IFA Aquaculture

Opening Statement by IFA Aquaculture Chair Michael Mulloy to the Joint Oireachtas Committee on Agriculture, Food & the Marine

on *The Challenges facing the Aquaculture Industry*
Wednesday 21st September 2022

Chairperson and Committee Members, thank you for inviting IFA to address you today regarding the challenges facing the Aquaculture Sector.

I am joined by IFA Aquaculture Policy Executive, Teresa Morrissey and IFA Aquaculture Committee member, Catherine McManus.

There is a critical need for commitment from Government to ensure the economic potential and sustainable future of the Irish Aquaculture industry is realised. Prioritising immediate action to implement a functioning aquaculture licensing system must be a key priority for any future development of the Irish Aquaculture industry, including appropriate legislative changes required to facilitate this. The full implementation of the 'Aquaculture Licensing Review 2017' must be prioritised and actioned to allow for effective implementation of the actions proposed in the draft Seafood Development Programme 2021-2027 and draft National Strategic Plan for Sustainable Aquaculture Development 2030. The Irish Aquaculture sector needs the support of policy in order to achieve any realistic sustainable development so as to unlock any future potential of the Irish aquaculture industry.

<u>Recommendations and priorities for development of sustainable aquaculture</u> outlined in government policy documents; '*Review of the Aquaculture Licensing Process*'; '*National Strategic Plan for Sustainable Aquaculture Development'* and '*Seafood Taskforce Report – Navigating Change*' and the current *'Programme for Partnership Government*' speak of developing a thriving and dynamic Irish aquaculture sector not limited by quota. Production targets outlined in '*Irelands Response the Commission's Green paper on the Reform on the CFP'* in 2013 will not be achieved. In fact, aquaculture production has stagnated over recent years with no significant increase in production figures despite EU and National policy objectives aiming to increase sustainable aquaculture development.

Targets to increase production and develop the Irish aquaculture industry have not been met. The target at the beginning of the previous European Maritime & Fisheries Fund (EMFF) programme (2015-2021) was to increase production by 45,000 tonnes, from 36,000 tonnes in 2012 to a predicted 81,000 tonnes in 2023. By the end of 2018, production had actually decreased by 7000 tonnes on 2012 levels, estimated at over €105 million in product value. By the end of 2020, Irish aquaculture production had further decreased in volume on 2012 levels, and for most of that period Irish aquaculture production remained static as opposed to increasing. The cumulative loss to the sector is estimated in excess of €570 million over the period at the prevailing in-year price.

Eligiblity criteria for funding schemes under the previous EMFF operational programme was hindered by the fact that most of industry was ineligible for grant aid due to state aid rules related to aquaculture licensing, which was outside of the industry's control. Given that this is the main financial source to ensure effective implementation of the Common Fisheries Policy (CFP), available for the sustainable development of the aquaculture sector, it is imperative that access to the available funds are facilitated at every possible opportunity.

To give further context to the lost opportunity of Irish Aquaculture over the period of the EMFF programme, as global aquaculture production has grown by an average of 5.3 % per year in the period 2001–2018 (FAO) - Ireland has not matched this trend in aquaculture production growth. Ireland has gone from 5% of European aquaculture production twenty years ago to less than 2.5% currently. However, Ireland is now the most significant aquaculture producer in the EU since the departure of the UK after Brexit – Ireland accounts for over 24% of the total EU Organic aquaculture production (EUMOFA) across all species, with Irish organic salmon making up the majority of the production volume. This is despite Ireland's overall aquaculture production, particularly salmon production, having reduced in recent years (FEAP).

<u>Irish Aquaculture production</u> is very good value for the amount of licenced area currently in operation. In the BIM Business of Seafood 2021, we see that 90km^2 of licenced area yields 38000 tonnes worth €175 million in value to the Irish economy, the majority of that value (€109 million) coming from Irish Organic Salmon. Irish Aquaculture produce accounts for over 20% of the total Irish Seafood exports from the 3 main export species, with over 80% of this aquaculture produce being exports to the value of €150 million. IFA estimates that Irish aquaculture could contribute over €500 million in direct farm gate income and a further €500 million in ancillary activity i.e., marine engineering and seafood processing; mostly generated from export trade. This value and volume of Irish aquaculture production could be significantly increased by optimising the licenced aquaculture space we already have and allowing licence conditions to adapt to innovative, efficient aquaculture production systems. Most importantly, unlike targets and speculative statements on increasing aquaculture production in the past, we need to be more specific, ambitious, and realistic.

The <u>Irish Aquaculture industry already provides essential employment opportunities</u> for rural coastal communities with almost 2,000 direct jobs and over 16,000 indirect jobs in seafood processing and marine ancillary services sectors. With a multiplier effect average of 1.5, a sustainable Irish Aquaculture industry has huge potential to create employment opportunities and further enhance coastal communities both through direct employment and indirect employment in marine industries and marine ancillary services.

With considerable investment and appropriate legislative changes or the Irish Aquaculture sector; there can be significant increases in direct and indirect employment, volume and value of aquaculture produce. IFA Aquaculture believes in the future of rural coastal communities and industries such as aquaculture are imperative for the vitality of these communities.

In short, we are lacking a coherent, realistic, ambitious policy for Irish aquaculture. The policies and objectives that we do have in relation to aquaculture are non-binding and non-specific in terms of targets and are coupled with numerous policies and regulations that are not streamlined. There needs to be a realistic EU and National policy to develop the Aquaculture sector which facilitates the sustainable development of Irish aquaculture.

IFA Aquaculture Recommends:

- **Implementation of the Review of the Aquaculture Licensing Recommendations** – there are several issues in relation to the lack of progress on several recommendations outlined in the 'Review of the Aquaculture Licensing Process', where the report concluded in 2017 that the aquaculture licensing system was in 'urgent need of reform'. The report also explicitly states the Minister 'will assign responsibility for recommendations, accountability and set milestones for delivery and identify the necessary resources to support the implementation process'. The recommendations of the Aquaculture Licensing Review need to be prioritised, resourced, and implemented urgently with greater stakeholder engagement regarding an implementation plan with realistic timelines for completion. This should include the re-establishment of the 'Aquaculture Licensing Advisory Committee (ALAC).

- **Legislative Reform** as recommended by the 'Review of the Aquaculture Licensing Process' where it was recommended for 'work to commence immediately on the preparation of new Aquaculture legislation' (Recommendation 8.16). Since this report was published in 2017, a further number of EU and National legislative policies have been given effect, many aforementioned in this document. Most specifically, the recent Marine Planning and Development Management Bill (MPDM) Bill which could be viewed as missed opportunity for Irish aquaculture reform, regulation and development management due the exclusion of the sector from the legislation. Aquaculture legislation, both primary and secondary, have been amended numerous times, in particular to give effect to EU environmental legislation – making it difficult to follow and establish the current status of various provisions.

- **Inclusion of Aquaculture in the Marine Planning and Development Management Bill (MPDM)** IFA Aquaculture has serious concerns regarding the exclusion of aquaculture from the MPDM Bill. The National Marine Planning Framework (NMPF) aims to introduce a single development management process for the Maritime Area for activities or developments. This is underpinned by legislation introduced in the form of the Maritime Area Planning Bill which aims to establish a new regulatory body in the Maritime Area Regulatory Authority (MARA) - this will not include aquaculture and fisheries, as they are not legislated for as part of the Bill. Aquaculture and fisheries must be included in associated National marine spatial planning legislation as it is essential for the fair and correct development management of the Marine space.

- **Coherence of policies through the open-method of co-ordination** in relation to aquaculture continues to be absent - alignment and coherence of Aquaculture objectives with EU environmental regulations and directives is a key challenge and the level of coherence between different EU policies should be assessed at a sector-by-sector basis. The aquaculture sector complies with obligations, particularly environmental objectives, outlined in a number of policies and regulations i.e. Habitats Directive, Birds Directive, Consolidated Environmental Impact Assessment Directive, Marine Strategy Framework Directive, Marine Spatial Planning Directive, Water Framework Directive and the Common Fisheries Policy.

- **Input Costs Support** Irish Aquaculture operators and their businesses will no longer be profitable unless there are significant supports during this time of crisis to assist with spiralling input costs. Earlier this year the European Commission activated a crisis mechanism of the European Maritime, Fisheries and Aquaculture Fund (EMFAF), to enable Member States to grant **financial compensation to aquaculture operators for income foregone and additional costs** due to the current market disruption. The EMFAF crisis mechanism is a temporary measure and applies retrospectively as of 24th February 2022 and will be in place until the end of 2022. IFA Aquaculture are calling on the Government to consider these funding mechanisms made available by the European Commission to assist Irish Aquaculture operators affected by these severe cost increases - this must be done without delay.

Concluding Comments

It is now critical that a single piece of legislation is brought forward to implement and underpin appropriate aquaculture policy and bring together all the existing primary, secondary and amended legislation in one single provision. In summary, to achieve the objectives and specific actions outlined in the Seafood Development Programme 2021-2027, the National Strategic Plan for Sustainable Aquaculture and the Seafood Taskforce Report are to be most effective for the sustainable development of the aquaculture industry, there must be an immediate effort made to reform, modernise, and improve the aquaculture licensing system. Reducing the administrative burden and having an efficient, transparent aquaculture licensing system is of benefit to regulators, the industry and aquaculture stakeholders alike.

References:

BIM, 2022 – Draft National Strategic Plan for Sustainable Aquaculture Development

BIM, 2022 - *Business of Seafood 2021*

BIM, 2022 - *The Economic Contribution of the Aquaculture Sector across Ireland's Bay areas*

EUMOFA, 2022 – *Organic Aquaculture in the EU*

BIM, 2021 – *Report of the Seafood Taskforce – Navigating Change*

FEAP, 2021 – *European Aquaculture Production Report 2014-2020*

FAO, 2020 - *The State of World Fisheries and Aquaculture 2020. Sustainability in action.*

Background Information

The IFA is Ireland's largest farming organisation, with 72,000 farmer members covering all production systems. The Association is structured with 947 branches and 29 County Executives across the country.

IFA Aquaculture is a consolidated representative body comprised of representatives from all sectors of the Irish aquaculture industry, this includes all stakeholders that farm fish, shellfish, seaweeds and for other novel species that may be cultured around the coastline of Ireland.

The National committee of IFA Aquaculture is comprised of representatives across all sub-sectors of Irish Aquaculture.

IFA Aquaculture provides strong industry representation nationally and internationally, supporting the improvement and development of the Irish aquaculture industry and promoting positive aspects of Irish aquaculture.

IFA Aquaculture is a member of the Aquaculture Advisory Council in Brussels, the Federation of European Aquaculture Producers (FEAP), the European Mollusc Producers Association (EMPA), and the International Salmon Farmers Association (ISFA).

Appendix 1:

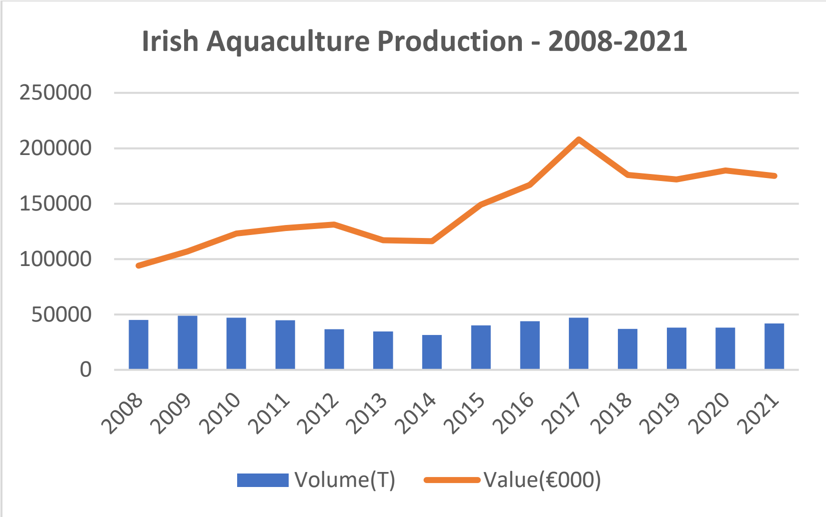

Fig. 1 – Irish Aquaculture Production in Value (€) & Volume (T) from 2008-2021

Fig. 2 – Irish Aquaculture Production Exports (main species) for 2021 in Value (€) & Volume (T)

Source: BIM Business of Seafood 2021

Farming sector	GVA	Employment	Wages
Oyster farming	1.6	1.3	1.8
Mussel and other shellfish farming	1.6	1.2	1.8
Finfish farming	1.9	3.3	3.2
All aquaculture	**1.7**	**1.5**	**2.2**

Source: Oxford Economics, Perceptive Insight, CSO

Fig. 3 - Snapshot showing Irish Aquaculture multipliers by subsector

Source: BIM Report - The Economic Contribution of the Aquaculture Sector

Fish Farming Production in EU countries

Production (Tons)	Year						
	2014	2015	2016	2017	2018	2019	2020
Greece	115,159	112,159	106,874	96,611	113,107	124,700	122,100
Spain	59,356	64,186	64,719	64,607	67,425	73,104	63,176
Italy	57,990	55,480	53,790	53,600	58,550	56,815	55,500
France	42,141	45,021	42,971	42,977	45,841	46,272	44,860
Poland	37,330	38,613	37,811	38,886	42,969	44,871	49,195
Denmark	39,341	38,829	35,272	33,654	37,685	44,895	44,895
Czech Republic	19,092	19,265	20,006	21,689	21,747	20,986	20,453
Croatia	10,624	13,341	13,500	13,914	15,491	17,118	17,381
Hungary	14,832	16,724	15,699	17,517	17,859	16,843	18,038
Germany	16,449	15,216	14,875	14,875	13,805	13,628	13,758
Finland	12,448	12,550	13,187	12,314	12,835	13,116	12,358
Ireland	11,400	12,000	17,300	20,305	13,041	12,100	14,000
Sweden	8,659	8,827	11,000	9,919	9,914	10,406	10,610
Cyprus	4,769	5,409	6,590	6,512	6,500	8,004	7,500
Portugal	5,930	4,718	4,834	5,500	4,480	7,588	6,320
Netherlands	6,235	6,285	6,285	2,912	4,970	5,230	5,270
Belgium	275	290	230	247	265	270	320
Grand total	**462,030**	**468,913**	**464,943**	**456,039**	**486,484**	**515,946**	**505,734**

4 FEAP Production report 2021 V1.1

Fig. 4 -Fish Farming Production in EU Countries showing Irish Finfish production compared with other European producers – FEAP Production Report

Ireland

Production (Tons)	Year						
	2014	2015	2016	2017	2018	2019	2020
Atlantic salmon	10,000	11,000	16,300	19,305	11,984	11,600	13,400
Large Trout	400	500	500	500	557	500	600
Portion Rainbow Trout	1,000	500	500	500	500	-	-
Grand total	**11,400**	**12,000**	**17,300**	**20,305**	**13,041**	**12,100**	**14,000**

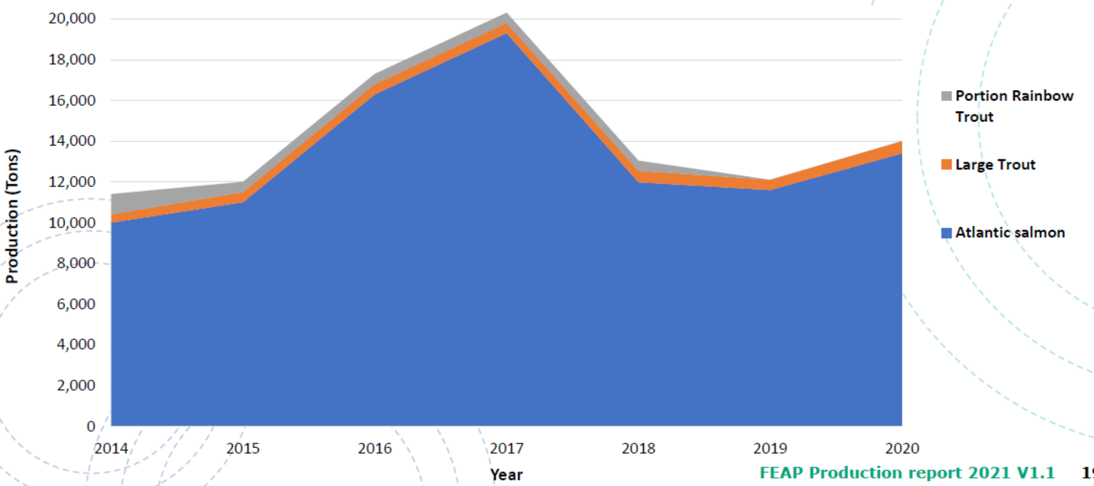

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Fig. 5 – Irish Finfish Production (tonnes) 2014-2020 – FEAP Production Report