

Brexit Inshore Marketing Scheme

Legal Basis and State Aid

This Scheme is implemented under article 41 of the Fisheries Block Exemption Regulation (1388/2014).

Expenditure under this scheme in 2022 and 2023 will be proposed for funding under the Brexit Adjustment Reserve.

Background to the Scheme

Brexit and the Trade Cooperation Agreement between the EU and the UK has had far reaching impacts across the Irish seafood sector and the implications for the inshore sector have been far reaching. Both live and processed seafood exporters are experiencing serious challenges related to logistics, increased costs, additional burdens in administration, longer lead times to reach core export markets, new competitive pressures from cheaper UK supplies and a reduction in raw material across key species, all of which have increased the burden on the Irish inshore sector, reducing their competitiveness and resulting in a much more difficult trading environment.

Since the beginning of 2021, Brexit has presented enormous challenges to the inshore sector in terms of the logistics of servicing customers across Europe who, between them, account for more than 70% of Irish shellfish exports annually. Many exporters are faced with the additional costs of using 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. Shellfish exporters using the direct ferry routes are having to absorb additional costs estimated at an additional €600 per truck which for many Irish exporters shipping 3-4 loads per week can add in the region of €100k plus in additional costs per year to their business, reducing their competitiveness and eroding margins. Access to ferry space is also a challenge for Irish exporters particular during the summer months when there is pressure on capacity from the tourist trade also. The lack of regular direct ferry routes to France is also a difficulty for the Irish trade and the absence of a service on a Sunday is a particular challenge in being able to service European customers in a timely manner. The extended travel times to reach the European markets via direct ferries has also impacted Irish exporters with delayed shipments and reduced shelf life resulting in a loss of contracts with many retail customers. Higher mortalities are also being experienced by the live export trade due to the extended times in reaching the markets.

Additional challenges facing Irish shellfish exporters also include cheaper supplies being offered by UK competitors in core EU markets. In addition, the new sanitary and phytosanitary controls in place are also impacting on the sector due to the additional costs

arising from Irish vessels no longer being able to land in UK ports and transport raw material back to Ireland. The shellfish 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.

Brexit has undoubtedly had an impact on the demand from EU customers for Irish shellfish. Many Irish processors are reporting a reduction in demand from many European retailers as a result of shortened shelf life on fresh/chilled products. Without these aforementioned challenges of Brexit, the post Covid market recovery would have pushed the prices higher for the fishermen with processors competing against live exporters at piers for the product and thereby improving the returns for the sector.

There are further challenges anticipated due to uncertainties around continued access to key fishing grounds for species such as whelks and brown crab in the medium to long term. Continuity of supply is critical to the long term viability of inshore fisheries and the impact of Brexit on the volumes potentially available for processing will be felt across all parts of the supply chain, reducing export values and the returns generated from this sector.

In summary, Brexit has resulted in many new cost increases which will be on going and will have to be borne by the sector for many years to come. There are additional concerns around further delays after January 2022 when further controls and inspections will take place and health certs will be a new requirement.

In order to support the inshore sector to mitigate the many challenges outlined above and to assist them in developing new market opportunities and to add value to their landings, the Seafood Task Force set up by the Minister for Agriculture, Food and the Marine in March 2021, recommends that a dedicated marketing fund of €2.5 million be channelled through Bord Bia over a 5-year period to provide this marketing and promotional support to the inshore fisheries sector.

Objectives of the Scheme

The scheme aims to support inshore fishermen adversely affected by the withdrawal of the United Kingdom from the Union.

This support will take the form of marketing measures designed to achieve the following objectives:-

1. To assist the inshore sector in developing new, higher value markets for Irish inshore species in the emerging seafood markets across Asia and the Middle East
2. To assist the industry to retain its customer base and secure higher added value business in its core markets across the EU

3. To help build a vibrant home market for a range of inshore species
4. To raise awareness about Ireland as a source of quality, diverse inshore seafood
5. To promote the sustainability credentials of Irish inshore species to international and domestic seafood buyers

Description of the Scheme

The Scheme will operate from 1 January 2022 to 31 December 2023. A separate scheme will be implemented for the period 2024-27 under the Seafood Development Programme 2021-27. Bord Bia will develop an annual work programme in January of each year which will be submitted to the Department of Agriculture, Food and the Marine for approval prior to any marketing activities taking place. This annual inshore marketing plan will support the sales and promotion of species such as Irish brown crab, lobster, whelks, spider crab and razor clams along with mackerel, herring and pollack on both the home and in key export markets. The plan which will be developed in consultation with industry stakeholders such as NIFF, BIM and the main inshore exporters and processors

This Inshore Marketing Scheme will support defined elements of Bord Bia's overall seafood promotion strategy specifically under the following headings:-

- ***Irish Market National Seafood Marketing Campaigns*** to raise awareness, generate trade/consumer interest and drive sales of Irish inshore species. Activities will include above and below the line advertising to include radio and (possibly) TV advertising, social media and PR campaigns, TV sponsorship of suitable seafood cookery shows and the development of POS to drive sales at point of purchase
- ***B2B Trade Advertising Campaigns*** in target export markets to raise awareness about the variety, quality, availability and sustainability credentials of the Irish inshore sector and to assist in generating buyer interest and identifying new trade leads for Irish exporters
- ***B2C Marketing Campaigns*** in target exports markets to raise consumer awareness about the variety, quality, availability and sustainability credentials of the Irish inshore sector and to assist in pulling Irish seafood through the supply through increased consumer demand and interest in Irish seafood
- ***Inward journalist Programme to Ireland*** targeting leading trade and consumer 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

- ***Inward Trade Buyer Programme to Ireland*** targeting high value customers in key target markets to showcase first-hand the quality, range and sustainability credentials of Irish inshore species leading increasing customer demand and trade leads
- ***Trade research*** in emerging export markets to identify new customer leads, profile new buyer requirements and build a database of potential customers for the Irish inshore sector
- ***Consumer Research*** to identify emerging consumer trends across markets to assist in enhanced marketing, branding and NPD for the sector
- ***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 high value foodservice channel, building new customer leads and generating strong PR around the quality of Irish inshore species
- Recruit high profile ***Chef Ambassadors*** across target export markets to act as 'Ambassadors' for Irish inshore species, developing new recipes using species such as crab, lobster, whelks and razors 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
- Develop a suite of ***dedicated POS and marketing assets*** to support the promotion of the inshore sector including new trade and consumer videos focused on individual species, brochure, leaflets and a dedicated website which can be promoted across B2B/C marketing campaigns
- ***Trade Exhibitions*** – dedicated section for the inshore sector at Bord Bia international trade shows to showcase the range, quality and sustainability credentials of the Irish inshore sector and to generate new trade leads

Ineligible Costs

The following costs shall be ineligible for support under this scheme

- Value Added Tax
- Communication and promotional campaigns of commercial brands
- Travel and accommodation costs of participating companies
- Administration costs for Bord Bia staff

Anticipated Benefits of the Scheme

- Increased demand for Irish inshore species on the home market
- Increased demand in the emerging high growth seafood markets in Asia and the Middle East reducing the dependence on the core European markets and reducing supplies to the EU, thereby helping to increase prices

- Building loyalty in the core EU markets in the face of increased and cheaper competition from UK competitors in these markets
- Identification of added value opportunities for Irish inshore species through NPD and improved marketing and branding initiatives
- Increased awareness about Ireland as a source of quality, responsibly sourced seafood
- Improved access to new customers in new markets
- Identification of new customers in new channels
- Increased export sales in existing export markets
- Improved returns for the sector

A detailed, costed marketing plan will be prepared by Bord Bia once extensive industry consultation has been undertaken in Q4 2021 and presented to industry prior to January 2022.

Publicity and Acknowledgement of the Scheme

Bord Bia and the Department of Agriculture Food and the Marine will publicly acknowledge the aid provided via their website or other publications and assets. This information will be made available to the general public without restriction and will maintained for at least 10 years.