels.
3. Product and process innovation with an emphasis on premiumization.
4. Additional focus on continued added value execution and with a strategic focus on market facing consumer friendly products with longer shelf life.
5. Waste minimisation, yield optimisation and by-product utilization.
6. Reconfiguring supply chain logistics and developing alternative non-land bridge routes to market.
7. Increased collaboration and building of scale to serve overseas international markets.

17.2.3 Description of the Scheme

The scheme will compensate processors for loss in revenue in the first quarter of 2021 that can be attributed to the TCA in respect of reduced supply of species directly impacted by quota cuts and because of increased costs for logistics and administration associated with the new trading arrangements form the UK.

This scheme is targeted at the current 160 processors. For the purposes of this scheme, it is the overall loses resulting from the TCA which make an applicant eligible.

The scheme payments will be based on compensating the losses of revenue over the period January to March 2021 compared to the same period of 2019 as a baseline. Such losses need to be evidenced for individual processors as directly associated with the TCA and have a track record in 2019 of sales of quota species under the TCA or supplies from UK that were directly impacted by the TCA. Payments are capped at a maximum of €300,000 per processor.

Specifically, for shellfish, the payments under the scheme would be calculated based on the documented level of disruption of supplies of non-quota species that would ordinarily have been sourced in UK or purchased through UK landing sites, as well as the financial effects of non-tariff barriers on their business in Q1 2021. As above, it must be evidenced that losses are as a direct consequence of the new trading arrangements post-TCA and not to other factors such as COVID-19.

A combination of sales notes, audited accounts and invoices will be used to calculate and verify the quantum of throughput/ tonnage per processor when proving the cross analysis between 2019 to 2021. A certificate signed by the auditor of each processor attesting to the elements of the claim relating to loss would form part of the application, in the context of the cross analysis between Q1 of 2021 and the base year Q1 of 2019. This certificate would quantify the loss of volume of fish based on the records of each company.

The overall budget for this scheme is estimated at €12 million, based on the allocation provided for the French scheme and taking account the indications of the level of loss and number of processing enterprises impacted.

17.2.4 Recommendations of the Task Force

The Task Force acknowledges that many whitefish, pelagic and shellfish processors have been directly impacted by the quota transfers under the TCA which has reduced the volume of raw material available. Combined with the introduction of additional logistical and administration costs through non-tariff barriers, the Task Force recognises they have experienced significant reductions in turnover in the first part of 2021.

The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector. For the scheme to proceed there is a need for clear evidence, at an individual enterprise level, of a causal link between the TCA-induced quota share reduction, evidence of additional costs due to the non-tariff barriers introduced and the extent of loss suffered by the processors concerned.

17.3 Support Scheme for Scallop Vessels

The ISEFPO submitted a proposal for a liquidity aid and temporary cessation scheme for seven vessels targeting scallop in the Irish Sea, Celtic Sea, and the English Channel in 2021 combined with a temporary cessation scheme covering 2022 and 2023. The ISEFPO contends that while the Scallop Sector has not been directly impacted by the loss of quota under the TCA, it has been adversely affected by other elements of the TCA which have resulted in significant logistical and financial difficulties for this sector. New food safety requirements introduced relating to the export of scallop from the UK into the EU have created significant logistical and financial difficulties for this sector. The proposal is presented in full below.

17.3.1 Background

There are currently seven vessels of 22-28m that target scallop in the Irish Sea, Celtic Sea, and the English Channel. The fishery has a value of around €3 million annually and creates significant employment in the south-east of the country both on board the vessels and in one shellfish processor.

The scallop sector has not been directly impacted by the loss of quota under the TCA, as scallop are a non-quota species. However, the fishery has experienced significant impacts from indirect effects caused by the TCA which have resulted in significant logistical and financial difficulties for this sector. Prior to Brexit, scallop caught in the English Channel were landed into the UK and shipped directly back to Ireland for processing in a plant in Kilmore Quay. These processed scallops were then re-exported to other EU countries. Post-Brexit under the TCA, live bivalve molluscs cannot be transported through the UK on route to the EU and therefore cannot be transported via the UK to Ireland. All bivalve molluscs that are destined for the EU that are landed into the UK must be processed in the UK to obtain a Health Cert for the product from the UK authorities. This has meant that scallop now must be either:

1. Landed live into Mainland Europe and transported back to Ireland for processing.
2. Landed live into Mainland Europe and processed in a plant in Mainland Europe and either transported back to Ireland for onward sale or transport directly to the final EU customer.
3. Landed live into the UK and processed there, obtain a health certificate and transported either back to Ireland or to the final customer within the EU.
4. Landed live into Ireland and processed before transportation to the final EU customer.

All these options pose considerable financial and logistical issues for the sector. Therefore, it is proposed to put in place a short-term liquidity aid scheme covering losses incurred during the 2021 scallop season. This will allow the Irish scallop fleet to restructure and adapt to the issues create by Brexit.

17.3.2 Objective of the Scheme

The objective of the proposed short-term aid scheme to partially offset losses incurred by the scallop sector due to the TCA during the first quarter of 2021. This is a specific scheme for scallop vessels and is not linked to the current temporary cessation scheme.

17.3.3 Description of the Scheme

The short-term liquidity scheme would apply in year one (i.e. 2021) and in year two and three (2022 and 2023) would be on the basis of a temporary tie up scheme. The tie-up scheme would give the vessels the option to tie-up for a month which would help to improve prices and offset some of the costs by reducing the volume of scallop being processed. It will also afford the owners a month during which time they could explore the options open to them for processing and selling elsewhere on the continent. The scheme would be accompanied by the development of a longer-term plan exploring all options for the scallop sector in terms of catch transportation, quality, processing and sales.

The scheme would be restricted to the current scallop fleet of seven vessels ranging in size from 22m to 28m who hold licenses to fish only for scallop and who have proven track record of fishing for scallop off the West and South coast of the UK.

In the longer term, the following restructuring measures are proposed:

1. Cost Reductions: Explore with our EU partners a reduction in Landing fees and other Ancillary charges as well as possible other landing points on the continent where fees are less than current ports.

2. Quality: Work with the Irish processors and BIM to minimise the quality issues currently being experienced post Brexit.

3. Price Increases: Increasing the prices for Scallops through better marketing and other initiatives would alleviate the losses resulting from Brexit

4. Alternative Processors and Markets: Explore the possibility of selling and processing the Scallop in France and elsewhere on the continent. However, this will have the knock-on effect of a loss of income to the Irish processor and a loss of jobs in the local community.

Scheme Payments – Part 1

Based on the assumption that this scheme can be retrospectively applied to all losses incurred during the Calendar year 2021, the payment would be calculated based on 50% of the loss per week in the English Channel, based on the actual number of weeks fished in the English Channel capped at a maximum of 16 weeks. The time spent in the English Channel will be verified via VMS and logbook data. The scallop vessels generally fish four trips per month making this a total loss of €45,256 for every month a vessel is fishing in the English Chanel. The figures above are taken from an average size scallop vessel and can be verified with receipts and sales notes. This represents an averaged loss of 37.5% between trips now landed on the continent and previous trips which were being landed in the UK and has made this fishery almost unviable and will have the effect of reducing Irish scallop fishing opportunities in the English Chanel. These vessels should be compensated from the BAR fund for the losses they are incurring due to Brexit.

Scheme Payments – Part 2

The second part of the scheme would run for the years 2022 and 2023 and would be based on a temporary tie up of one month in each year. The fund would be based on a lump sum payment to each boat based on 1/12th of their average annual turnover as per the 2019 DCF Economic Survey data.

Estimated Turnover	€600,000	€700,000	€800,000	€900,000
Less 25% for Fuel and Provisions	€450,000	€525,000	€600,000	€675,000
1/12 payable under scheme	€37,500	€43,750	€50,000	€56,250

Table 63: *Illustrative figures for possible monthly payments*

Assuming an estimated turnover of €900,000, then each vessel would receive a payment of €56,250 for each of the two years of the scheme.

The overall budget for this scheme is estimated at **€1.4million**, with approximately **€630,000** for part 1 (based on all vessels having fished for the maximum of 16 weeks in the Channel) and **€780,000** for part 2.

17.3.4 Recommendations of the Task Force

The Task Force acknowledges that the scallop vessels have been impacted significantly by the UK's withdrawal from the EU, although this is not directly related to the TCA. In this context and taking account of the EU BAR State Aid Guidelines for the fishery and aquaculture sector, the Task Force has considered the ISEFPO proposal. The situation relating to scallop fishing is different to other situations in that the vessels can continue to fish for scallops and there is no relevant quota limitation. The vessels will need to adjust their operations and route to market taking into account the relevant phytosanitary requirements.

Based on the proposal submitted, the Task Force recommends that the two parts of the scheme outlined should be considered separately.

The Task Force recommends that before the proposed liquidity aid scheme can proceed further, it should be fully assessed from a legal perspective, compliance with the public expenditure code and against the EU BAR State Aid Guidelines for the fishery and aquaculture sector.

The Task Force considers the second part of the proposal relating to the temporary cessation scheme as a short-term measure which would not address the issues arising and is not appropriate for the situation faced by the vessels. Therefore, the Task Force cannot recommend the tie-up part of this scheme. However, the Task Force recommends the ISEFPO work with BIM and Bord Bia to explore all solutions that will ensure the viability of the fishery going forward.

18. The Common Fisheries Policy Review

The next review of the Common Fisheries Policy as set down in Regulation (EU) 1380/2013 is due to be completed by the 31st of December 2022 when the European Commission will report to the European Parliament and the Council on the functioning of the CFP.

At the June Fisheries Council and in other fora, the Minister has set out initial views on the future direction of the CFP and its current operation. The Minister has set down that Ireland is seeking a comprehensive review, to inform a full reform of the current policy. He has made clear that the CFP review must take stock of the disproportionate impacts imposed on the Irish fishing industry by Brexit and the TCA. He also made clear that Ireland will be seeking to address the imbalance in the quota transfers under the TCA.

The Commission published a proposal on 6th July proposing an amendment to extend the derogation for access to EU Member States 12 miles zones up until the end of December 2032. It also removed the provisions relating to access for the UK, which is now covered in the TCA. Ireland's position is that this important element of the CFP should be dealt with by the Commission as part of the full CFP review and form part of the formal review and the Commission report to Council and Parliament on the functioning of the CFP. The Minister has written to the EU Commissioner making Ireland's concern and our position clear.

It is expected that all stakeholders will have an opportunity to engage actively in the Commission's review over the coming period, including the fishing industry, eNGOs and Member States. The Minister advised that he is considering how Ireland will prepare for and participate actively and effectively in the review of the CFP, including the interaction with stakeholders, to prepare Ireland's case and identify priorities. The Minister has indicated his intention to establish a review forum involving all key stakeholders as early as practicable

The Task Force recommends that all stakeholders come together, throughout 2022, to prepare for and plan a strategy for achieving Ireland's priorities, including addressing burden sharing. It welcomes the Ministers commitment to set up a stakeholder's forum and is recommending that this be done and is supported by relevant experts within the State services. The Task Force also recommends that a substantial effort be made, at Ministerial and stakeholders' level, to apply pressure to have the planned review fully comprehensive, including setting out changes that are required to the CFP Regulation and a pathway for the Commission, which has the right of initiative, to propose the necessary amendments.

19. The Way Forward

"Towards a resilient, profitable and sustainable seafood sector that is the heartbeat of our most vibrant and sustainable coastal communities"

As it navigates the changes imposed on it by the TCA between the EU and the UK, it is recognised that the seafood sector and the coastal communities most dependent on it, through its resilience retains its capacity to chart its own bright and prosperous future.

Central to delivering a viable way forward and reinforcing this capacity will be the adoption of the measures set out in this report, in particular:

1. Burden Sharing

Options to alleviate the high level of losses of quota shares will be pursued on a systematic basis at every available opportunity, including the review of the CFP. These actions will cover internal EU quota distribution and external opportunities such as Coastal States and a new EEA agreement.

2. Restructuring and Developing the Whitefish Fleet

The restructuring and development of the fleet, designed to restore and underpin its profitability and medium-term sustainability.

3. Restructuring and Developing the RSW Pelagic Segment

By optimising operational and management efficiencies, diversifying into non-fishing activities and adding value through a range of marketing initiatives, combined with Burden Sharing actions, the RSW pelagic segment will remain dynamic and financially resilient.

4. Restructuring and Developing the Inshore Sector

The inshore sector offers strong opportunities for fishers right around the coast. BIM and Bord Bia, working closely with the National Inshore Fisheries Forum will prepare a detailed plan to restructure and develop the inshore fisheries sector and advance an ambitious strategy to underpin the longer-term sustainability of a restructured inshore sector.

5. Developing Processing

Development of a processing sector that has articulated a clear appetite and ambition to invest in adding value to its raw materials, driving new product development, developing new export markets, and addressing sustainability challenges and opportunities.

6. Promoting Aquaculture

A thriving and dynamic Irish aquaculture sector, not limited by quota, has the potential to mitigate some of the damage caused by the TCA through providing opportunities in the seafood sector that would otherwise be lost, while creating jobs and economic activity in our coastal communities.

7. Investing in Public Marine Infrastructure

Investment in our marine infrastructure will provide a longer-term platform for the development of new and diversified economic activity, including initiatives for the seafood sector, locally led development and marine tourism initiatives in our coastal communities.

8. Promoting Community Led Local Development

Retaining people in coastal communities by allowing them to upskill, retrain and ultimately keep their skills from a lifetime spent in the marine industry is key. Providing seed funding for new businesses, funding to diversify or expand and enabling capacity development that will allow people to use their skills for new opportunities in the marine sector is paramount to keeping these communities viable in the long term.

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21. Appendix 1 - Task Force Committee

Name	Surname	Organisation
Aidan	Cotter	Chair
Margaret	Daly	Steering Group
Micheál	Ó Cinnéide	Steering Group
Paul	Boyd	Clogherhead Fishermen's Cooperative
Enda	Conneely	Irish Islands Marine Resource Organisation (IIMRO)
Eamon	Dixon	National Inshore Fisheries Forum (NIFF)
Sean	Griffin	Galway & Aran Fishermen's Cooperative
John	Lynch	Irish South and East Fish Producers Organisation (ISEFPO)
Brendan	Byrne	Irish Fish Processors and Exporters Association (IFPEA)
Theresa	Morrissey	IFA Aquaculture
Patrick	Murphy	Irish South and West Fish Producers Organisation (ISWFPO)
John	Nolan	Castletownbere Fishermen's Cooperative
Sean	O'Donoghue	Killybegs Fishermen's Organisation (KFO)
John D	O'Kane	Foyle Fishermen's Cooperative
John	Ward	Irish Fish Producers Organisation (IFPO)
Andrew	Ward	Irish Local Development Network (ILDN)
Cecil	Beamish	Department of Agriculture, Food and the Marine
Mark	Christal	Enterprise Ireland
Shane	Clarke	Tourism Ireland
Mark	De Faoite	Údarás na Gaeltachta
Michael	Hussey	Bord Bia
Kevin	Flannery	Fisheries Local Action Groups (FLAGs)
Paschal	Hayes	Department of Agriculture, Food and the Marine
Josephine	Kelly	Department of Agriculture, Food and the Marine
Tim	Lucey	Chief Executive Cork Co Council - County & City Management Association (CCMA)
John	McLaughlin	Chief Executive Donegal Co Council - County & City Management Association (CCMA)
Jim	O'Toole	BIM
Dominic	Rihan	BIM

22. Appendix 2 - Public Submissions

Reference	Date	Submission Contact	Organisation/Location
TF001	22/03/2021	David Bates	Kilmore Quay
TF002	25/03/2021	Tadhg O'Brien	Dublin
TF003	29/03/2021	Anonymous	Anonymous
TF004	29/03/2021	Anonymous	Anonymous
TF005	31/03/2021	Eamonn Dixon	NIFF
TF006	31/03/2021	Anonymous	Anonymous
TF007	06/04/2021	Terry Power	6 The Park, Sevitt Hall, Bettystown, Co. Meath
TF008	08/04/2021	Máirín Ní Choisdealbha-Seoige	Forbairt Chonamara Láir Teo
TF009	12/04/2021	Eamonn Ó hEanaigh	FLAGs West Committee
TF010	16/04/2021	Donagh & Denis Good	The Good Fish Co.
TF011	19/04/2021	Kevin Byrne	Fisherman (Engineer) and Member of North RIFF
TF012	20/04/2021	Kieran Sheehan	Solas na mara ltd
TF013	20/04/2021	Richard Power	MFV GIRL GERALDINE
TF014	21/04/2021	Alex Crowley	NIFA and NIFO
TF015	21/04/2021	Thomas Pringle T.D.	Donegal Independent TD
TF016	21/04/2021	Alan Bates	Fisherman
TF017	21/04/2021	Seamus Bovaird	FLAGs North
TF018	21/04/2021	Seamus Bovaird	Greencastle Harbour Users' Group
TF019	21/04/2021	Karl Bonner	Killybegs Harbour Development Group (K.H.D.G.)
TF020	21/04/2021	Patricia M. Lee	Inishowen Development Partnership
TF021	22/04/2021	Gary Kennedy	Inver Traditional Inshore Fishermen's Association
TF022	22/04/2021	Karen McCormick & Mary McKenna	Marine Innovation & Digital Hub in Greencastle
TF023	22/04/2021	Séamus Breathnach	MFV Cruach na Cara
TF024	22/04/2021	Padraic de Bhaldraithe	FLAG West
TF025	22/04/2021	Alan and Pat Browne	MFV Ocean Dawn T467
TF026	22/04/2021	Anonymous	Anonymous

23. Appendix 3 – Quota Uptake Tables

Anglerfish 6; Union and international waters of 5b; international waters of 12 and 14

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	562	562	90	90	16%
February	562	562	49	139	25%
March	562	562	52	191	34%
April	562	562	57	248	44%
May	562	562	92	340	60%
June	562	562	90	430	76%
July	562	562	96	526	94%
August	562	562	81	607	108%
September	562	562	92	699	124%
October	562	562	77	776	138%
November	562	562	92	868	154%
December	562	562	133	1001	178%

Anglerfish 7

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	2877	3304	362	362	11%
February	2877	3304	149	511	15%
March	2877	3304	322	833	25%
April	2877	3304	313	1146	35%
May	2877	3304	361	1507	46%
June	2877	3304	326	1833	55%
July	2877	3304	276	2110	64%
August	2877	3304	233	2342	71%
September	2877	3304	253	2595	79%
October	2877	3304	265	2861	87%
November	2877	3304	283	3144	95%
December	2877	3304	332	3476	105%

Haddock Union and international waters of 6b, 12 and 14

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	423	520	32	32	6%
February	423	520	35	67	13%
March	423	520	47	114	22%
April	423	520	75	189	36%
May	423	520	133	322	62%
June	423	520	136	458	88%
July	423	520	83	541	104%
August	423	520	38	579	111%
September	423	520	11	590	114%
October	423	520	18	608	117%
November	423	520	44	652	125%
December	423	520	7	659	127%

Haddock Union and international waters of 5b and 6a

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	650	717	34	34	5%
February	650	717	34	68	10%
March	650	717	41	109	15%
April	650	717	23	132	18%
May	650	717	53	185	26%
June	650	717	59	244	34%
July	650	717	70	314	44%
August	650	717	72	385	54%
September	650	717	58	443	62%
October	650	717	66	510	71%
November	650	717	43	553	77%
December	650	717	24	576	80%

Haddock 7a

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	1322	1476	29	29	2%
February	1322	1476	16	44	3%
March	1322	1476	48	92	6%
April	1322	1476	38	131	9%
May	1322	1476	55	185	13%
June	1322	1476	90	276	19%
July	1322	1476	145	421	29%
August	1322	1476	112	532	36%
September	1322	1476	153	685	46%
October	1322	1476	137	823	56%
November	1322	1476	63	886	60%
December	1322	1476	44	929	63%

Haddock 7b-k, 8, 9 and 10; Union waters of CECAF 34.1.1

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	3110	3376	158	158	5%
February	3110	3376	117	275	8%
March	3110	3376	281	556	16%
April	3110	3376	293	849	25%
May	3110	3376	371	1220	36%
June	3110	3376	326	1547	46%
July	3110	3376	293	1839	54%
August	3110	3376	248	2087	62%
September	3110	3376	293	2380	70%
October	3110	3376	270	2650	78%
November	3110	3376	214	2863	85%
December	3110	3376	248	3111	92%

Hake 6 and 7; Union and international waters of 5b; international waters of 12 and 14

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	2986	3372	224	224	7%
February	2986	3372	293	418	12%
March	2986	3372	391	809	24%
April	2986	3372	380	1189	35%
May	2986	3372	479	1667	49%
June	2986	3372	369	2036	60%
July	2986	3372	334	2369	70%
August	2986	3372	380	2750	82%
September	2986	3372	348	3098	92%
October	2986	3372	327	3425	102%
November	2986	3372	242	3667	109%
December	2986	3372	142	3809	113%

Megrim Union and international waters of 5b; 6; international waters of 12 and 14

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	603	698	62	62	9%
February	603	698	39	102	15%
March	603	698	43	145	21%
April	603	698	47	192	27%
May	603	698	100	292	42%
June	603	698	113	405	58%
July	603	698	96	501	72%
August	603	698	67	568	81%
September	603	698	52	620	89%
October	603	698	43	663	95%
November	603	698	66	729	104%
December	603	698	34	764	109%

Megrim 7

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	2880	3222	131	131	4%
February	2880	3222	49	180	6%
March	2880	3222	145	325	10%
April	2880	3222	197	522	16%
May	2880	3222	318	840	26%
June	2880	3222	289	1129	35%
July	2880	3222	231	1361	42%
August	2880	3222	171	1531	48%
September	2880	3222	177	1708	53%
October	2880	3222	163	1871	58%
November	2880	3222	115	1987	62%
December	2880	3222	104	2090	65%

***Nephrops* 7**

Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Monthly Catches with FU16 (tonnes)	Cumulative Catches (tonnes)	Cumulative Catches with FU16 (tonnes)	% Quota Uptake	% Quota Uptake with FU16
6814	438	438	438	438	6%	6%
6814	64	159	501	597	7%	9%
6814	204	594	706	1191	10%	17%
6814	232	584	938	1775	14%	26%
6814	780	849	1718	2624	25%	39%
6814	716	1126	2434	3751	36%	55%
6814	443	747	2877	4498	42%	66%
6814	443	450	3320	4948	49%	73%
6814	210	210	3530	5157	52%	76%
6814	132	313	3662	5471	54%	80%
6814	105	341	3767	5811	55%	85%
6814	225	350	3992	6161	59%	90%

Nephrops FU16

Month	Initial Quota (tonnes)	Adjusted Quota (tonnes)	Monthly Catches (tonnes)	Cumulative Catches (tonnes)	% Quota Uptake
January	1193	1351	0	0	0%
February	1193	1351	96	96	7%
March	1193	1351	389	485	36%
April	1193	1351	352	837	62%
May	1193	1351	69	906	67%
June	1193	1351	410	1316	97%
July	1193	1351	203	1519	112%
August	1193	1351	21	1540	114%
September	1193	1351	0	1540	114%
October	1193	1351	60	1600	118%
November	1193	1351	236	1836	136%
December	1193	1351	125	1961	145%

24. Appendix 4 - Voluntary Temporary Cessation Scheme

Brexit Temporary Fleet Tie-up Scheme

Managing Authority and Intermediate Body

- The Managing Authority for the Brexit Temporary Tie-up Scheme (hereafter referred to as the Scheme) is the Department of Agriculture, Food and Marine (DAFM).
- The implementing Authority for the Scheme is Bord Iascaigh Mhara (BIM).
- BIM with the agreement of the Managing Authority, reserves the right to alter or amend the conditions of this scheme and/or to suspend the scheme or to substitute the scheme for a different scheme.
- Funding for this scheme is subject to funding being available to BIM. In every case payment of grant aid is contingent on the availability of finance to BIM.

Background

Based on carried out by DAFM with the assistance of the Marine Institute and BIM, under the Trade and Cooperation Agreement (TCA) between the EU and UK Ireland will lose 26,412 tonnes of quota per year, on a phased basis up to 2026, valued at around €43 million by 2026. By stock group the reduction for pelagic stocks account for 67% of the total loss in quota value, with Nephrops making up 20%. Whitefish and deepwater stocks combined make up for the remaining 13% of the losses.

Recognising the significant impact of the TCA on the Irish Seafood Sector, the Minister for Agriculture, Food and the Marine set up a Seafood Task force in March 2021. The Task Force was tasked with examining the implications arising from the EU/UK TCA for the Irish Fishing industry and coastal communities particularly dependent upon it. Based on their deliberations, the Task force was asked to outline initiatives that could be taken to provide supports for development and restructuring so as to ensure a profitable and sustainable fishing fleet and to identify opportunities for jobs and economic activity in coastal communities dependent on fishing.

Scheme Principles

Based on the analysis carried out by the Task Force, it was agreed that a restructuring of the Irish fishing fleet, to align the fleet with the fishing opportunities available post Brexit must be given consideration. However, there is a more immediate need to implement support measures for the areas of the catching sector that have been directly impacted by the quota transfers under the TCA and by other measures undertaken in relation to access to UK waters. To make best use of the reduced quota available to the demersal sector given the restriction placed by the UK on fishing by Irish vessels in the waters around Rockall in 2022 which has resulted in the loss of the important squid fishery in 2022. This is a traditional fishery fished by Irish vessels in the waters around Rockall. The demersal quotas available to these vessels at the latter part of the year is not adequate, given in particular the reductions in these quotas under the TCA, to compensate for the loss of this fishery and to ensure continuity of supply throughout the remainder of this year. The Task Force in its interim report of June 2021, recommended the introduction of a temporary cessation scheme targeted at whitefish vessels impacted by the restriction on access to traditional waters and quota transfers to the UK under the TCA. The details of the scheme are outlined below.

Objectives

The purpose of the scheme is to temporarily mitigate the negative impacts on the white fish sector from:

A. The reduction in quotas for 2021 arising from the Trade and Cooperation Agreement. The Scheme aims to mitigate losses associated with certain stocks included in Annex FISH.1 and FISH.2 of the TCA.

B. Difficulties in accessing UK waters or third country waters due to Brexit.

The scheme will support white fish vessels in the Polyvalent and Beam Trawl segments to temporarily cease all fishing activity in a particular calendar month. The restriction placed by the UK on fishing by Irish vessels in the waters around Rockall in 2022 has resulted in the loss of the important squid fishery which has traditionally been

fished by Irish vessels in these waters. This scheme recognises that certain vessels do not have this fishing opportunity in 2022 and the demersal quotas available to these vessels at the latter part of the year is not adequate, given in particular the reductions in these quotas under the TCA, to compensate for the loss of this fishery.

Description of Scheme

The Scheme will operate from October to December 2021. Bord Iascaigh Mhara will invite applications from eligible licence holders / vessel owners to participate in the Scheme. A vessel may participate in the Scheme for one calendar month only in 2021. By way of exception, vessels meeting the following criteria may participate in the scheme for either one or two calendar months in 2021:

- Polyvalent vessels that have recorded total landings over 2019/20 of at least 5 tonnes of squid species[9], or, at least 3 tonnes in either 2019 or 2020, logged as caught in ICES statistical rectangles 43D5, 43D6, 44D5 and 44D6 in area 27.6.b.2.

This Scheme has been submitted to the European Commission for State Aid approval and no application will be approved for aid pending State Aid approval.

The scheme will offer a payment to eligible sea-fishing licence holders / vessel owners participating in the Scheme. Participating vessels will cease all fishing activity and remain in port for the approved tie-up period. The grant aided vessels in question must not engage in fishing activity of any sort for the duration of the grant aided period.

During the entire period of cessation of fishing, the following rules shall apply:

A. The beneficiary's vessel shall remain moored to the quayside

B. No sea-fishing activities may be carried out

C. For vessels with a VMS tag, it must remain active throughout its declared periods of cessation

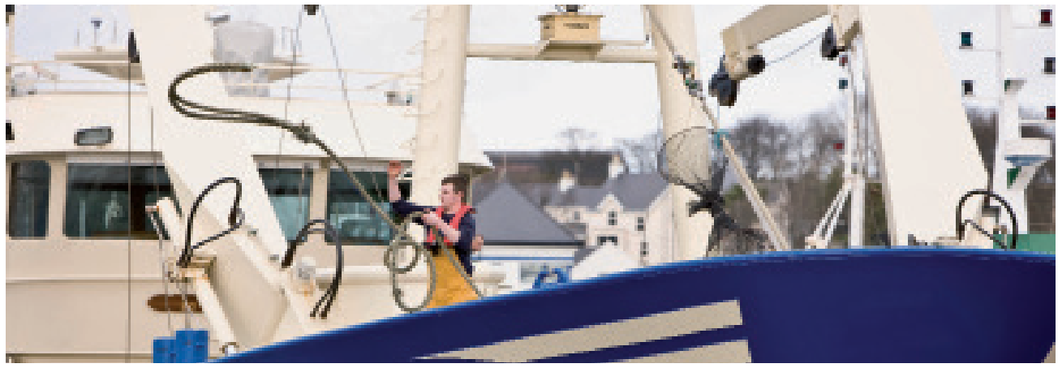
Eligible Beneficiaries

This Scheme is available to fishing licence holders of Irish sea-fishing vessels licensed in the Polyvalent or Beam Trawl segment of the Irish sea-fishing fleet, and who meet the conditions of the Scheme outlined in section 6.

Scheme Payments

The table below outlines the lump sum payment per month for participating vessels.

The payments are calculated by reference to official data on turnover of vessels in each of the length categories, using official DCF data derived from the National Seafood Survey and Sentinel Vessel Programme. Calculations are based on the loss of income incurred as a direct consequence of the TCA-induced quota share reductions because of Brexit. It is calculated on the basis of gross earnings averaged for the fleet segment over the period 2017-2019 excluding the cost of fuel and food.



[9] Recorded under the FAO codes SQC, SQE, SQI and SQU.

Size of vessel	Calculation based on Income minus variable costs (fuel, provisions) Payment over 1 month tie-up period
Under 10m	€4,600
10 < 12m	€7,100
12 < 15m	€14,200
15 < 18m	€24,500
18 < 21m	€45,400
22 < 24m	€59,000
24 < 40m	€88,700

Table 64: *One month payments by vessel size*

Step	Description	Carried Out By
Call for proposals	BIM will invite applications from eligible fleet segments for tie-up for a selected one-month tie-up period.	BIM
Eligibility Check and evaluation	To ensure compliance and eligibility.	BIM
Payment	BIM will issue letters of offer to successful applicants and applicants will be required to formally accept the offer. Participants will be paid following verification of compliance with the T&Cs.	BIM

Table 65: *Selection process*

Scheme Terms and Conditions

1) To qualify for grant aid under this scheme the following terms and conditions must be met in all cases. Applicants should please note that these terms and conditions will apply to all applications. Applications that fail to comply with these terms and conditions will be deemed ineligible and will not be considered further.

2) This Scheme is available to fishing licence holders of Irish sea-fishing Vessels licensed in the Polyvalent or Beam Trawl segment of the Irish sea-fishing fleet, Applicants must be actively engaged in fisheries for quota species covered by the TCA agreement (excluding vessels under 15 metres in length overall fishing exclusively by hooks and lines for mackerel and where the allocation for 2021 has remained unchanged). This will be confirmed based on logbook and sales notes information.

3) Applicants must have carried out fishing activities at sea for at least 120 days in total over two consecutive calendar years, either 2018/19 or 2019/20.

4) Beneficiaries must ensure that a minimum of one third of the payment is distributed amongst the crew members of the vessel. The applicant will submit the names of the crew members, copy of their safety card(s), and any other documentation as required for governance of the Scheme. The payment must be made by electronic bank transfer to an account held in the name of the crew member. Proof of payment must be retained by the applicant. BIM reserve the right to inspect such records at any reasonable time. Crew members receiving a share of the payment must not take up alternative employment or claim unemployment benefits/assistance, PUP, etc. during the period of voluntary temporary cessation.

5) The onus of eligibility lies with the beneficiary, i.e. the beneficiary must ensure and demonstrate that they qualify under the scheme.

6) During the entire period of cessation of fishing, the following rules shall apply:

A. The grant aided vessels in question must not engage in fishing activity of any sort for the duration of the grant aided period.

B. The beneficiary's vessel shall remain moored to the quayside.

C. For vessels with VMS, it must remain active throughout its declared periods of cessation.

Please note:

In relation to days at sea the number of days fished will be confirmed by BIM with the SFPA prior to issuing a letter of offer.

7) Grant Payments:

Size of vessel	Calculation based on Income minus variable costs (fuel, provisions) Payment over 1 month tie-up period
Under 10m	€4,600
10 < 12m	€7,100
12 < 15m	€14,200
15 < 18m	€24,500
18 < 22m	€45,400
22 < 24m	€59,000
24 < 40m	€88,700

8) Ineligibility: The following Vessels are ineligible for grant aid under this scheme

- Vessels on the Irish Fleet Register under the segments Aquaculture and RSW Pelagic and Specific.
- Vessels that have fished for less than 120 days over the calendar years 2018/19 or 2019/20.

9) Applicants may only avail of the scheme for one calendar month. By way of exception, vessels meeting the following criteria may participate in the scheme for either one or two calendar months in 2021:

- Polyvalent vessels that have recorded total landings over 2019/20 of at least 5 tonnes of squid species[10], or at least 3 tonnes in either 2019 or 2020, logged as caught in ICES statistical rectangles 43D5, 43D6, 44D5 and 44D6 in area 27.6.b.2.

10) Applicants will indicate on the application form their preference of tie-up period (October, November or December)

11) BIM will supply a list of all Licence holders / Vessels grant aided under this scheme to the SFPA, the Naval Service, the Managing Authority and the Licencing Authority for Sea-fishing Vessels in DAFM for verification purposes.

12) The Grantee shall indemnify and keep indemnified BIM against all costs, loss, damage and expenses sustained by them and against any claims that may be brought by any partner, employee, agent, sub-contractor or any kind or other party arising out of this project whether by reason of or on account of the breach, default, neglect, non-performance or non-observance by the Grantee or the partners of any of them of the terms and conditions of this Agreement or otherwise.

13) Grant aid may be revoked, or the amount of grant aid be reduced if any of the following should occur prior to grant payment:

- Failure for the grant beneficiary(s) to provide required Tax Clearance information.
- Should the Grantee commit any breach of the terms of the agreement.
- Should there be a change in the basis of the undertaking which would obviate in whole or in part the purpose for which the grant was made.
- Should the Grantee, during the tie-up period, without the prior consent of BIM, sell, transfer, alienate or otherwise dispose of the vessel without the prior consent of BIM.
- An order is made, or an effective resolution is passed, for the winding up of the grantee's business.
- A receiver is appointed over the vessel of the beneficiary, or a distress or execution is levied or served upon the vessel of the Beneficiary and is not paid off.

Applicants

14) The applicant must complete a self-declaration confirming that none of the situations specified in article 10 of the EMFF Regulation (Regulation 508/2014) applies to them, and if they do, provide details. In that declaration, the applicant shall commit to continuing to comply with the rules of the Common Fisheries Policy and with the article 10 provisions throughout the tie-up period and for a period of 5 years after payment of the tie-up premium.

Applications may be deemed inadmissible for a specified period of time where BIM determines that any of the situations described in article 10 apply to them. Beneficiaries of aid under this scheme who fail to comply with the CFP and with article 10 for a 5-year period after payment may be required to repay aid provided under this scheme.

Please note that for on-line applications and claims, by submitting the forms, the applicant is electronically signing and agreeing to all declarations via a checkbox in the form. This is the legal equivalent to a hand-written signature.

15) The applicant will, if required, demonstrate its legal identity to the satisfaction of BIM.

16) The applicant must be the registered owner of the vessel and the Sea Fishing Vessel Licence must be registered to that vessel.

17) Applicants must notify BIM and make their books and accounts available to the Office of the Comptroller and Auditor General, when 50% or more of their total income (in any 12 months period) is sourced from Exchequer Funds.

10. Recorded under the FAO codes SQC, SQE, SQI and SQU.

18) Where required, the lead applicant and any additional Vessel owners must comply with the Department of Finance tax clearance procedures. The applicant and all other Vessel owners must provide a Tax Reference Number and Tax Clearance Access Number.

19) Applicants must comply with the Department of Public Expenditure and Reform Circular 13/2014

- Management of and Accountability for Grants from Exchequer Funds. Where an applicant is required to file audited accounts with the Companies Registration Office (CRO), these accounts must detail the following information explicitly:

- Name of Grantor ((Circular 13/2014 Section 5, subsection 21 (a))

- Name of the Grant Scheme / Programme (Circular 13/2014 Section 5, subsection 21 (b))

- Purpose of the Grant by appropriate heading (Circular 13/2014 Section 5, subsection 21 (c))

- Accounting information for the Grant (Circular 13/2014 Section 5, subsection 21 (d))

- Capital Grant information (if applicable) (Circular 13/2014 Section 5, subsection 21 (e))

- Employee numbers and benefits categorised, and employer pension contributions (Circular 13/2014 Section 5, subsection 21 (f))

20) An applicant who has benefited from earlier unlawful aid declared incompatible by a Commission Decision (either as an individual aid or an aid under an aid scheme being declared incompatible) shall not be eligible for aid under this scheme until that applicant has reimbursed or paid into a blocked account the total amount of unlawful and incompatible aid and the corresponding recovery interest.

Applications

21) Only applications submitted on an official BIM electronic application form sent via the BIM grants portal will be considered for grant aid approval.

22) For vessels with multiple owners, one vessel owner must apply on behalf of all owners. The application must be linked to the vessel to be tied-up.

23) Acknowledgement of an application does not constitute any form of entitlement to any form of grant aid whatsoever and neither should the applicant constitute any assistance given by officers of BIM as a form of indication that grant aid will become available.

24) BIM will determine the eligibility of applications and applications that do not meet all the mandatory criteria will be deemed ineligible and will be returned to the applicant with an explanatory memorandum.

25) Failure to accept the letter of offer in a timely manner may result in non-payment of your grant aid.

26) Officers of BIM, the Department of Agriculture, Marine and Food, Comptroller and Auditor Genera (C&AG) or the European Commission or their agents, must be allowed access to all reports, manuals and official documentation including financial and other records related to the project being grant aided for the audit and verification purposes. All requests for information must be responded to promptly.

27) As the application will be made through the BIM on-line Grants Portal, BIM does not require a hard copy of the application. However, any original supporting documentation for all on-line applications, must be made available should it be requested at any stage by Officers of BIM and the Department of Agriculture, Food and the Marine or their agents.

Publicity and Acknowledgement of Support Requirements

28) BIM and the Department of Agriculture Food and the Marine will within six months of payment publicly acknowledge the aid provided via their website or other publications. This may include information such as the applicant/ company name, vessel name, the county, NUTS 2 Region, enterprise size (SME etc), economic sector, grant aid paid, % grant rate and portion funded under the scheme, date of payment, form of aid. This information will be made available to the general public without restriction and will maintained for at least 10 years.

Claims

29) Applicants do not have to submit a separate claim form. Payments will be made once the following pre-payment conditions have been met:

- The applicant has accepted a letter of offer.

- The applicant continues to meet the admissibility requirements of article 10 EMFF

- The applicant meets all tax clearance requirements and

- The SFPA has confirmed to BIM that the applicant's vessel was not found to be engaged in fishing during the tie-up period.

Payment will be made automatically into the nominated bank account given on the application form after the tie-up period and the above conditions have been met. BIM will endeavour to expedite payments in a timely manner.

30) Payment of grant aid will only be made when all scheme terms and conditions and any special conditions listed in the letter of offer have been fulfilled.

31) The grant aid will be paid in one instalment.

7. Appeals Procedure

BIM will provide on request a written explanation for award decisions. Following receipt of that explanation, appellants may request that an appeal be considered by an appeals officer appointed for that purpose. Where possible you must appeal a decision prior to the start of the tie-up period in question.

An appeals mechanism shall be put in place to adjudicate on appeals from applicants dissatisfied with the determination of their application.

25. Appendix 5 – Sectoral Analysis to Support the Processing Capital Scheme

Whitefish Processing

Current status

The whitefish processing sector comprised of 72 companies in 2020 with a combined turnover of around €300 million. Of these companies, 14 are larger processors with a turnover in excess of €10 million. The remaining 58 are a mixture of small firms and first point of sale entities, which includes the four main Fishermen's Co-operatives. Main export markets include the UK, Spain and France.

Brexit Challenges

The whitefish processing sector has been primarily impacted by Brexit from a raw material access perspective, processing capacity and to a lesser degree from a logistics perspective. There is a distinct subset of companies who are more exposed due to their business model. This subset comprises processors, first point of sale entities (e.g., Co-ops) and other producers who export into and operate logistics via the UK. This requires moving fish caught locally, quickly to the market from the pier. This is particularly the case for species such as haddock and whiting, where variable catch levels can often lead to surplus supply in the domestic market and in the absence of domestic processing capacity, is shipped to Scottish based processors. The Co-op's and agents who trade whole fish as a raw material into processors in UK have found that conducting this type of activity much more demanding and costly because of Brexit.

The remaining whitefish processing (value adding) subsector does not export significant volumes of added value whitefish into UK and therefore has been less impacted. There main issue has been in sourcing raw material due to the logistics challenges presented by Brexit. The impact on their UK customers, who largely export value added to the continent, has been significant and this is having a knock-on effect on the value and need for raw material coming from Ireland. It has also been difficult for the sector to maintain good service levels to continental customers due to the difficulties experienced on the landbridge routes and lack of capacity on the direct routes to mainland Europe. With reduced quotas for whitefish, increasing access to fish landed into Ireland by non-Irish vessels will become increasingly important. Project Atlantic has shown this to be possible and other similar initiatives should be considered.

Industry Perspective

The whitefish processing sector has developed a reputation for producing quality products. As a sector, it has the greatest potential for year-round employment with many of the operators providing full-time employment in their processing plants. Most processors supply whitefish that is sold at supermarkets which means that the business is open year-round and that processors need to be operating in compliance with international standards (BRC/MSC/G Gap/Organic Trust etc.).

Despite the estimated loss in value of €6.1 million in quota for 2021, the sector is optimistic about the future. The challenge for the sector is to be sufficiently supported through the initial Brexit/TCA shock and allow for it to develop in the years ahead. The sector is resilient, and the processors have built up robust business models.

There is a clear track record of investment and success in the whitefish processing sector. However, Irish whitefish is often still being shipped abroad 'whole' and unprocessed with no added value. Ambition to disrupt this supply turning it into value added seafood is recognised by the sector. This will require substantial, easily accessible funding support and investment in infrastructure, storage facilities, training, attracting new talent and research and development.

The whitefish processing sector, through the IFPEA, has advised the Task Force that it is essential that a generous capital investment support fund be provided to act as a stimulus to the entire whitefish sector. This fund should be at a high rate of grant aided (up to 70%) to meet the unique challenges of Brexit and the TCA.

Vision for the whitefish processing sector

The vision for the whitefish sector is a strong base of traditional whitefish processors with a track record for market setting, nationally and internationally. There is a need to energise the whitefish processing sector to maximise the full potential of jobs and production through the following steps:

- Value Added and diversification must be consistent across the sector.
- Increased focus on emerging domestic/global markets for value added products.
- Increased incentivising of the whitefish Sector and drive for value added.
- Focus on development and supporting a whitefish sector to maintain and grow employment in coastal communities.

This can be achieved through significant investment through the BAR and in the longer-term through the EMFAF.

Strengths	Weaknesses
• Proven track record in sector • Processors that meet the demands and markets • Production of quality, safe and sustainable products • Flexibility and adaptability of entire supply chain • Processors' deep knowledge • Innovation & opportunity • Strong Market demand for Irish White Fish and strong customer relationships	• Lack of capacity • Lack of modern cold storage facilities • Supply issues when demand arises • Over dependence to export white fish without maximum value added • Capacity to hold bulk supply with processing capabilities • Attracting and retaining employees in the sector
Opportunities	**Threats**
• White fish rapidly growing sector for consumer demand • Global population growth • New processing technology and value-added potential • Range of potential products to bring to marketplace • Proven track record of other players and successes and scope for further expansion • Reverse the tradition of exporting without added value for white fish and working in harmony with the existing business models	• Supplies are constant and when required • Over dependence by white fish producers to export frozen (complex issue) • Increased supply chain costs, especially related to logistics • Brexit, specifically in the context of quota cuts • Climate change • Lack of processing facilities within the white fish processing even with existing operators (focusing on Value Added)

Table 66: *SWOT analysis of the Whitefish Processing Sector*

Pelagic Processing Sector

Current Status

The pelagic processing sector comprised 13 companies in 2020 with a combined turnover of around €175 million. Of these companies, seven are larger processors with a turnover more than €10 million based principally in the northwest of the country. The remaining five are small firms involved in added value pelagic products. Main markets for the more affordable pelagic products remained robust in West Africa and Asia. However, escalating logistics costs and freight bottlenecks, particularly in China, remained stubbornly problematic. Value added products tend to be sold to the domestic market as well as exported to Europe and the UK.

Brexit Challenges

The pelagic processors are the most heavily impacted part of the processing sector. Mackerel is hardest hit, with a 26% cut in Ireland's quota share, worth €26, which will make sourcing of raw material more challenging. It has been suggested that the economic losses in Donegal relating to catching and downstream processing and ancillary services will reach €675 million over a 10-year period; with an estimated loss of 1,150 jobs. In addition to the loss of mackerel quota, the fact that the UK is an independent coastal state has significantly complicated annual negotiations. The impact of this new dynamic has been borne out by recent unilateral quota allocations by Norway and Faroe Islands, contrary to scientific advice. The potential overshooting of the TAC set for mackerel has raised alarm bells regarding stock sustainability at retail level internationally. This increased market supply is likely to deflate prices, further exacerbating the value loss for Irish processors in addition to the loss of quota.

Due to the increased uncertainties over Brexit, the Irish pelagic sector has opted to concentrate effort on catching the mackerel quota early in the year. Consequently, this has resulted in increased processing activity during the first three months of 2021, which in turn has created several issues:

- Increased market pressures and poorer prices due to increased supply and customers knowing that processors must sell their stock earlier in the year.
- Concentration of processing effort truncates the season and creates employment retention issues, as there is less fish available for processing to retain employment later in the year.
- In-house cold storage capacity, which is typically carefully managed for a longer processing season, are challenged. Processors are under increasing pressure to sell larger volumes of frozen mackerel stock quickly prior to the blue whiting season in March and April. To achieve this, processors will often opt to sell to larger volume to lower value customers, as they do not have the capacity to hold stock for higher value customers. In addition, as in-house cold storage capacity is exhausted, processors must opt for 3rd party cold stores facilities, which increases operational costs.
- The need for more freight containers has exerted significant cost and logistical pressures. This has been exacerbated by a global lack of containers and increasing freight costs from $150USD in February 2020 to $210USD per MT by May 2021. These cost increases, in high volume low margin enterprises are of particular concern.
- Inability to service higher value Asian customers seeking high fat content mackerel from the latter end of the year.
- Logistics to service EU customers has also been complicated by increased time and bureaucracy using the UK landbridge or accessing alternative shipping routes.

In coming to terms with the reduced supply of raw material under the TCA, in combination with the new challenges in the marketplace posed by the drive for sustainability and traceability, pelagic processors will need to consider opportunities at market level for higher added-value pelagic products.

Industry Perspective

The Irish pelagic sector has developed a highly successful commodity business model. However, increased raw material available to competitors, logistics and cold store costs have been impacting on competitiveness and profitability in recent years. 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.

These competitive challenges have escalated significantly due to the quota loss from Brexit, resulting in a major and immediate crisis for the Irish pelagic sector. COVID-19 has also disrupted the market and supply chain costs.

However, the sector is resilient. While it will continue to seek redress over quota loss it also requires appropriate cohesive supports from all relevant State actors, allied to comprehensive, accessible funding to mitigate these significant challenges. Innovative capital projects can help futureproof the sector by enhancing competitiveness and pursuing emerging opportunities.

Vision for the pelagic processing sector

The vision for the pelagic sector is a world-class modern fleet aligned to a highly profitable processing sector, focused on sustainability and delivering excellence in product and service. To create this needs support for existing primary processing and value-added processors targeting higher value Asian and European markets with greater efficiencies, logistics, and robust in-market resources actively targeting by-product markets. This can be achieved through:

- **Optimising existing commodity processing capacity** and developing complementary new scaled processing capacity targeting higher value products & diversifying.
- **Reviewing existing individual cold storage capacities and logistic activities** and define best-fit shared solutions and associated financing/funding opportunities required need for additional cold storage for other processors
- **Benchmarking existing processing infrastructures** and define specific actions to optimise capacity, efficiencies, quality, and green credentials at each plant. Capital investment will be required to optimise existing scale and efficiency at each plant – BAR needs to support this with Folio Capital Funding
- **Defining commercial product innovation pipeline** to build on baseline work carried out on mackerel and blue whiting opportunities by BIM and the sector, to also include by-products
- **Progressing feasibility studies to develop a large-scale modular processing facility**
- **Defining supply chain and in market capabilities** and requirements to move up the value chain (e.g. Food service and retail ready mackerel and blue whiting products to Europe and Asia).
- **Promoting Diversification/ Value Added** within existing Pelagic Processors focusing on by products/ingredients - BAR needs to actively prioritise this as a measure (e.g. IQF mackerel fillets (+boneless) targeting Asia and Europe)
- **Supporting existing Primary Processing Sector** to meet competitive challenges resulting from Brexit / substantial investment is required to future proof the sector to the changed landscape post Brexit
- **Supporting Fish Protein and Fish Oil Production** in the context of increasing competition for raw material volumes because of Brexit – to do more with less in a shorter period of time efficiently and responsibly. Existing enterprises are in prime position to deliver on such a project with the amount of R&D completed and their track record (e.g. extraction of high-end compounds from fish raw material to maximum potential).

Strengths	Weaknesses
• Experts in commodity production and trading • Production of quality, safe and sustainable products • Flexibility and adaptability of entire supply chain • Proximity to key fishing grounds • Processors' deep tacit knowledge and agility • Support network in Killybegs including ancillary service providers, engineers, and net manufacturers which form the basis of a clusters	• Lack of scale • Price-takers • Competitiveness issues • Skill sets • Attracting and retaining employees in the sector • Short fishing & processing seasons • Ireland's distance from key markets
Opportunities	**Threats**
• Complementary higher margin opportunities • Growing global population • New technologies IQF, tempering	• Brexit, specifically in the context of quota cuts • COVID-19 • Eroding margins • Retention of employees • Raw material access • Increasing costs • Climate Change

Table 67: *SWOT analysis of the Pelagic Processing Sector*

Salmon & Shellfish Processing Sector

Current Status

The salmon and shellfish processing sector comprised 75 companies in 2020 with a combined turnover of around €160 million. Of these companies, seven are larger processors with a turnover in excess of €10 million. The remaining 68 are a mixture of small processors, oyster growers and smokers.

The salmon and farmed shellfish sector account for export value of €140m and represent 21% of total seafood exports. The main exports for salmon are France, UK, Poland and Germany, while for shellfish the main export countries are France, UK, Spain and Asia. The value of Irish exports for salmon and farmed shellfish has increased by 49% to a value of €54m for the first four months of 2021 when compared to 2020 data. This level of export is comparable to the 2019 figure of €53 million for the same period.

Brexit Challenges

This sector is under significant risk from Brexit and given the preponderance of small companies, this sector is particularly vulnerable to any extra costs that may be incurred due to Brexit. By way of example, the entire salmon processing sector is at high-risk due to Brexit around the continued availability of organic feed to preserve the organic status of Irish salmon.

The primary concern for both the salmon and shellfish sector is around logistics. This has impacted in two ways, extra costs associated with reaching export markets and delays in transit time. The salmon industry has found that direct sea routes to the key markets in Europe were causing a loss of one day's shelf life and have now returned to primarily using the landbridge option through the UK. The landbridge does require extra paperwork but is more competitive in terms of price and transit time for product that needs to reach the market quickly.

Shellfish exporters continue to use direct routes to mainland Europe as most do not have the capacity to provide full loads and must use groupage. Logistics operators tend not to use the landbridge for this type of transport. This has added extra costs to exporters and increased transit times.

Industry Perspective

The Irish shellfish processing sector is unique in that it has developed a strong brand awareness in various overseas high-end retail and wholesale premium markets. The shellfish processing plants have achieved a strong reputation for professionalism and consistency with shellfish items processed in Ireland having a reputation for quality in premium markets.

The shellfish processing business is labour intensive and accounts for majority of the full-time equivalent employment in coastal communities from within the fishing sector. Furthermore, this sector has traditionally longer seasons than other sectors and whilst the processing is seasonal, many of the plants provide year-round employment.

Historically, shellfish processors have relied on imported raw materials to deliver scale to complement local seasonal shortages. The main competitor to the shellfish sector is in overseas markets is the UK industry which is underpinned by much larger quotas and/ catching effort for key species such as *Nephrops*, scallop, crab, and whelk.

In recent years, the sector has had to compete with UK plants that benefitted from a weakening sterling. Historically, UK plants enjoyed lower costs and were closer to the market. In recent months, many of the UK fleet operators and processing plants have been financially supported under such measures as the €23 million Seafood Disruption Fund that provided £100,000 per processor for the month of January. The competitive situation and viability are exacerbated by the transfer of *Nephrops* quota to the UK fleet with a 15% quota loss in the transfer under the TCA with an estimated value of €8.2 million out of the total loss of €42.9 million per annum. This may result in a loss of critical employment opportunities.

Irish processing plants can no longer mitigate the loss of supply as the overland importation of raw materials from the importation UK has been hindered by Brexit. There are increased logistical issues and costs from shipping on direct ferries rather than using landbridge, with longer transit times causing increased mortality for live shellfish and reduced shelf life for cooked products. However, reverting to the landbridge route introduces increased customs clearance costs and possible long delays.

Vision for the salmon and shellfish processing sectors

The vision for the shellfish sector is to scale processing plants to international standards with best practice procedures, innovative processes with a focus on the maximisation of added value. This will be achieved through:

- Focus on development and supporting a segment that provides employment in peripheral coastal communities.
- Increased diversification effort in shellfish aquaculture and improved licensing regime.
- Increased penetration of emerging global markets for value added products.
- Additional species or enhanced product utilisation.

Strengths	Weaknesses
• High product quality • Market position • Provenance • Human capital and accumulated skill sets • Expertise in processing • Sustainable resource • Agility • High international standard of purpose built on shore facilities.	• Lack of scale • Scope • Plant over capacity arising from reduced access to supply
Opportunities	**Threats**
• Value adding activities and enhanced utilization • Global demand from emerging markets for seafood proteins	• Brexit, specifically in the context of quota transfers to the UK as our main competitor. • Increased rivalry and external factors • Raw material access overland: non-tariff barriers to importation from UK • Financial supports provided by UK authorities to processing competitors thereby putting the Irish sector at a significant competitive disadvantage in International Markets • Increasing costs • Overcapitalization in catching sector in UK

Table 68: *SWOT analysis of the Shellfish Processing Sector*

26. Appendix 6 – Sectoral Analysis to Support The Aquaculture Scheme

Salmon

Current status

The salmon farming sector comprised of 5 companies in 2020 with a combined turnover of €127 million in 2020. One company dominates the sector, producing on average, 69% of total output by volume annually. Salmon production continues to follow a cyclical trend, oscillating between 10,000 and 20,000 tonnes annually. Most Irish farmed salmon are exported, with 10,850 tonnes or 83.8 % of the farm-gate sea-pen product, all of which was produced to organic certification. The product forms exported are either whole-round, head-on gutted, filleted or value-added products, with the main destination markets being principally France, Poland, Germany and the United Kingdom with lesser volumes going to North America and Asia. Irish organic salmon is also a vital raw material for smoked salmon processors in the country who rely on this for their value-added products.

Despite farmed salmon production remaining essentially static over the past decade, the industry has been able to increase unit value through the development of organic salmon farming, with the entire countries production now being farmed and certified as organic. This has allowed the Irish industry to remain profitable despite having a higher cost of production when compared to countries such as Norway and Scotland. However, the Irish industry is and will come under increasing pressure from these same countries as they are increasing production of organic salmon and have the potential to outcompete Irish organic salmon as they can produce and sell for a lower price than Irish companies. Production output stagnation has also led to a situation whereby the Irish salmon farming sector has not been willing to invest in new technologies or been able to increase production to reduce costs and the gap in terms of production cost has therefore increased as time has gone on. This combined with the effects of Brexit has the potential to significantly affect the profitability of the Irish industry in the future.

The salmon sector has acknowledged a need to become increasingly aligned with the carbon reduction agenda and this play its part in combatting climate change. Higher trophic level aquaculture products (e.g. salmon) have low carbon emissions compared with other forms of protein production. Thus, salmon aquaculture further represents a key opportunity for sustainable diets and has been identified as an alternative to other high carbon forms of protein production.

Brexit Challenges

Due to Brexit, the Irish salmon farming sector has primarily been impacted from a raw material access (feed, juveniles, equipment) and from a logistics perspective. Because of the Irish industry's size, there are no companies that produce feed in Ireland, so all feed must be imported, primarily from the United Kingdom where it is produced. Due to the new health certificate requirements, ordering feed and having it delivered, a task which normally took a week from order to delivery in Ireland, now takes around a month. In addition to this delay in the time taken to get feed, there are extra logistical cost as feed has to be handled through a customs port, Dublin, so companies can no longer import feed directly, which again increases the time and cost of feed deliveries.

As with feed imports, the Irish salmon aquaculture sector is reliant on importing equipment for its operations. Brexit has increased the cost of equipment from UK based suppliers, both in terms of the cost of the equipment and on the logistical cost of getting it to Ireland. In addition to this delivery times have significantly increased.

Despite not being impacted to the same degree as feed and equipment, juvenile and eggs supply, both to and from Ireland has been negatively affected by Brexit. On the former, Ireland is not 100% self-sufficient in the production of eggs so is reliant on taking in eggs from third countries, primarily Scotland, Norway and Iceland. At present, getting eggs from these three countries has not proven to be too challenging, relying on non-EU suppliers comes at a risk should there be any disease or regulatory issues which would result in farms not having enough stock to put to

sea on a given year. Another facet to juvenile supply is some Irish producers sell surplus stock to Scotland. Because of Brexit, this has become much more complex and costly, which has reduced the competitiveness of selling surplus juveniles.

As the Irish salmon farming sector is reliant on the export market for its product, logistics to those markets has been significantly impacted by Brexit. The biggest challenge has been the increase in cost and time in reaching European markets, whether that has been via the UK land bridge or utilising the direct ferry routes from Ireland to the continent. Every Irish salmon producer has reported a significant cost increase in using either option, time delays related to additional paperwork requirements, acquiring space on direct ferries, the additional sailing time with the direct route, and/or weather related postponing direct ferry sailings. Combined, these have resulted in Irish salmon being less competitive in the markets they supply.

Industry Perspective

The Irish salmon sector has developed a reputation for quality product and has utilised the premium associated with organic certification to offset the higher cost of production in Ireland when compared to competitor countries. While this market is becoming increasing competitive as a result in increased organic production in Scotland and Norway, as a sector, it retains a high potential for expansion and to supply increased raw material to the processing sector.

To maintain existing production levels and see the desired expansion, the sector is seeking regulatory certainty in the first instance in the form of continuing the application of the recommendations of the Aquaculture Licensing Review group. Such certainty and security of tenure will serve to promote investment in new technologies and facilities which will strengthen the resilience of the sector, by decreasing cost of production, securing access to juveniles, and supporting further improvements in husbandry techniques and environmental performance. Ultimately, the desired regulatory system is one that is clearly articulated, has science informed goals and is adaptive enough that the industry can fulfil its production ambitions and market needs whilst remaining well within its environmental and regulatory boundaries. Such flexibility is needed to support the sectors' ability to innovate while still providing requirements for performance, monitoring, reporting and accountability.

In terms of the impact of Brexit, the immediate concern of the salmon sector centres around logistics, access to feed supplies and access to equipment. This has impacted in two ways, extra costs associated with reaching export markets and delays in transit times and delivery of supplies. As highlighted in the section above, the industry has found that Brexit has a significant impact when using the direct sea routes to the key markets in Europe with increasing costs of transport, additional paperwork, delays and reduced shelf-life amongst the most significant challenges for the industry.

Strengths	Weaknesses
• Environmentally sustainable production with established production capabilities • Sheltered bays suitable for aquaculture production • Experienced operators with proven track record • EU single market access • Ireland's image as a quality food producer • Unique supply to the Irish smoked salmon industry	• Production stagnation • Lack of investment • High cost of production • Reliance on imports of raw materials • Fragmented and uncoordinated production and weak market position for producers • Small size of sector creates limited capacity to attract talent at every level • Outdated technology verses competing salmon producing countries • Regulatory uncertainty
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Opportunities for sector expansion offshore • Supportive EU policy environment • Food Vision 2030 commitments re aquaculture licensing • Development of value-added products in Ireland for domestic and export markets	• Competition from non-EU producers • Distance from main markets • Biological and physical challenges related to climate change • Disease and mortality • Not self-sufficient in egg/juvenile supply • Negative perception of aquaculture among some stakeholders • Technology threat - e.g., onshore aquaculture close to or in key markets • Lack of raw materials to produce fish feed • Competition from alternative protein sources which will capture or displace market share from seafood products • Inability to supply market 12 months of the year as is required by major retailers.

Table 69: *SWOT Analysis of the Farmed Salmon Sector (source IFA)*

Irish Rock Oysters

Current status

The Irish farmed rock oyster (Crassostrea gigas) sector comprised of 157 companies in 2020 with a combined turnover of €37 million. Greater than 60% of companies in the sector produce less than 50 tonnes per annum with the remaining 40% split evenly between companies producing 50-100t and those producing over 100t

The majority of Irish oysters are exported to France (71%), which is by far the largest market for Irish oysters. China (7%), the Netherlands (6%), Hong Kong (5%) and the UK (4%) make up the rest of the largest markets with additional smaller volumes being sent globally.

Farmed oyster output had grown progressively year on year to a level of 10,000t. This growth pattern was negatively impacted by COVID-19 and production fell in 2020 to some 9,000 tonnes. Of note, is that oyster production currently provides the most employment in the Irish aquaculture sector.

Pre-COVID-19, the increasing use of branding and an attention to quality and food safety management had led to an increased recognition and concomitant increased market penetration of Irish premium oysters. In particular, the markets in China, Singapore and Hong Kong and also more recently in Holland and Belgium. These forces had brought about an overall price increase which, while negatively impacted, can be predicted to return with the reopening of the hospitality sectors in Europe and Asia

The buoyant market conditions experienced pre-COVID had attracted a renewed flow of investment into the farmed oyster sector, with particular interest being shown by French companies in taking over and further developing Irish oyster sites. This foreign direct investment is focused on developing half or near full grown oysters which are then exported to France for the final growth phase and packing.

Bivalve shellfish aquaculture has an extremely low carbon footprint. Oysters have a high protein content and are high in essential omega-3 fatty acids, and micronutrients such as zinc, iron, vitamin A and vitamin B12. Bivalve farming also has a smaller environmental footprint than most other foods, using up almost no land or freshwater, relying on seawater instead.

Brexit Challenges

As with the salmon farming sector, the Irish farmed oyster sector has primarily been impacted from a raw material access (juveniles, equipment), and a logistics to market perspective. However, this challenge is further complicated by the yet unresolved issue of new costs in the form of veterinary certification and inspections for the movement of live shellfish, upon entry into the UK as third country be it as the product destination or as a land bridge. The impact of this is compounded by the introduction of fees under the EU Official Controls Regulation which has added an additional cost to the industry which was not there prior to Brexit.

Since 2016, suppliers into the UK have been heavily impacted by a devalued GBP in the approach to and post Brexit. This has been characterised as "delivering four pallets but getting paid for three" when compared to the exchange rates experienced post the vote to leave. Increased costs and reduced availability of imports from UK are leading to difficulties in maintaining boats and machinery. Ever increasing lead times on equipment deliveries and customs clearance is also frustrating the efforts of the sector to modernise and thus improve product handling and thus quality.

Industry Perspective

The industry recognises that significant progress has been made in shellfish licencing, however, the system is still viewed as overly complex and proscriptive. As with the salmon sector, the desired regulatory system is one with clearly articulated science informed goals that is sufficiently adaptive so that it allows the industry to flourish whilst meeting its environmental and regulatory obligations. Such flexibility is needed to support the sectors' ability to innovate while still providing requirements for performance, monitoring, reporting and accountability

A further key fundamental is having the optimum mix of diverse, skilled, and appropriately trained talent. The sector has to compete with many others in attracting and retaining people from primary production level right up to consumer interfacing positions. In common with the wider agri-food sector attracting and retaining trained and skilled workers is an ongoing challenge for oyster businesses. This affects roles across all skill levels, while there may be potential for certain lower-skilled, lower-paid and repetitive roles to be automated, this requires significant research, development and investment in technology.

Reliance on the hospitality sectors in Europe and Asia pre-COVID has highlighted the need for market diversification. When the hospitality sectors closed as a result of COVID-19 production of oysters fell by 14% with a corresponding decrease in value of 19%, however, these statistics mask the greater impact felt by smaller companies with no access to Asian markets and those with site's that are not conducive to achieving high meat yields. There is a pressing need to investigate new markets and to develop the domestic market and measures are required to connect small oyster producers to the consumer and provide advisory, investment and marketing support for those who wish to diversify into new products.

Good water quality is seen as a key enabler for the expansion of the sector, with serious concerns being expressed at the reduction in water quality in coastal areas and its potential to impact its businesses. The sector is not a cause of poor water quality but rather is the receiver and the sector is seeking the adequate protection and restoration of coastal water quality along with the full implementation of the requirements for Shellfish Protected areas under the Water Framework Directive.

Strengths	Weaknesses
• Environmentally sustainable production with established production capabilities • Sheltered bays suitable for aquaculture production • Experienced operators with proven track record • EU single market access • Ireland's image as a quality food producer	• Reliance on imports of raw materials (e.g. equipment and boats) • Fragmented and uncoordinated production and weak market position for producers • Small size of sector creates limited capacity to attract talent at every level • Disease and mortality challenges • Reliance on export markets and food service markets • Export of premium product which is then packed outside Ireland under other non-Irish brand names
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Supportive EU policy environment • Low tropic species • Potential for carbon sequestration • Further market development in key markets both in the EU and Asia • Utilizing new technology to mechanise repetitive tasks	• Distance from main markets • Biological and physical challenges related to climate change • Disease and mortality • Not self-sufficient in seed supply • Competition from alternative protein sources which will capture or displace market share from seafood products • Decreasing water quality in intertidal zones • Export of product where final packing takes place outside the country

Table 70: *SWOT Analysis of the Irish Rock Oyster Sector (source IFA)*

Mussels

Current Status

The Irish mussel industry is split into two distinct sectors, rope grown, and seabed cultured both of which hold MSC certification, the only species to do so in Ireland. The Irish rope grown mussel industry is made up of 56 companies whilst the seabed cultured sector comprises of 17 companies. Combined, these produced circa 14,000 tonnes of mussels worth €13 million in 2020. Both sectors are highly dependent on export markets with near to 100% of their products exported to the EU (France, Holland and Belgium being the main market outlets).

Rope mussel culture benefits from the highest growth rate of all mussel aquaculture technique employed in Europe. The sector also has a number of important strengths that may support its growth in the near future. These include the increasing tendency in the marketplace to incorporate added value to mussels, an underdeveloped domestic market, low environmental impact of mussel production and their capacity to clean water and even sequestrate CO2.

The main weaknesses that inhibit growth are the low price of rope mussels, the fragmented nature of the primary producer sector (i.e. many small enterprises), risks associated with biotoxin events and the increasing competition for suitable space to enlarge or establish new farms.

In common with most EU countries ex-farm prices for rope mussels in Ireland are relatively low and have been stagnant for some years. This can at least in part be attributed to the many small enterprises who have little involvement in the secondary purification and marketing phases which serves to hand the market and bargaining power to the processing sector. This could be solved via greater cooperation within the sector or the establishment of a more formal producer that could integrate vertically in the value chain (e.g., by acquiring depuration or processing factories). In other EU countries such integration has allowed the development of new business strategies and product diversification.

Bottom grown culture areas are located in estuarine bays of the east and southwest coast. The sector has been characterised by a steady trend of consolidation driven by low margins, principally due to the high capital costs and operating cost sourcing and maintaining suitable vessels thus the need to achieve economies of scale.

The sector is based on the wild capture of seed, its transportation to licensed inshore areas where density can be controlled to optimise growth conditions and predators before harvest 18-24 months later. While fluctuations have occurred, the sector does not mirror the price stagnation experienced in the rope mussel sector. This has principally been a result of vertical integration and partnerships with major processors in the Netherlands.

Mirroring the rope mussel sector, seabed cultured mussels have a number of important strengths that could support growth. These include the increasing tendency in the marketplace to incorporate added value to mussels, an underdeveloped domestic market, low environmental impact of mussel production and their capacity to clean water.

The primary limiting factor for the expansion of the sector is the lack of and the unreliability of natural spat settlements. Mussels are characterized by high fecundity and a mobile living larval phase. Because of this generally abundant supply, mussel farming has always depended on the use of natural spat. However, obtaining natural supply of spat is often subject to large variations which currently cannot match the demand from the sector.

Brexit Challenges

In common with other aquaculture sectors the rope sector has primarily been impacted a logistics to market perspective. Again, like other bivalve species this challenge is further complicated by the yet unresolved issue of new costs in the form of veterinary certification and inspections for the movement of live shellfish. Equipment cost inflation and ever-increasing lead times on equipment deliveries and customs clearance is also frustrating the efforts of the sector to maintain/modernise and thus improve product handling and thus quality.

The seabed cultured mussel sector also has a unique set of uncertainties associated with the reciprocal access arrangements for the Irish and NI fleets conferred by the joint management arrangements document in the 'Rising Tide Report' and underpinned by the Voisinage agreements between Ireland and the UK.

In January 2021, the Commission's Task Force advised that under the EU / UK Trade and Cooperation Agreement, the Voisinage arrangement which allows Irish registered vessels access to 0-6nm zone in Northern Ireland and for vessels owned and operated in NI to fish in IRL 0-6nm zone, is valid. This was further affirmed by the inclusion of mussel vessels in the list of reciprocal fishing vessel access entitlements for EU and UK registered fishing vessels to respective UK and EU 0-6 nm zones.

Industry Perspective

Logistics challenges are currently the primary concern of both the rope grown and bottom cultured sectors. Utilising the direct route to the EU is considerably more expensive per load than via the land bridge and despite the price increase does not guarantee dispatch and delivery in a timely manner. The direct route has fewer sailings and thus there is little flexibility. There are also concerns which appears to be somewhat realised in recent months that tourism will be given priority on the direct route and thus capacity for freight is further limited.

Land bridge exporters are finding the new administration challenging but whilst they have adapted there remains significant concern as to the unresolved issue of new costs and administration in the form of veterinary certification and inspections for the movement of live shellfish upon entry into the UK. A concern that is heightened with the introduction of fees under the EU Official Controls Regulation on the 1st of October 2021. The industry is also concerned about the infrastructure deficit for checks at Holyhead that are causing drivers to be constrained by time, with check-in times increasing from 1 to 2 hours, this has led to pressure on primary producers to harvest earlier than they would have otherwise, which can impact the freshness of the product when it reaches the market.

As with other aquaculture sectors, the industry has also highlighted that increased costs and reduced availability of imports from the UK are leading to difficulties. In both parts of the mussel sector this is primarily regarding the sourcing and maintaining of boats and machinery.

Finally, vigilance in ensuring the safety of Irish shellfish is of paramount importance and continuous monitoring of shellfish produce for the presence of marine biotoxins is essential to reduce the risk to the consumer. Ireland has a monitoring system in place which can provide predictions of toxin increases and limited forecasting but due to fresh nature of the product and the current length of time required to receive results further investment is inhibited and market access is constrained. There is a very high financial risk to primary producers and processors and thus this is an area that requires further research and resources. In particular, research is necessary into rapid testing techniques which conform to EU and national standards. In the interim, greater phytoplankton testing resources (Ideally regionally based) are needed to turn around samples more quickly. This will serve to mitigate some of this risk, provide certainty and thus encourage further investment in the sector.

Strengths	Weaknesses
• Environmentally sustainable production with established production capabilities • Sheltered bays suitable for aquaculture production • Experienced operators with proven track record • EU single market access • Ireland's image as a quality food producer • High quality water • MSC certified • Strong demand in Europe for fresh mussels	• Reliance on imports of raw materials (e.g. equipment and boats) • Fragmented and uncoordinated production and weak market position for producers • Small size of sector creates limited capacity to attract talent at every level • Low value market and long-term trend of static prices • Irregular supply due to capacity constraints • Impact of climate change • Lack of branded products in the market • Lack of investment in Biotoxin monitoring system and rapid sample analysis • Reliance on wild settlement of seed
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Low input form of aquaculture • Opportunities for value adding to increase price • Increased coordination leading economies of scale • Brand development in the key EU markets particularly for MSC and organic certified product • Use of technology to gather seed • Decrease post relaying mortality to increase yield	• Distance from main markets • Biological and physical challenges related to climate change (e.g. biotoxins) • Competition from alternative protein sources which will capture or displace market share from seafood products • Decreasing water quality in intertidal zones • Decreasing water quality in bays and estuaries • Labour increasing costs • Imports from non-EU countries • Competition for space

Table 71: *SWOT Analysis of the Irish Mussel Sector (source IFA)*

Other Finfish

Current Status

The "other finfish" sector is primarily the freshwater production of Rainbow trout. There are 7 companies who in 2020 had a turnover of €2 million and a production of around 600 tonnes. Production is concentrated in the south and east of the country.

Eighty per cent of trout produced in Ireland is exported, the majority of which goes to the UK with the remainder to France and the Netherlands. The Irish trout sector is heavily reliant on retail in all of its markets, therefore, it is vulnerable to changes in consumer perspective, be it as a result of cost inflation or a shift towards other sources of protein. The trout sector has been the strongest among the wider aquaculture industry in developing a diverse range of products. Products on offer are generally high-end as necessitated by the high cost-small scale of the industry here.

All farms are land based, abstracting, and returning water to rivers, and in comparison, to other freshwater installations (Perch and Salmon Smolts) tend to be larger in terms of biomass of fish and water capacity. Though subject to recent investment supported by EMFF grant-aid administered by BIM, the technology employed is predominately old in the form of flow through systems. This poses a challenge when viewed in the context of changing rainfall patterns as a result of climate change. Experts predict that the frequency and duration of low flows are likely to increase in many areas and this is expected to impact permitted abstraction/discharge levels in the coming decade. Further modernisation of facilities will be required to respond to this challenge with the potential for full or partial RAS systems to form part of the response. The technology is available with RAS systems already used for the culture of rainbow trout (commercial or experimental systems in operation in nine EU member states). Indeed, RAS Rainbow trout represented 62% of EU RAS output in 2018.

Brexit challenges

Accessing the UK market has led to the same logistical challenges as the shellfish sector who utilise the land bridge. The increased administration is challenging but the sector and haulage firms have adapted. The infrastructure deficit for checks at Holyhead is a concern in that it adds to transport time. Drivers are much further constrained with check-in times increasing.

Another real concern is that while the TCA agreement establishes zero tariffs or quotas on trade between the UK and the EU, where goods meet the relevant rules of origin. The simple commitment to address non-tariff barriers (such as import and export licensing restrictions) does provide certainty on market access for value-added, processed fish products (e.g., caviar, pate).

Industry Perspective

The trout sector is extremely exposed to Brexit impact due to the high level of UK market exposure. With reliable, regular cold chain logistics into the UK market being the key challenge. In addition, the trout sector needs marketing support to drive an expansion of the domestic market.

A further issue of immediate concerns is the increased costs of packaging since Brexit. As packaging is mainly imported from or through the UK, producers have noted a 20% increase in packaging costs post Brexit. This further undermines profitability.

The sector has a strong role to play in the suite of measures required to produce more food for a growing population while reducing CO_2 emissions. But similarly, the sector is vulnerable to the effects of climate change. It needs supports in the trailing and adoption of new technology to reduce costs further improving environmental performance, and also minimising reliance on freshwater abstraction.

To achieve the economic and environmental benefits will require flexibility in the licencing system. Flexibility will be needed to support the sectors' ability to innovate while still providing the required levels of environmental performance, monitoring, reporting and accountability.

Strengths	Weaknesses
• Environmentally sustainable production with established production capabilities • Experienced operators with proven track record • EU single market access • Ireland's image as a quality food producer • Product diversification and offering • Room for growth in production	• Production stagnation • Very small sector • Reliance on imports of raw materials • Small size of sector creates limited capacity to attract talent at every level • Outdated farming technology • Reliance on UK market
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Opportunities for sector expansion offshore • Supportive EU policy environment • New Product development	• Competition from non-EU producers • Reliance on UK market • Potential tariffs on value added products • Biological and physical challenges related to climate change - access to fresh water, disease and mortality • Negative perception of aquaculture among some stakeholders • Technology threat - e.g., onshore aquaculture close to or in key markets • Competition from alternative protein sources which will capture or displace market share from seafood products

Table 72: *SWOT Analysis of the other Finfish (Trout) Sector (source IFA)*

Seaweed

Current Status

In the wider context 77,000 tonnes of farmed and wild-harvested seaweed worth €37 million was exported from Ireland in 2018. Seaweed is a versatile product, and its potential remains underdeveloped. There is scope to increase the value of seaweed exports from Ireland with increasing interest in bio-actives, in particular from farmed seaweeds which is currently produced at a level of 50-100. Sea-site capacity is currently 180 hectares (ha) with an additional 50 ha. coming on-stream. Current licenced capacity could produce 900 tonnes fresh harvest if all the sites were fully operational as would be expected in the next 5-10 years.

Farming of brown weeds and red, specifically Alaria esculenta and Palmaria palmata takes place at licensed marine sites. Other high value red weeds remain less developed specifically the culture of the Porphyra umbilicalis and Asparagopsis armata is at an early stage.

Seaweed farming is receiving high levels of support at a European and National level. Food Vision 2030 specifically highlights the potential to develop new seaweed aquaculture opportunities, particularly when considering the role anti-methanogenic properties of certain seaweed species could play in ruminant livestock diets.

Food Vision 2030 also highlights seaweed as having a role to play in developing new bio-based value chains. It recognises that the marine offers huge potential for cascading use of bio marine resources in the bioeconomy. These include:

the use of algal biorefineries, seaweed farming, the multi-use of marine space in off-shore platforms, zero-waste, digitalised and circular aquaculture, new pharmaceuticals from marine ecosystems, and carbon sequestration.

Brexit Challenges

Given the small size of the sector which accesses local and niche markets, Brexit has thus far failed to have a notable negative impact.

Industry Perspective

If the sector is to develop as envisioned in EU and National policy documents, multi-stakeholder collaboration in an innovative development programme is required. Innovation policy should have a challenge-orientation and recognise the requirement of meaningful interaction by many different sectors and actors (including regulators) to find solutions.

An effective innovation system, a strategic approach to R&D funding and an engaged and responsive knowledge exchange environment are fundamental. Ireland's aquaculture R&D capacity and knowledge exchange (National and EU) must be strengthened to bring them into line with the latest thinking on effective innovation systems and to ensure maximum impact for publicly funded research and development programmes.

Strengths	Weaknesses
• Environmentally sustainable production • Sheltered bays suitable for seaweed production • EU single market access • Ireland's image as a quality food producer • High quality water • Carbon sequestration opportunities • Potential for non-food uses	• Reliance on low value brown seaweeds • Fragmented and uncoordinated production and weak market position for producers • Small size of sector creates limited capacity to attract talent at every level • Lack of developed markets • No commercial seaweed hatchery • No coordinated market development
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Low input form of aquaculture • Opportunities for value adding to increase price • Supportive EU policy environment • Under-utilized licence capacity • Subject to high levels of research and consequent funding opportunities • Opportunities for colocation with other sectors (multitrophic farming, renewables etc.) • Significant multi-use markets	• Bulk low value wild harvests • Biological and physical challenges related to climate change • Competition for space • Competing producers outside Ireland • Lack of coordinated development of the sector • Imports of farmed products from Asia

Table 73: *SWOT Analysis of the Seaweed Sector (source IFA)*

Other Shellfish

Current Status

"Other Shellfish" sector is made up of a number of aquacultures practiced on a smaller scale; Bottom-cultured native oysters and king scallop, shellfish hatcheries and abalone units, totalling 15 companies. Combined output volume in 2020 was 264.4 tonnes with a turnover of €1.3 million in 2020

Niche markets for the minor bivalve species had been mainly from EU states, notably France, Spain, Holland and the UK. Though in the case of the native oyster the market has declined as consumers switch to the more available rock oysters. The hatcheries supply the home market, in particular the diploid Rock oyster producers

In common with other bivalves, these species represent a key opportunity for sustainable diets, and have been identified as an alternative to fill to other high carbon forms of protein production. In the case of native oysters, the reefs they form (during the period between relay and harvest can buffer estuaries and coastal waters against phytoplankton blooms caused by anthropogenic nitrogen loading, increase water clarity, provide a nursery habitat for fish, provide coastal flood and storm protection. This further supports the nature conservation efforts and the EU biodiversity strategy.

Brexit Challenges

As SMEs with low product output these sectors are exposed to inflation in the cost of logistics, increased administration, and transit delays. In the case of scallops sourcing juveniles has become increasingly difficult with all traditional source countries now being outside the EU (Scotland and Norway).

Industry Perspective

There is ambition to develop these species so that they become a high value part of the Irish aquaculture sector. As small, niche producers there is an immediate opportunity to strengthen linkages with the wider local food and tourism offerings. This should include support for business development and marketing initiatives to support and promote visitor attractions for the tourism sector.

Strengths	Weaknesses
• Environmentally sustainable production • Sheltered bays suitable for aquaculture production • Experienced operators with proven track record • EU single market access • Ireland's image as a quality food producer	• Fragmented and uncoordinated production and weak market position for producers • Very small size of sector creates limited capacity to attract talent at every level • Disease and mortality challenges • Reliance on export markets and small size of market • Limited knowledge base (Small sectors)
Opportunities	**Threats**
• Under exploited domestic market • Low carbon food production with a growing global demand • Supportive EU policy environment • Low tropic species • Potential for carbon sequestration • Alignment to EU biodiversity strategy • Predicted market growth	• Distance from main markets • Biological and physical challenges related to climate change • Disease and mortality • Competition from alternative protein sources which will capture or displace market share from seafood products • Decreasing water quality in intertidal zones

Table 74: *SWOT Analysis of the Other Shellfish Sector (source IFA)*

27. Appendix 7 - FLAG Project Examples

BERE ISLAND HARBOUR LIGHT

FLAG SOUTH

An onshore solar powered light with sensory control was installed at a remote pier. This pier is used by the only two fishermen still on Bere Island. Due to lack of electricity at the pier, there has been no lighting installed meaning that they could only use it during daylight and in clear visibility. To bring electricity to the pier was prohibitively expensive and thus, very unlikely to ever be done. As this was the case, the fishermen themselves sought out this innovative solution and applied to FLAG for funding.

The unit was designed by a local electrical engineer and the steel work and box were manufactured in Castletownbere. The grant-aid included the installation and commissioning of the solar light. The light can now be seen from the mainland and the fishermen are delighted with it as it makes their working conditions much safer.

FLAG:
SOUTH

PROJECT PROMOTER:
BERE ISLAND FISHERMEN

LOCATION:
BERE ISLAND, CO CORK

PROJECT COST:
€4,492

FLAG GRANT AWARDED:
€3,593

PRIVATE FUNDS CONTRIBUTED:
€898

GRANT AID RATE:
80%

COOLEY OYSTERS LTD, INNOVATION THROUGH FLAG - FINALISING THE ASIAN MARKET DEVELOPMENT PROJECT

Cooley Oysters Ltd established 2016, (were Ferguson Shellfish Carlingford Ltd since 1984), re-branding. Cooley Oysters produce 200 tonnes of oysters per annum.

Recently the company has adopted a new strategy, to create an added value product for supply to the Asian markets. FLAG funding allowed Cooley Oysters to create a new brand Identity and Marketing tools that have allowed them to achieve this goal. The results of these improvements funded through FLAG have been an increase in revenue generated from their oyster production, the achievement of the "Origin Green" Gold standard, the reduction in waste and energy consumption, an exciting new brand and marketing strategy, and, the creation of a "Cooley Oysters" retail outlet in Hong Kong.

FLAG:
NORTHEAST

PROJECT PROMOTER:
COOLEY OYSTERS LTD

LOCATION:
CARLINGFORD LOUGH, CO. LOUTH

PROJECT COST:
€90,287

FLAG GRANT AWARDED:
€45,143

PRIVATE FUNDS CONTRIBUTED:
€45,143

GRANT AID RATE:
50%

THE LOBSTER MAN MOBILE FISH TRAILER

Michael Barrett a small-scale coastal fisher, began selling lobster rolls in a local farmers market in 2015.

In 2019, Michael approached FLAG South to seek funding to buy a mobile trailer to weatherproof the operation and expand his existing lobster-roll food stall. The new food trailer was ready to go when the pandemic hit, but he was determined to forge ahead despite all the new demands and challenges. He adjusted his plan by simplifying his menu, prioritising simple, local, high-quality ingredients that were easy and reliable to obtain, and respecting travel restrictions. Michael has his own fishing boat which helps him source some of the season's lobsters.

Given that food takeaways will be the new norm in 2021, Michael plans to build on his existing customer base to include catering events, dependent on future restrictions."

FLAG:
SOUTH

PROJECT PROMOTER:
MICHAEL BARRETT

LOCATION:
EAST CORK

PROJECT COST:
€20,630

FLAG GRANT AWARDED:
€16,504

PRIVATE FUNDS CONTRIBUTED:
€4,126

GRANT AID RATE:
80%

For further information on this report please contact the Task Force Secretariat at
taskforce@bim.ie