ABOUT THE AUTHOR

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

This report, commissioned by the Irish Shellfish Association (ISA), presents the findings of a study on the Irish Oyster Industry. The primary aim was to assess the current economic importance of the industry both at a national and a more local level. In addition, a secondary aim was to consider the future development of the industry and the contribution that expansion of the sector could make to the Irish economy.

The report is based on analysis of available literature and data on the Oyster industry and interviews with 11 oyster farmers from across Ireland and industry representatives.

Current Structure of Industry

There are around 128 Oyster farms in Ireland and together they produced just under 9,500 tonnes of oysters in 2014. Production occurs in a number of Counties, but is concentrated in Donegal and Waterford, which together account for around 60 per cent of Irish production.

French producers have a significant presence in Ireland and an industry expert estimated that they account for around 25 per cent of production directly and that another 25 per cent of production is produced under contract for French interests.

It is estimated that 1,200 people obtain some form of direct employment from the sector, with the sector generating around 564 Full Time Equivalents (FTE). Both employment and production have grown markedly since 2010, by 20 and 28 per cent, respectively.

The vast majority of production is exported with France being the major destination, accounting for around 88 per cent of exports. However the Asian market is beginning to grow as efforts to open new markets in Asia in recent years have been reasonably successful.

Costs and Returns

The value of production increased from €14m to over €40m between 2008 and 2014 due to increased production and prices. The total costs associated with production have not risen in line with the value of production, fluctuating between €16m and €24m over the same period. This means that Gross Value Added has increased from €5m to €30m and that the net profitability of the sector has improved markedly. For example, between 2008 and 2012 (the last year that full figures are available for), the sector moved from recording a loss of €6.5m to producing a surplus of €18m.

At the individual farm level, a recent study of Oyster farms (McNally Gro Pro, 2015) estimates that the average cost of production ranges from €3,103 to €4,552 per tonne depending on the production system in place. Labour is the most significant cost of production often accounting for 50 per cent of all costs. Seed is also a significant cost and together with Labour they often account for 68 per cent of operating costs.

Factors such as market volatility and biological pressures mean that whilst overall profitability has been increasing, individual firm profitability fluctuates considerably from year to year.
**Wider Economic Contribution of the Sector**

Allowing for the multiplier effects it is estimated that the overall contribution of Oyster production to national output is €58m and that its contribution to Gross Value Added is €37m. In terms of employment it is estimated that the sector supports a total of 760 FTE jobs.

As the vast majority of production is exported, the sector contributes significantly in terms of export earnings.

Seventy-six per cent of Oyster production occurs in Counties with higher than the national average level of unemployment. Its regional importance is highlighted by the fact that Oyster production contributes an estimated €16m euro in output, €11m GVA and 249 jobs to the Donegal economy.

**Future of the Industry**

There are significant opportunities for growth in the Oyster sector and these can bring real economic benefits to Ireland nationally and at a local level. Table E1, based on a simple SWOT analysis, highlights the strengths and opportunities for the sector, but also that there are a number of current constraints that need to be overcome to ensure that the industry can thrive and continue to grow.

---

**Table E1: SWOT Analysis of Irish Oyster Industry**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Irish oysters</td>
<td>Uncertain property rights due to licensing issues</td>
</tr>
<tr>
<td>Climatic conditions</td>
<td>Small and fragmented industry</td>
</tr>
<tr>
<td>Extensive coastline</td>
<td>Over reliance on French industry and markets</td>
</tr>
<tr>
<td>Core of ambitious producers</td>
<td>Lack of branding</td>
</tr>
<tr>
<td>Sustainable production systems</td>
<td>Lack of investment</td>
</tr>
<tr>
<td></td>
<td>Reliance on imported seed (and machinery)</td>
</tr>
<tr>
<td></td>
<td>Limited purification facilities</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>Growing Asian market</td>
<td>Regulation</td>
</tr>
<tr>
<td>Irish seed production</td>
<td>Licensing Uncertainties</td>
</tr>
<tr>
<td>Branding</td>
<td>Loss of control by indigenous industry</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Disease Outbreaks</td>
</tr>
<tr>
<td>Global warming reducing French production further</td>
<td>Food Safety</td>
</tr>
<tr>
<td></td>
<td>Fall in demand in France</td>
</tr>
<tr>
<td></td>
<td>Land (Water) Use conflicts</td>
</tr>
</tbody>
</table>
Benefits of Growth

Various growth scenarios were considered and the economic benefit of these in terms of output and employment to the Irish economy are highlighted in Table E2.

Table E2: Impact of various growth scenarios on Irish Economy

<table>
<thead>
<tr>
<th>Increase in Output/ Employment</th>
<th>Percentage Growth in Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Output (€m)</td>
<td>10</td>
</tr>
<tr>
<td>Indirect Output (€m)</td>
<td>1.7</td>
</tr>
<tr>
<td>Total Output (€m)</td>
<td>6</td>
</tr>
<tr>
<td>Direct Employment (FTE)</td>
<td>55</td>
</tr>
<tr>
<td>Indirect Employment (FTE)</td>
<td>21</td>
</tr>
<tr>
<td>Total Employment (FTE)</td>
<td>77</td>
</tr>
</tbody>
</table>

The analysis highlighted that in terms of growth, producers individually and the industry collectively were facing the choice between focusing on higher value production or simply increasing production more along ‘bulk commodity’ lines. Whilst there is a place for both systems in Ireland it is clear that the greater proportion of the value added that can be kept in Ireland, the greater the positive impact the sector will have on the Irish economy.

Challenges for the industry

From the analysis conducted for the study, poor regulation, disease and food safety, and scale and fragmentation were seen as key challenges for the sector.

Of these the dysfunctional licensing system was perceived by all those interviewed as not only the greatest challenge facing the sector at the current time, but also a major barrier to growth. The licensing problem has direct and indirect implications for oyster producers:

- With no up to date license in place and relying solely on the protection afforded by Section 19(4) of the 1997 Fisheries (Amendment) Act, it is hard for businesses to raise capital – for example from banks or outside investors.
- Due to Irish legislation, if a producer is solely reliant on S.19(4) they are ineligible for EU or national rural and other business development grants (for example from BIM).
- Uncertainties around licensing and hence property rights has led to the existence of potential ‘grey areas’ of production which in turn increases tensions around competing uses of the foreshore.

A range of threats to biological security in the Oyster industry exist, some of which are within the control of the sector and others that are not. In addition some lead to food safety issues whilst others damage productive capacity. Food safety issues, whilst much rarer than production losses, tend to be high profile and potentially damaging to the industry. This highlights the importance of having effective Quality Assurance (QA) systems within the industry.
The small scale and degree of fragmentation of the industry was found to present a range of challenges. In particular it is hard for individual businesses and the sector to benefit from possible economies of scale. This is particularly the case in areas which incur relatively high fixed costs for producers such as investment in purification, wider quality assurance requirements, logistics and marketing efforts.

**Collaboration and Cooperation**

Given the challenges in developing an Irish Brand, quality assurance, marketing and the scale of the industry, the issue of possible advantages of increased collaboration and cooperation (the idea of co-opetition) is central. Industry experts see a range of potential roles for Producer Organisations in the Oyster industry which can contribute to either financial (FS) or biological (BS) security including:

1) Price co-ordination (FS)
2) Shared marketing (not a common brand) (FS)
3) Quality Assurance including ensuring Food Safety (BS)
4) Procurement (FS)

However, whilst generally supportive of collaborative efforts, the interviews highlighted that such efforts would need to be clearly targeted and producers would need to be convinced of the benefits. In part this arises from: the different levels of market orientation (including the development of individual brands); poor experiences with cooperative action in the past and; concern that other producers may have lower quality standards (particularly when considering shared purification facilities). For producer organisations to be successful in the Oyster industry the members will need to:

1) Have a common interest
2) Have shared values
3) See real benefits

**Recommendations**

Notwithstanding the wider issues, from the regulatory security perspective it is clear the licensing issues need to be resolved and there needs to be a determination (matched by resources) from all the agencies involved to clear the backlog and deal with new applications in a timely and efficient way.

1) More generally the regulatory framework needs simplifying, particularly in terms of the number of bodies that interact with oyster farms, this will help improve the coherence of policy and reduce the possibility of conflicts.
2) Contingency plans, including regulatory flexibility to move stock and financial mechanisms, need to be put in place to ensure that producers can survive “force majeure” situations (for example mass mortalities caused by extreme weather, disease or algal blooms).
3) Whilst recognising the significant efforts that are being made, there is a need to further strengthen the identity of Irish Oysters (the Irish Rock Oyster). Whilst a number of brands are emerging in Ireland these are still small scale in nature. Collaborative efforts such as those that have been undertaken in Asia should be extended more widely.
4) Following from this, the industry needs to focus on adding value within Ireland. This will improve the viability of the sector, reduce the reliance on French markets and ensure the sector contributes more to the Irish economy.
5) Efforts should be made to improve overall technical efficiency and reduce the variation between producers. The industry can learn from other sectors where peer support through discussion groups, for example, has been shown to be an effective way to improve performance. The C.L.A.M.S groups with their focus on individual bays or the ISA are possible mechanisms by which the groups could be formed and there is a role for BIM in facilitating the groups.

6) Further efforts at developing collaborative and cooperative work within the industry are needed. Producer organisations offer significant potential, but lessons learnt from other sectors need to be taken into account and it must be recognised that they will only work if there is genuine support at the ground level.
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<th>Page</th>
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<td>37</td>
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</tbody>
</table>
1. INTRODUCTION, BACKGROUND AND METHODS

Oyster production in Ireland can be viewed as both an old and a new industry. Old, because there is a long history of the harvesting of native oysters in Ireland. New, because the commercial farming of Oysters (mainly Gigas) is much more recent, beginning mainly in the 1980s and 1990s. Oyster farming forms a significant component of the aquaculture sector within Ireland and the possibility of expansion in aquaculture as a means to increase both food output and improve the prospects of rural communities has been highlighted in a number of recent high profile reports. These include Foodwise 2025 and the report by the Commission of Economic Development of Rural Areas (CEDRA, 2014).

This report, commissioned by the Irish Shellfish Association, presents the findings of a study on the Irish Oyster Industry. The primary aim is to assess the current economic importance of the industry both at a national and a more local level. In addition, a secondary aim is to consider the future development of the industry and the contribution that expansion of the sector could make to the Irish economy.

The study involved both primary data collection and detailed analysis of secondary data. More specifically the approach adopted involved:

- A review of relevant literature
- Compilation and analysis of available statistics (provided by BIM and other sources)
- Face-to-Face interviews with 11 oyster producers.
- Elite interviews with industry representatives (ISA, BIM)

The report is structured as follows. In the next section the structure and scale of the industry is discussed. This is followed by an analysis of the economics of oyster production (incorporating an analysis of recent trends in output, costs and profitability). Then the wider economic contribution of Oyster production both nationally and at a local level is considered. The analysis proceeds to consider the opportunities for the sector to grow and possible constraints. Finally, conclusions are drawn and some recommendations for the future development of the sector are made.
2. STRUCTURE OF THE INDUSTRY

SUMMARY

There are around 128 Oyster Enterprises in Ireland
In 2014 total production was just under 9500 tonnes
The Counties of Donegal and Waterford account for 60 per cent of production
1,200 people obtain some form of direct employment from the Sector
Both employment and production have grown markedly since 2010, by 20 and 28 per cent, respectively
The vast majority of production is exported with France the destination for 88 per cent of exports, however the Asian market is beginning to grow as efforts to open up this market have been reasonably successful

This section details the scale and extent of the Oyster industry in Ireland (including the production of both native and pacific oysters) and considers the number of enterprises, recent trends in production and employment levels. It also reviews the main markets for Irish Oysters.

Number of Enterprises

Official figures indicate that there were 128 Oyster enterprises in 2012, a slight fall from the numbers recorded in 2010 (Table 1). In general Oyster farming is small scale in nature, for example seventy-five per cent of enterprises had five or fewer employees (Figure 1). However, it is estimated that as much as 70 per cent of Ireland's production comes from just 15 enterprises (BIM, 2012).

Table 1: Number and Size Distribution of Oyster Enterprises in Ireland

<table>
<thead>
<tr>
<th>Number of enterprises with:</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=5 employees</td>
<td>113</td>
<td>113</td>
<td>114</td>
<td>99</td>
<td>96</td>
</tr>
<tr>
<td>6-10 employees</td>
<td>13</td>
<td>13</td>
<td>15</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>&gt;10 employees</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>137</td>
<td>137</td>
<td>139</td>
<td>128</td>
<td>128</td>
</tr>
</tbody>
</table>

Source: EU statistics
The economic importance of the Irish oyster industry

Figure 1 Size Distribution of Oyster Farms by employee number


Production – Quantity

Total production of Oysters was estimated to be nearly 9500 tonnes in 2014 (Figure 2). With the exception of 2012, where there were particular problems along the West coast due to algal bloom, production has grown steadily over the last 5 years (and is up 28 per cent from 2010).1

Figure 2: Oyster Production 2010 to 2014

Source: BIM

1 However it should be noted that reports of substantial levels of mortality associated with a bacterial disease (Vibrio Austrianus) have emerged during the latter stages of preparing this report. The Marine Institute is working with the ISA on informing the industry and relevant authorities of the extent and potential causes and mitigating factors associated with this problem which is also evident in France.
Map 1 highlights that Oyster production occurs in 11 counties in Ireland, however, two counties, Waterford and Donegal, together account for around 60 per cent of Irish production in terms of tonnage (Figure 3).

Map 1: Oyster Production by County (2014)
The economic importance of the Irish oyster industry

Figure 3: Percentage share of Production by County (2014)

Source: BIM

**Employment**

In 2014 an estimated 1,200 people attained some form of employment from Oyster production (Figure 5) reflecting the labour intensive nature of the enterprise. This comprised 290 full time workers, 324 part-time and the remainder being employed on a casual basis. In total, this equates to 551 full time equivalent (FTE) positions. As Figure 4 highlights, total employment (in terms of FTEs) increased by 20 per cent between 2010 and 2014. Unsurprisingly, the greatest employment occurs in the counties of Waterford and Donegal (Figure 5). Though it should be noted, that in relation to the level of production, significantly more people are employed in Donegal than Waterford.
Figure 4: Total Employment by Type of Employment 2010 to 2014

Source: BIM

Figure 5: Full Time Equivalent Employment by County 2014

Source: BIM
The economic importance of the Irish oyster industry

Exports – Destination

A key feature of the Oyster industry is that it is export focused with the vast majority of production being consumed outside of Ireland. Globally, the Oyster industry is dominated by France and this is the major destination for Irish exports (Figure 6), accounting for an average of 88 per cent of exports between 2012 and 2014 (Figure 7). Much smaller quantities are exported to other parts of Europe including the UK and the Netherlands and to markets in Asia.

Figure 6: Export Destination for Irish Oysters (2012 to 2014)

Source: Eurostat

Figure 7: Export Share by Region (Average 2012 to 2014)

Source: Eurostat
3. ECONOMICS OF OYSTER PRODUCTION

Summary

The value of production increased from €14m to over €40m between 2008 and 2014 due to increased production and prices.

The total costs associated with production have fluctuated between €16m and €24m over the period.

A recent study of Oyster farms estimates that the average cost of production ranges from €3103 to €4552 per tonne depending on the production system in place.

Labour is the most significant cost of production often accounting for 50 per cent of all costs. Seed is also a significant cost – together with Labour often accounts for 68 per cent of operating costs.

Gross Value Added has increased from €5m to €30m.

Net profitability of the sector improved markedly between 2008 and 2012, moving from recording a loss of €6.5m to producing a surplus of €18m.

Factors such as market volatility and biological pressures mean that individual firm profitability fluctuates considerably from year to year.

Value of Output the sector

The value of production has grown significantly in the last few years reaching just over €40 million in 2014, a near doubling of the 2010 value. As Figure 8 highlights, a combination of significantly higher prices as well as increased production are responsible for the growth in output during this period.

Figure 8: Output, Production and Price 2008 to 2014

Source: BIM
The economic importance of the Irish oyster industry

The Irish industry benefited from a series of events in France that led to a significant reduction of domestic supply and a marked increase in the price of Oysters. Figure 9 highlights that retail prices in France rose from just under €8 per kilo in 2009 to nearly €12 by 2013 and this change was reflected in wholesale prices in Ireland. However, a significant drop in wholesale prices for oysters was noted in the 2014/15 season as survival rates in France improved during 2014, leading to an overhang of larger sized oysters in particular, causing difficulties for bulk exporters from Ireland.

**Figure 9: Retail Price of Oysters in Metropolitan Areas 1998 to 2015**

![Retail Price of Oysters in Metropolitan Areas 1998 to 2015](image)

Source: French National Statistics

On a county basis, Donegal and Waterford accounted just over 60 per cent (€26m) of the total recorded output (Figure 10) and Map 2, reflecting their dominant position in production.

**Figure 10 Output Value by County (2014)**

![Output Value by County (2014)](image)

Source: BIM
Costs of production

Figure 11 outlines the extent and composition of costs between 2008 and 2012 based upon official EU statistics. During this period total costs fluctuated from a low of €16m in 2009 to a high of €25m in 2011. Given the labour intensive nature of production it is not surprising that labour is the main cost of production. The second biggest single cost category is the purchase of seed. At the aggregate level it is estimated that labour and seed costs typically account for 70 per cent of total costs (Figure 12)
The economic importance of the Irish oyster industry

Figure 11: Total costs 2008 to 2012

Source: EC (2015)

Figure 12: Cost Shares 2008 to 2012

Source: EC (2015)
**Enterprise Costs**

Due to the lack of enterprise level cost data within the Oyster sector, BIM recently commissioned a study which undertook a detailed analysis of individual firms (McNally Gro Pro, 2015). Unlike the industry level figures, this analysis is able to distinguish between the different production systems. Depending on the system, the average costs ranged from €3348 to €3827, but the BIM report noted that there was considerable variation around this figure as the high and low cost figures indicate.

**Table 2: Production Costs per Tonne**

<table>
<thead>
<tr>
<th>Costs</th>
<th>Low</th>
<th>High</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Production Costs</td>
<td>3103</td>
<td>3528</td>
<td>3348</td>
</tr>
<tr>
<td>Direct Production Costs Selling and Distribution Costs</td>
<td>3103</td>
<td>4150</td>
<td>3571</td>
</tr>
<tr>
<td>Direct Production Costs General Overhead</td>
<td>3275</td>
<td>4552</td>
<td>3827</td>
</tr>
</tbody>
</table>


Whilst the cost categories are slightly different from the official data, the enterprise level data again clearly highlights that labour (wages and salaries) and seed (cost of sales) are the major costs associated with production (Figure 13).

**Figure 13: Composition of Total Costs**

Source McNally Gro Pro (2015)
Profitability

According to EU figures, there was a transformation in terms of profitability of the sector over the period 2008 to 2012 in line with the strong prices being received from the main market of France. Gross Value Added increased from around 5 million to nearly 30 million and in terms of Net Profit the sector has moved from a loss of 6.4 million in 2008 to a surplus of 18 million in 2012 (Figure 14). This can be seen in the context of the cost structure of the industry in Figure 15. Although detailed financial figures are not available for 2013 and 2014, given the increased output, this trend in profitability is likely to have been maintained.

Figure 14: Net Profit (2008 to 2012)

Source: EC (2015)

It should be noted that aggregate figures hide considerable variation in performance between years both across regions and within particular businesses. A range of factors, including disease and climate lead to marked changes in production from year to year. This output change is generally more variable than input costs leading to volatility in profits. As with farming systems, producers face both market and biological risks that impact on their profitability. Recent examples that have hit production significantly, include the algal bloom along the West coast in 2012 and the spread of the herpes virus in Gigas oysters which led to a dramatic increase in mortality rates.

Whilst official data tends to mask this variability, data collected during the interview process highlights that in the 3 year period considered (2012 to 2014) there was marked variation in production on many of the farms, with production being halved or nearly wiped out completely on some of the holdings in at least one of the three years.
As noted earlier the great majority of production is exported and therefore the industry generates significant export earnings. Most of these earnings are from France and this is reflected in the value of sales (Figure 16). Figure 17 relates each destination’s share in terms of value to the share in terms of quantity. A figure of less (greater) than one indicates a lower (higher) value market. Whilst, the 2012 to 2014 periods was one of high prices in France, the French market still appears to be lower value than other possible markets. It is clear that Asia for example is a significantly higher value market than France during this period. Of course this has to be placed in the context of the relatively small volumes that enter these markets when compared to the French market and that the quality of oysters may, on average, be higher as well. However, it does explain, as discussed in Section 5 why Irish producers are increasingly targeting markets outside of France and in Asia in particular.
Figure 16: Value of Sales by Regional Destination

Source: Eurostat

Figure 17: Ratio of Value to Quantity of Exports by Destination (Average 2012 to 2014)
4. IMPACT ON WIDER ECONOMY

Summary
Allowing for the multiplier effects it is estimated that the overall contribution of Oyster production to national output is €58m and that its contribution to Gross Value Added is €37m.

In terms of employment it is estimated that the sector supports a total of 760 FTE jobs

Seventy-six per cent of Oyster production occurs in Counties with higher than the national average level of employment

The local contribution can be seen for example by the fact that Oyster production contributes an estimated €16m in output, €11m GVA and 249 jobs to the Donegal economy

The previous sections have examined the structure and the economic performance of the sector. This section focuses on the impact that the Oyster industry has on the wider economy. This wider impact emerges because the spending of Oyster businesses (for example purchasing trestles) leads in turn to further expenditure by the businesses supplying oyster farms (for example, buying steel to make the trestles). In addition, the employees of the businesses directly and indirectly affected by the oyster farms will themselves increase their local spending, such as on groceries, clothing, or local entertainment, generating additional economic activity. The ripple effect of this spending is known as the ‘economic multiplier effect’.

Specific multipliers for the oyster sector in Ireland are currently not available and their estimation was beyond the scope of this study. A number of studies have looked at multipliers either for aquaculture overall in Ireland or for shellfish in other countries (see for example, Vega et al, 2014; Jacobsen et al, 2014 and Northern Economics, 2013). Grealis et al (2015) have recently derived detailed multipliers for the aquaculture sector in Ireland. As oyster production forms a significant component of the aquaculture sector, it is reasonable, with caveats\(^2\), to use these multipliers for estimating the wider impact of the oyster sector. Table 2 highlights the chosen multipliers and the direct and overall contribution of the Oyster sector to the Irish economy, whilst this is depicted in Figure 18. It is estimated that the sector contributes €58m to the output of the Irish Economy, €37m to the Gross Value Added and that it supports 760 full time jobs.

\(^2\) The higher level of employment to output value in the Oyster sector compared to the finfish sector (the other main component of the aquaculture sector) might suggest that the multipliers for Oyster production may be higher than the average for the sector as a whole. On the other hand, factors such as the fact that much of the seed is purchased from abroad may lower the local multiplier impact of the Oyster businesses. We therefore assume that on balance the average multiplier is a reasonable figure to use.
### Table 2: Direct and Overall Impact of Oyster Production

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Multiplier</th>
<th>Overall Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output (2014) €m</td>
<td>41</td>
<td>1.41</td>
<td>58</td>
</tr>
<tr>
<td>GVA (2012) €m</td>
<td>26.9</td>
<td>1.39</td>
<td>37</td>
</tr>
<tr>
<td>Employment (2014) FTE</td>
<td>551</td>
<td>1.38</td>
<td>760</td>
</tr>
</tbody>
</table>


### Figure 18: The Multiplier Effect

![Multiplier Effect Diagram]

While the industry clearly contributes to the overall economy, it is at the regional and local level where its impact is most felt. As noted by Vega et al (2014) ‘Economic activities directly related to the seafood industry are spatially concentrated along the Irish coastline and in particular in remote coastal areas. Most of these peripheral regions have been disproportionately affected by the recent economic downturn, experiencing high unemployment levels and increasing migration as a result. The essential role of the seafood sector in sustaining coastal communities through the generation of income and jobs has been recognised by the Irish government in recent marine policy documents.’

Seventy-six per cent of the employment from Oyster production occurs in Counties with unemployment rates higher than the national average (Map 3). For example, Donegal has an unemployment rate of 26.2 per cent compared to the national average of 19 per cent (2011 Census).
Map 3: Unemployment by County in Ireland, 2011

If we assume that the national relationship between Output and GVA holds at the regional level and the same for the extent of the multiplier effect we can further highlight the importance of Oysters to the local economy. For example, in Donegal it is estimated that Oyster production contributes €16m to the Donegal economy, €11m in terms of GVA and that in total around 249 jobs are either directly or indirectly reliant on Oyster production. For Waterford the comparable figures are €20m in Output, €13m GVA and 146 jobs.
5. OPPORTUNITIES AND CHALLENGES FOR THE OYSTER SECTOR

Summary

There are significant opportunities for growth in the Oyster sector and these can bring real economic benefits to Ireland nationally and at a local level. For example, a 50 per cent growth in production could increase output in the economy by €29m and lead to 383 more jobs.

However, there are number of current constraints that need to be overcome to ensure that the industry can thrive and continue to grow.

The sector needs to achieve regulatory, biological and financial security for it to be successful.

Having established the extent of the economic contribution that Oyster production currently makes to both the national and local economies of Ireland, this section proceeds to consider the future for the industry. As mentioned earlier, the possibility of expansion in aquaculture as a means to increase both food output and improve the prospects of rural communities has been highlighted in a number of recent high profile reports including Foodwise 2025 and the report by the Commission of Economic Development of Rural Areas (CEDRA, 2014).

The analysis begins by examining the opportunities for growth and the potential economic impact of growth scenarios for the sector. The key constraints on growth (as perceived by those involved with the industry) and the extent they will prevent the full economic potential of the sector being realised are then considered.

Through discussion with industry representatives and Oyster producers, a range of factors affecting the sector were highlighted and from these it is possible to undertake a standard analysis of the Strengths, Weaknesses Opportunities and Threats (SWOT) facing the industry. Figure 1 summarises the findings, whilst the following discussion provides more detail.

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3 The analysis is largely based on a range of interviews with producers and industry representatives.
Figure 7: SWOT Analysis of Irish Oyster Industry

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Irish oysters</td>
<td>Uncertain property rights due to licensing issues</td>
</tr>
<tr>
<td>Climatic conditions</td>
<td>Small and fragmented industry</td>
</tr>
<tr>
<td>Extensive coastline</td>
<td>Over reliance on French industry</td>
</tr>
<tr>
<td>Core of ambitious producers</td>
<td>Lack of branding</td>
</tr>
<tr>
<td>Sustainable production systems</td>
<td>Lack of investment</td>
</tr>
<tr>
<td></td>
<td>Reliance on imported seed (and machinery)</td>
</tr>
<tr>
<td></td>
<td>Limited purification facilities</td>
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</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing Asian market</td>
<td>Regulation</td>
</tr>
<tr>
<td>Irish seed production</td>
<td>Licensing Uncertainties</td>
</tr>
<tr>
<td>Branding</td>
<td>Loss of control by indigenous industry</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Disease Outbreaks</td>
</tr>
<tr>
<td>Global warming reducing French production further</td>
<td>Food Safety</td>
</tr>
<tr>
<td></td>
<td>Fall in demand in France</td>
</tr>
<tr>
<td></td>
<td>Land (Water) Use conflicts</td>
</tr>
</tbody>
</table>

**Strengths and Opportunities**

Ireland has a number of advantages in terms of its physical geography for the production of oysters. These include a suitable climate and a good number of coastal sites suited to oyster production. This means that in physical terms at least, it could support significant growth in oyster production. Currently there is a perception within the industry that the coastline is underutilised in terms of production and that there are a number of further sites that could be developed.4

As noted earlier, oyster farming is a relatively young industry in Ireland and many of those involved are first generation producers. This has meant that they have been on a steep learning curve, however, those in the industry have now developed the skills to produce more consistently the quality of oyster required by the market. There is a core of professionally minded producers with the skills and ambition to make the industry a success. There is also a desire for growth within the sector, for example the vast majority of the businesses interviewed have plans to expand.

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4 In this context it is simply that the locations are suitable in physical terms for production. The possibility of land (water) use conflicts emerging in areas due to expansion are discussed later.
However, whilst on the supply side there is the potential to grow, it is only one part of the equation and the demand side needs to be considered. Market opportunities are therefore considered in the next subsection.

**Market**

The recent problems in the French industry which have seen production decline markedly, have opened up opportunities for Irish producers, both in servicing the French market itself, but perhaps more importantly in the developing Asian market. As with many food sectors, the Asian market is the main, but by no means the only, growth opportunity for Irish Oysters. Clearly, due to its very nature there are a range of costs associated with servicing this market directly compared with supplying the French market, but it is potentially significantly more lucrative for producers. As one industry representative commented ‘the fundamentals are good’ for growth in demand from Asia. As incomes rise and the numbers of the middle classes grow so there is predicted to be an increased demand for protein. Seafood in general is a favoured source of protein and this provides favourable conditions for growth in demand for oysters more specifically. Whilst the current decline in the growth rate of the Chinese economy may be a concern, there is still significant growth and therefore in the longer run it can still be anticipated that demand will continue to increase.

Irish Oysters have been available in Asia for some time, but they have generally been classified as French due to the fact that they are sold to France first before being sold on to the Asian market. By selling direct to Asia, Irish producers hopefully can gain more of the value added associated with these markets. However, as some of these interviewed noted, the perception is that Oysters are associated with France and that it will take time and resources for Ireland to be recognised in this way. This said, some firms are well established within the Asian market and have been developing brand recognition and the evidence from the websites of on-line suppliers in Asia is that Irish Oysters (under the generic brand of Irish Rock Oysters) in general and specific brands in particular are attracting premium prices. More generally, it is clear that a greater recognition of an ‘Irish Brand’ for Oysters could bring major opportunities for the industry.

The distance to the Asian market and the current relatively small scale of the market does provide logistical challenges (and costs) to the sector. Recently several of the larger producers within Ireland (referred to as the Asian 5) have been working together to overcome these challenges for example by pooling marketing effort in Asian markets as well as trying to negotiate better freight charges as a group. The potential benefits of such collaborative approaches to the sector more widely are discussed in a later section on cooperation and collaboration.

**Seed**

Currently virtually all oyster seed is imported, mainly from France, but also the UK. On the input side, potentially increased value to the Irish industry could be achieved through replacing this imported seed with home produced seed. This could be economically advantageous to the Irish industry for two reasons. First, it would mean that more of the income generated from oyster production remained within the Irish economy. This is particularly important, because as noted earlier, seed is a significant component of the overall costs of production. The second advantage is less direct, but also important, in that an indigenous seed industry would strengthen the provenance of the Irish Rock Oyster (‘Irish from seed to plate’) and close the loop in terms of developing a truly Irish brand.
Considerable effort has gone into the development of a hatchery in Tralee and the producers interviewed were generally supportive of the concept of developing a source of Irish seed. However, from the analysis conducted for this study it does face a number of challenges. After labour, seed is the second major expense of an oyster farm and obviously fundamental to the success of the whole operation. Therefore it is perhaps not surprising that producers indicated a reluctance to move away from suppliers with whom they trust to provide the quality of seed required. It was argued that the main hatcheries in France, had to perform well as they were in competition with natural harvesting.

Producers will need to be convinced of the quality of the seed in general and in particular its ability to survive in Irish waters. For example, one producer stated that until it is established that the seed can perform as well as international competitors, the price charged would have to be minimal. Currently there is the issue that the seed produced is currently diploid and until triploid seed is produced the market was unlikely to be there. This said, producers did see potential for Irish seed to comprise at least part of the production within Ireland.

The Economic Value of Growth

Having examined some of the opportunities that exist due to the strengths of the Irish industry and the potential increased demand for oysters, it is informative to consider the economic impact of growth. Using the most recent output figures and the multipliers discussed earlier, it is possible to highlight the direct and indirect impact of growth. In Table 3, four growth scenarios are highlighted representing output growth of 10, 25, 50 and 100 per cent and the direct and indirect economic impacts of growth are shown.

Table 3: Economic Impact of Growth in Oyster Production

<table>
<thead>
<tr>
<th>Output/Employment Impact</th>
<th>Percentage Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Value of Output (m)</td>
<td>4.1</td>
</tr>
<tr>
<td>Indirect Output (m)</td>
<td>1.7</td>
</tr>
<tr>
<td>Total (m)</td>
<td>6</td>
</tr>
<tr>
<td>Direct Employment (FTE)</td>
<td>55</td>
</tr>
<tr>
<td>Indirect Employment (FTE)</td>
<td>21</td>
</tr>
<tr>
<td>Total (FTE)</td>
<td>77</td>
</tr>
</tbody>
</table>

It should be noted that a number of assumptions underlie these estimates based on the use of multipliers, not least that the current relationships between the level of output and employment hold as production expands. Given that the capacity for expansion is there and could occur relatively quickly it may be reasonable to assume that these relationships hold. For example, as little technological change is perceived to occur then it is reasonable to assume that the current relationship between output and employment will indeed hold.

The interviews highlighted that in terms of growth, producers individually and the industry collectively were facing the choice between focussing on higher value (through production of specialies, purification, packing etc) or simply increasing production more along ‘bulk commodity’ lines. The very recent challenges in the French market, with prices being low, highlight the problems associated with the
The economic importance of the Irish oyster industry

‘commodity’ approach. However, this constitutes such a large proportion of the physical output of the industry at present that it will take time and significant investment to change the industry. Whilst there is a place for both systems in Ireland it is clear that the greater proportion of the value added that can be kept in Ireland the greater the positive impact the sector will have on the Irish economy

\[\text{Weaknesses and Threats}\]

The previous sections have outlined the strengths of the sector, the opportunities for growth and the potential economic benefits of growth. However, such rates of growth may be seen as aspirational due to a number of possible weaknesses in the industry and threats to its future development. This section discusses the key challenges facing the oyster industry.

\[\text{Regulation}\]

One of the major constraints on and threats to the development of the industry is the regulatory environment within Ireland, in particular, the dysfunctional nature of the licensing system. The concerns of producers surrounding the issue of licensing are well documented (for example see IFA, 2014), but the extent of the problem was also apparent from the interviews where it was highlighted time and again as the most significant perceived constraint on business development. Due to the nature of oyster production, it is obvious that having a license to produce is absolutely fundamental to the business. Box 1 briefly summarises the background to the complex licensing issue.

**Box 1: The Licensing Issue**

Initially as the oyster farming industry began to develop (in the 1980s and 1990s) licenses were allocated and the industry began to grow on the foreshores around Ireland. Problems began because under EU legislation (and in particular directives such as the Birds and Habitats Directive\(^5\)) each country had to designate a certain proportion of its land area as conservation areas. However, due to the characteristics of the Irish landscape (for example, the low levels of forest cover), it was a challenge for the Irish Government to reach the required level of designation. This led to a delay in designating areas, which in turn led to the situation where they were facing daily fines from the EU for non-compliance. Under this pressure the decision was made to designate large areas of the foreshore as Special Areas of Conservation (SACs). Whilst this was a short term solution to the immediate problem it had major implications for the oyster industry. The difficulty was that licenses to operate had already been issued in these areas and the industry had developed. Environmental groups argued that these licenses did not take proper account of Natura 2000 requirements and that the Irish Government were delinquent due to the fact that this was an infraction of the rules. The European Commission agreed with the Environmental groups that the Irish Government had not followed the proper procedures and this meant that in December 2007 the licensing system came to a grinding halt.

The required procedures meant that within the designated areas there was a need to carry out an Appropriate Assessment (AA, under Article 6), but in turn, an AA required that, for each area under consideration, Specific Conservation Objectives (SCO) had to be set. However these were non-existent as the underlying baseline research had not been undertaken – for example the undertaking of habitat

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\(^5\) The environmental directives were later collectively known as Natura 2000
surveys. Therefore to begin to rectify the situation these three steps had to be followed. First, there was a need to undertake baseline research; second SCOs could then be set and; third, based on these an AA could be undertaken which could assess the environmental impact of oyster farming against the SCOs and see whether or not it maintained favourable conservation status. The main problem is that this is a very time consuming procedure and, in part due to the economic crisis of 2008, there have been relatively few resources to undertake this.

However, the problem was that many of the licenses were issued under the 1997 Aquaculture act (which was amended in 1999) and these were for a duration of 10 years only. Therefore they began to expire, but new licenses could not be issued as the above environmental procedures had not been completed.

The problem was recognised and as a fix Section 19A4 to the 1997 act was introduced. This stated that if an operator had a license under the 1997 act and had made an application to operate, then they could continue until the proper procedures had been completed. However, this was not a license as such. So while they could produce they had weak property rights over production.

The licensing problem has direct and indirect implications for the oyster producers and these are outlined below:

- Unlike in farming where the producer owns the land, in oyster production the license is often the main security that producers may have. With no license in place, it is hard for a business to raise capital – for example from banks or from outside investors
- Due to Irish legislation, if a producer does not have a license they are not able to access EU or national rural and other business development grants (for example from BIM). This places Irish producers at a disadvantage when compared to their French counterparts for example
- Uncertainties around licensing and hence property rights has led to the existence of potential ‘grey areas’ of production which in turn increases tensions around competing uses of the foreshore
- Fear of others getting licenses in prime bays has led to ‘block’ applications for licenses

Whilst there was recognition that some progress has been made in dealing with the licensing backlog, for example, through the issue of block licenses in the Inner Bantry (and other bay areas) the problem has been that an increasing number of aquaculture licenses are being sought – a knock on effect from the uncertainties in the sector caused by the current licensing system. A recent answer to a Parliamentary Question by the Minister for Agriculture highlights the problem as there are more licenses awaiting a decision than when he came into office (Table 4).
The economic importance of the Irish oyster industry

Table 4: Response to Parliamentary Question concerning number of Licenses awaiting Decision

<table>
<thead>
<tr>
<th></th>
<th>Shellfish</th>
<th>Finfish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Aquaculture Licences sought since I came into office</td>
<td>408</td>
<td>34</td>
</tr>
<tr>
<td>Number Awaiting Decision when I came into Office</td>
<td>512</td>
<td>32</td>
</tr>
<tr>
<td>Number decided since I came into office</td>
<td>302</td>
<td>5</td>
</tr>
<tr>
<td>Number awaiting decision at present</td>
<td>564</td>
<td>61</td>
</tr>
</tbody>
</table>

The above analysis, whilst somewhat of a simplification of a complex issue, highlights that there is a real need to resolve the licensing issue to enable the industry to develop to its full potential as there is potentially a significant economic cost to the rural economy of Ireland arising from failure to address the situation.

Whilst licensing was seen as the foremost constraint on the development of oyster businesses, there are other regulatory challenges. The nature of Oyster production means there are a significant number of bodies at all levels of government that have a regulatory interest in the sector. There is a perception from those within the industry that there is a lack of coordination between the different agencies and this leads to issues of duplication of effort, but at worst conflicts (see for example IFA, 2014).

In addition to the regulatory threats to the industry there are a number of other threats to the development of a strong and sustainable sector within Ireland. Some of these are linked to the licensing issue whilst others are distinct challenges. These are briefly discussed below.

**Scale**

In general even the larger businesses in Ireland are relatively small scale and the overall size of the industry although significant is still small. Also production, by its very nature is quite dispersed. The scale and fragmentation of the industry presents a range of challenges. A key issue is that it is hard for individual businesses and the sector to benefit from economies of scale. This is particularly the case in areas which incur relatively high fixed costs for producers such as investment in purification, wider quality assurance requirements, logistics and marketing efforts.

**Lack of capital**

As noted earlier Oyster farming in Ireland is a relatively new industry with many producers being either first or at most second generation. This often means that they have not accumulated significant levels of capital. A number of those interviewed for the study argued that for individual businesses (and hence the overall sector to grow), significant levels of capital need to be invested. The problem is, as highlighted above, that the licensing issue means that for many businesses it is hard to attract funding either from banks, outside investors, or from public agencies through grants etc.
Industry experts also point to low levels of technical efficiency in some segments of the industry and significant variations in productivity between producers. Whilst recognizing that some of the variation can be explained by physical factors beyond the control of producers (such as location of the oyster farm etc), productivity does seem to vary markedly. This is of course not unique to the oyster sector and large differences in productivity can be found in most of the major agricultural sectors in Ireland. Attempts to deal with this include in recent years the formation of discussion groups facilitated by Teagasc. Farmers who are members of discussion groups are more likely than non-members to adopt new technologies, achieve higher physical performance in their farming enterprise and generate higher profit levels (Broadmore Research, 2013). Whilst the sector does not have the resources of Teagasc behind it, there are structures within Ireland, such as the ISA or the Co-ordinated Local Aquaculture Management Systems (C.L.A.M.S., discussed below) which work on a bay basis that may be natural starting points for formation of such groups and may be a role for BIM in facilitating the groups.

**Biological**

The biological nature of oyster production and the fact that they are often eaten raw leads to a range of other challenges for producers which can be classified under the broad heading of maintaining biological security. There are a range threats to biological security in the oyster industry, some of which are within the control of the sector and others that are not. In addition some lead to food safety issues whilst others damage productive capacity. That is there are risks to the oysters themselves (e.g. increased mortality in seed through viruses or Algal blooms) and risks to those who eat oysters (toxins, norovirus etc.). As discussed earlier large losses in production are relatively common place within the sector. More generally, a weakness in the sector at the moment is the lack of mechanisms (either through regulatory flexibility or financial aid) at the present time to help producers deal with “force majeur” situations (for example mass mortalities caused by extreme weather, disease or algal blooms).

Food safety issues, whilst much rarer, tend to be high profile and potentially damaging to the industry. For example, an outbreak of norovirus in Hong Kong in 2012 led to the banning of Donegal oysters from that market.

**Land (Water) Use Conflicts**

Another dimension is that the sector is particularly susceptible to wider decisions made as to land use and infrastructure within Ireland. For example, poorly functioning waste treatment infrastructure, lack of planning control and attempts to alleviate flooding problems further inland (such as the draining of the Clarinbridge river in Galway) can all pose a threat to oyster production. These relate to the wider issue that a number of challenges for the sector emerge due to conflicts over land and water use. In addition to conflicts around the use of water, the nature of Oyster production can also cause disputes with other users of the foreshore, in particular leisure users. This arises because of the need for access to the foreshore for tractors and workers and the placing of trestles to tether the oyster bags. Of course, perceptions as to the extent of the intrusion on the landscape and the impact on the environment vary, but as the protests during summer 2015 in Donegal at the fully licensed sites on Linsfort beach highlight, the issue can become highly charged and potentially poses a threat to the growth of oyster production.

Further, environmentalists have raised concerns about the fact that pacific oysters are not native to Ireland and the fear is that they are spawning and becoming an invasive species. There is much debate about this issue, but it needs to be recognised as a potential threat to the industry. There is a role for the use of triploid seed which is sterile as opposed to diploid which is not in addressing this issue.
More generally, these issues highlight the need for integrated approaches to managing the relationship between land and water in the bays where oysters are produced. There has been recognition of this and Co-ordinated Local Aquaculture Management Systems (C.L.A.M.S.) have been established since 1997 (BIM, undated).

The approach adopted for C.L.A.M.S is described in the Mission Statement as:

‘The logical management approach is a locally based and all embracing system designed to maximise production and environmental management through the integration of production goals with minimal conflict with other resource users. Ireland is leading the way in the development of such a unique and progressive approach to bay/inshore waters management…This is a constantly evolving process in which a co-ordinated strategy is developed and implemented for the allocation of environmental, socio-cultural and institutional resources to achieve conservation and sustainable multiple use of the coast.’ (BIM, undated)

It would appear therefore that C.L.A.M.S is an ideal forum where mediation between different demands on the land and water can occur. However, it is telling that during the interviews with oyster producers when the challenges facing them were discussed and solutions considered, C.L.A.M.S was almost never mentioned as a possible mechanism for addressing the conflict issues.

This section has examined the opportunities that exist, but also some of the challenges the industry faces. Building on this analysis the next section considers ways in which the industry can develop.

**Moving the industry forward**

The question is how the industry can build on its strengths to take advantage of the opportunities that exist and deal with the possible threats to growth. Put simply the challenge for the industry can be characterised as the need to achieve regulatory (RS), financial (FS) and biological security (BS). As Figure 19 highlights there are strong interlinkages between these various dimensions of security.

For example, because of the relatively long production cycle in oysters, there is the potential for management measures put in place to deal with disease problems evident in say the first year of growth to cause an overhang of supply in the second year and impact on the price received. This happened in France in 2013/14 when an excess of seed was transplanted to deal with predicted mortalities associated with the Oyster Herpes virus. However, when the expected mortalities failed to reach high levels during the summer of 2014, an oversupply in the market of fully grown oysters caused disruption to the normally lucrative Christmas and New Year trade for Irish producers.
Figure 19: The Three Dimensions of Security in the Oyster Industry

Notwithstanding the wider issues, from the regulatory security perspective it is clear the licensing issues need to be resolved and there needs to be a determination (matched by resources) from all the agencies involved to clear the backlog and deal with new applications in a timely and efficient way. This has been recognised as a key part of Foodwise 2025 where the "[i] First Action Point on the Seafood Sector reads “Commission an independent review of the existing aquaculture licensing system involving all key stakeholders, to identify the current shortcomings and bottlenecks (legislative, resource and logistical), to report by early 2016 and implement necessary changes to the aquaculture licensing system as a matter of priority”

However, in doing this there is a need to undertake a pragmatic approach in dealing with producers who have been trying to maintain and grow businesses that contribute to the economy in the face of a situation that has largely been outside of their control.

Licensing aside, an overarching issue is the extent that greater collaboration and cooperation within the sector can help provide financial and biological security. In particular there appear opportunities to overcome some of the challenges that the sector faces due to the scale and biological nature of production. The concept of the value-net (or co-opetition) has been discussed more generally in an Irish context (see Bord Bia, 2012 for example).6 However, it appears nowhere more applicable than in the Irish Oyster industry where there is a relatively new industry facing scale and fragmentation challenges that could benefit greatly from increased cooperation between members.

6 The basic idea of co-opetition is that firms collaborate in areas that enable the industry as a whole to grow, thus benefiting all those in the industry whilst still competing in other areas.
As noted above, many of the costs may be seen as fixed to the business (purification plants, marketing, quality assurance etc.) and, in principle, through cooperation and collaborative efforts these costs could be spread over greater levels of production, reducing the cost to each individual business improving not only their profitability, but also the competitiveness of the sector as a whole.

Of course, cooperatives already exist within the sector. For example traditional oyster production is characterised by cooperative action. In terms of oyster farming there are examples of previous cooperative efforts, for example INCO, although the success of INCO in particular may be seen as quite mixed. From our interviews we also found many examples of more informal collaboration amongst producers.

The EU has recently given the green light for the establishment of producer organisations in the aquaculture sector. Industry experts see a range of potential roles for such structures in the Oyster industry which can contribute to either financial (FS) or biological (BS) security including:

1) Price co-ordination (FS)
2) Shared marketing (not necessarily a common brand for all Irish production) (FS)
3) Quality Assurance including ensuring Food Safety through purification etc (BS)
4) Procurement (FS)

In addition the relatively low levels of technology currently involved in Oyster production, suggest that there are possibilities of gains to be had from the collective funding of research to improve innovation within the sector.

Potentially all the above benefits could be significant for the sector, however, discussion with producers highlighted a number of possible challenges to the successful formation of producer organisations. Whilst collaboration is occurring between some of the largest producers (for example through supporting marketing initiatives in Asia), it is clear that some tensions do exist and they are wary of more formal collaboration. Some of their concerns arise from factors such as: the different levels of market orientation (including the development of individual brands); poor experiences with cooperative action in the past and; concern that other producers may have lower quality standards (particularly when considering shared purification facilities). Whilst these issues are not insurmountable, it is clear that the perceived concerns need to be overcome for Producer Organisations to work successfully in this sector.

More generally, there are a number of fundamental factors that are likely to determine whether or not they will succeed. In particular there needs to be:

1) Common Interest
2) Shared values
3) Real Benefits

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7 This cooperative comprised producers from the Republic of Ireland as well as Northern Ireland
8 Producer Organisations are
6. CONCLUSIONS AND RECOMMENDATIONS

This study has examined the current structure and economic performance of the Irish oyster industry. It has also considered the wider economic impact that it has on the Irish Economy.

It has found that the industry makes a significant contribution to the Irish economy both at a national level but also importantly to remote rural areas. Part of this arises because the industry is labour intensive in nature and hence provides significant levels of employment relative to its output. Increased prices over the last few years has significantly improved the profitability of the sector and enhanced it wider economic impact.

Opportunities for significant growth in the industry have been identified, which are shown to offer benefits to the Irish economy, but at the same time there are significant constraints on the industry arising from a poorly functioning regulatory framework. In addition the scale of the industry is shown to place constraints on growth ambitions.

Finally, the industry, whilst established, is still relatively young. Oyster production in Ireland has the potential to grow significantly but at the same time is vulnerable to issues such as poor regulation and small scale. However, it is possible for these challenges to be overcome if there is a will, both at the level of government in terms of addressing the licensing and wider regulatory issues, but also at the industry level as well in terms of increasing level of cooperation and collaboration. If this is achieved then the industry can have a positive future. If not it will remain somewhat on the margins of the Irish economy.

Specific Recommendations

1) Notwithstanding the wider issues, from the regulatory security perspective it is clear the licensing issues need to be resolved and there needs to be a determination (matched by resources) from all the agencies involved to clear the backlog and deal with new applications in a timely and efficient way.

2) More generally the regulatory framework needs simplifying, particularly in terms of the number of bodies that interact with oyster farms, this will help improve the coherence of policy and reduce the possibility of conflicts.

3) Contingency plans, including regulatory flexibility to move stock and financial mechanisms, need to be put in place to ensure that producers can survive “force majeure” situations (for example mass mortalities caused by extreme weather, disease or algal blooms).

4) Whilst recognising the significant efforts that are being made, there is a need to further strengthen the identity of Irish Oysters (the Irish Rock Oyster). Whilst a number of brands are emerging in Ireland these are still small scale in nature. Collaborative efforts such as those that have been undertaken in Asia should be extended more widely.
5) Following from this, the industry needs to focus on adding value within Ireland. This will improve the viability of the sector, reduce the reliance on French markets and ensure the sector contributes more to the Irish economy.

6) Efforts should be made to improve overall technical efficiency and reduce the variation between producers. The industry can learn from other sectors where peer support through discussion groups, for example, has been shown to be an effective way to improve performance. The C.L.A.M.S groups with their focus on individual bays or the ISA are possible mechanisms by which the groups could be formed and there is a possible role for BIM in facilitating the groups.

7) Further efforts at developing collaborative and cooperative work within the industry are needed. Producer organisations offer significant potential, but lessons learnt from other sectors need to be taken into account and it must be recognised that they will only work if there is genuine support at the ground level.
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