

SUCCESSFUL AND SUSTAINABLE

A STRATEGY FOR SHETLAND SEAFOOD

2009 - 2013

PRODUCED BY THE PARTNERS OF THE
SHETLAND SEAFOOD DEVELOPMENT PROJECT:



INTRODUCTION

The seafood industry is the cornerstone of the social and economic structure of Shetland. The industry supports almost a quarter of all jobs throughout the islands and in 2006 the combined fisheries output was worth £226m¹, the highest value sector in Shetland's economy. However, the industry's contribution is more than just economic, the development and growth of the industry over centuries has played a leading role in the development of the Shetland culture and identity.

Today the Shetland seafood industry exists in a rapidly changing environment. Recent challenges faced by salmon and whitefish producers in Shetland are evidence of the influence that global market trends and national or international decisions now have on our peripheral economy. To continue to succeed we must recognise that the seafood industry in Shetland is part of a massive and rapidly developing global industry. We must rise to meet the challenges and take advantage of the opportunities that the global marketplace creates.

To achieve a competitive advantage we must enhance our own and our visitors' appreciation and recognition of our seafood products, add value to the product before it leaves Shetland and retain an identity with the product after it leaves our shores. This demands continuous learning about the needs and demands of the market place to ensure appropriate product and market development.

We, the partners in the Shetland Seafood Development Project (SSDP), believe that by working together towards a common goal we can build on the success of the seafood industry. We want a Successful and Sustainable seafood industry to continue to thrive and grow in communities throughout Shetland.

In order to achieve the goals set out in this Strategy an annual Action Plan will be prepared to identify collaborative projects which have been selected as priorities and which will result in benefit across all seafood industry sectors.

In addition the Strategy will provide a framework for the Development agencies to consider initiatives from individuals and businesses. Crucial to the success of the Successful and Sustainable Strategy is the willingness of individuals and businesses to engage with the partners on developing projects to achieve positive outcomes. We will also seek the support of stakeholders outside of Shetland that can help us to achieve our ambitions.

This document contains our ambitions for a healthy future for the seafood industry and for Shetland. We hope you'll agree with the partners' vision of a **Successful and Sustainable** seafood industry in Shetland.

The partners of the Shetland Seafood Development Project:



¹ Shetland in Statistics 2008

OUR VISION

Our vision is a Successful and Sustainable seafood industry that supports the social and economic wellbeing of our community for generations to come.

To achieve our vision we must:

- maximise the sustainable economic return to our community from our caught and farmed seafood, and
- protect the valuable resources, upon which our industry depends, from over-exploitation.

OUR OBJECTIVE

In all the activities of the Shetland Seafood Development Project there is one overarching objective which is to **Increase the Value of Shetland Seafood**.

In this Strategy we set out a range of ambitions and priorities that will help us to achieve our objective.

THE SEAFOOD INDUSTRY IN SHETLAND

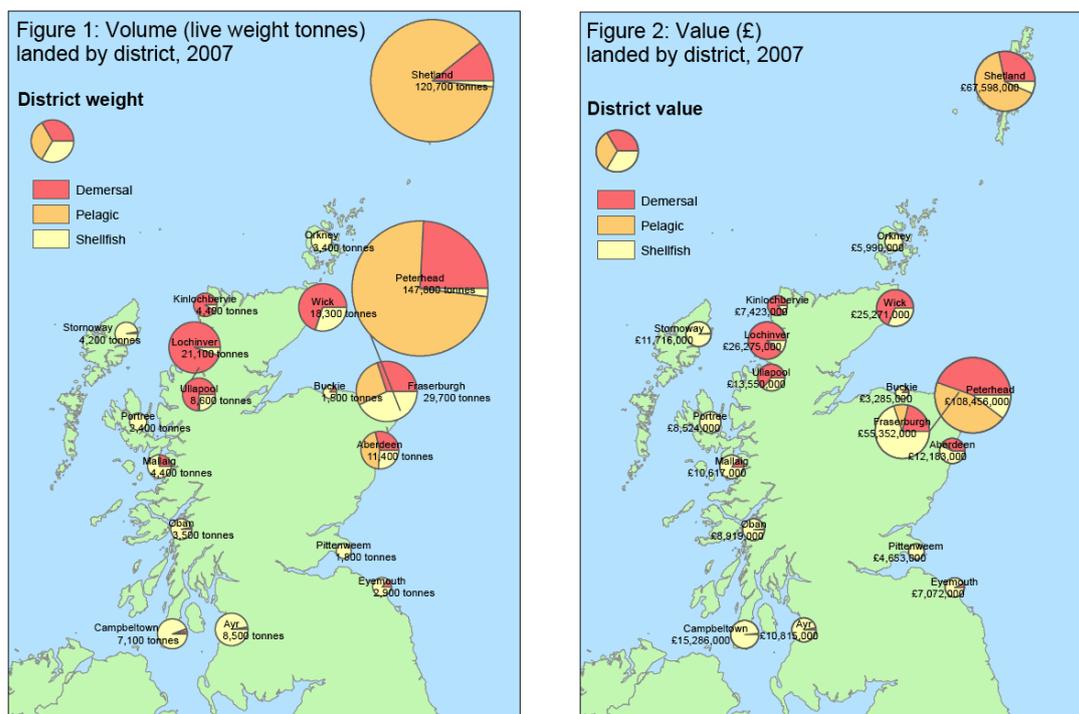
The seafood industry in Shetland has continuously evolved and developed to meet new demands and explore new opportunities. From a burgeoning herring fishery and a growing whitefish fishery in the pre-war years, a diverse and technologically advanced catching sector has developed that incorporates a mixed whitefish fishery, shellfish vessels, and pelagic vessels; and since the early days of aquaculture in the 1970s a valuable finfish and shellfish aquaculture sector has grown to be a familiar activity in the voes around Shetland. Processing activity in the islands varies in both scale and nature from small microprocessors catering for a niche market to large, highly efficient factories.

The wide range of activity creates a complex industry characterised by diversity. There is a wide range of species being landed or farmed in the islands using a variety of production methods. Producers and processors vary significantly in size and nature, and support services available in the islands range from education and research services to net mending and specialist engineering.

The seafood industry in Shetland can be segmented as follows:

Fish Catching

Shetland is the second only to Peterhead in terms of the volume and value of fish landed in Scotland, as depicted in Figures 1 & 2 below.



Source: Scottish Sea Fisheries Statistics 2007 produced by the Scottish Government

There was a total of 369,500¹ tonnes of fish landed in Scotland in 2007, over 32% of this volume was in Shetland, by vessels from Shetland and elsewhere.

¹ Scottish Sea Fisheries Statistics 2007 produced by the Scottish Government

Fish Processing

In 2007 there were 23 businesses¹ involved in fish processing covering whitefish, pelagic, salmon, shellfish, fishmeal and smoking.

Aquaculture - Shellfish

Production of shellfish species cultivated in Shetland waters in 2007 was dominated by mussels, with a small production of pacific oyster. The Shetland mussel tonnage of 2,605² represents over 54% of all Scotland's production. There were 105² businesses involved in shellfish cultivation in Shetland.

Aquaculture – Finfish

In 2007 finfish farming is made up Atlantic salmon, halibut, cod, rainbow trout and sea trout. However, the majority of production was Atlantic salmon with over 30% of Scotland's tonnage coming from Shetland³.

EMPLOYMENT

Seafood production and processing in Shetland provides over 1,000 full-time equivalent (FTE) jobs (Figure 3). This represents over 11.4% of all jobs in Shetland⁴.

The primary production of seafood, either fishing or farming, supports 825 jobs in Shetland and creates vital employment in Shetland's peripheral and more vulnerable communities. A further 425 jobs exist in on-shore processing facilities.

Figure 3: Employment in the seafood industry, 2007

	Full-time/ regular	Part-time/ Partial	Total	FTE*
Primary production				
- Fish catching	352	174	526	410
- Finfish aquaculture	182	25	207	190
- Shellfish aquaculture	47	45	92	62
Total employment in primary production			825	662
Employment in fish processing	325	100	425	358
Total employment			1,250	1,020

Source: *Shetland in Statistics 2008*,
Employment in fish processing from Seafood Shetland

* Estimated full-time equivalent jobs

¹ *Shetland in Statistics 2008*

² *Scottish Shellfish Farm Production Survey 2007 produced by the FRS Marine Laboratory*

³ *Shetland Aquaculture and Scottish Fish Farms Annual Production Survey 2007 produced by the FRS Marine Laboratory*

⁴ *Shetland in Statistics 2008 states that the total employment in Shetland in 2007 was 8,949 FTE's*

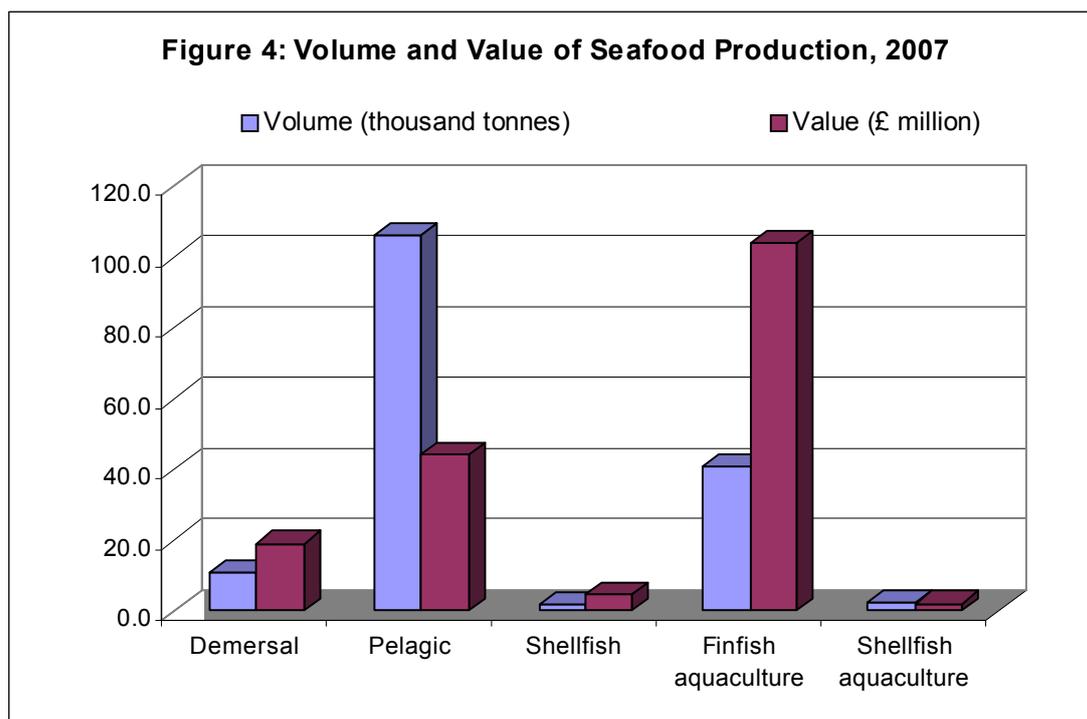
The industry also supports employment throughout Shetland in a wide range of on-shore support services and businesses that create an impressive and unparalleled cluster of knowledge and skills. These organisations include hatcheries, a marine college, specialist electronic and mechanical engineering firms, managing agents, harbour facilities, fish markets, net suppliers, seafood quality and safety services, marine surveyors, and more.

Overall, the seafood industry supports an estimated 2,564 full-time equivalent jobs in Shetland, which accounts for almost 28.6% of all jobs in the islands¹.

VOLUME AND VALUE

In 2007, Shetland produced over 162,000 tonnes of landed and harvested seafood. Pelagic landings represented the vast majority of this with just under 105,000 tonnes and finfish aquaculture was the next most significant in terms of volume at 40,795 tonnes (Figure 4).

The sales value of the 162,000 tonnes of seafood landed and harvested in Shetland was over £174 million. The majority of the value, £104 million, was from the sales of finfish aquaculture products, principally salmon.



Source: Demersal and Pelagic Data from the Marine Directorate, Aquaculture Data from Scottish Shellfish Farm Production Survey 2007 produced by FRS Marine Laboratory (landings by all vessels in Shetland), Finfish Data from Shetland Aquaculture and Scottish Fish Farms Annual Production Survey 2007 produced by FRS Marine Laboratory

In addition to the wide range of producers who are catching or farming seafood, the islands are also home to an impressive range of on-shore processing facilities with an estimated turnover of £137m. As a result of processors adding value to the product the total output of the seafood industry in 2006 was £226 million².

¹ Type II Employment Multipliers have been applied to direct employment in fish catching (1.933), fish processing (2.851) and aquaculture (2.981). Source: Shetland Regional Accounts 2003, University of Aberdeen Business School and A B Associates, January 2006.

² Shetland in Statistics 2008.

BUILDING ON OUR STRENGTHS

We recognise that opportunities exist for continued development of our seafood industry and we must build on our existing strengths:

- Shetland's location at the heart of rich fishing grounds and ideal growing conditions for aquaculture;
- a long tradition of being involved in the seafood industry, with a knowledgeable and experienced workforce;
- a strong commitment to quality improvement and an assessment culture across all sectors; and
- our history of, and continued, strong partnership working for the benefit of the industry as a whole.

The intention of the Strategy is not to start afresh but to build on what businesses and the partners of the Shetland Seafood Development Project are already achieving.

ACHIEVING OUR VISION

Our aims are to maximise the sustainable economic return to our community and protect the valuable resources.

We recognise that there are limits to the extent to which the volume of seafood produced in Shetland can grow therefore to achieve our vision we must also seek to obtain a higher economic and social return from the resources we can already access.

Business Initiatives:

Each individual business in Shetland will have its own opportunities and its own approach to competing and achieving sales. It is intended that this Strategy will act as guidance for targeting assistance to prioritised projects.

Collective Actions:

There are some challenges that can be more effectively addressed and some of the opportunities more effectively targeted if they are approached in a cooperative way. One of the purposes of this Strategy is to identify the activities that are best addressed by working together and that will assist the seafood industry to achieve growth.

DRIVERS OF SUCCESS

The opportunities and challenges for the Shetland industry have been translated into five key drivers of success that will maximise the positive benefits to the Shetland seafood industry.

The drivers of success create a framework within which the partners in the Shetland Seafood Development Project will operate. Under each driver a number of priorities are identified that are designed to provide the partners with greater focus and direction. Actions will be supported that:

- 1 Enable the industry to be sustainable and competitive**
- 2 Undertake product improvement**
- 3 Target higher value and new markets**
- 4 Improve working practices**
- 5 Develop skills and career opportunities**

PRIORITIES

1: Enable the industry to be sustainable and competitive

The priorities within this driver are:

a. Sustainable and appropriate management of seafood resources

Knowledge of the impact of the industry on the marine environment is improving all the time and Shetland must continue to take opportunities to improve management techniques and to inform local, national and international debate and decision-making. Key areas for development include environmental improvements; fish health and welfare; by products and waste management; and improving environmental responsibility.

b. Business development

In order to develop viable businesses assistance will be available to targeted towards commercially viable projects which contain elements of: innovation; market driven business expansion; diversification of product, process or market; fishing fleet improvements; new technologies or new production methods.

In order for Shetland's seafood producing companies to achieve greater success there is a need for a range of successful on-shore support services, e.g. marine engineering and port facilities, etc. Investment in these areas, and other fisheries infrastructure, will provide collective benefit to the whole seafood industry.

c. Promote best practice

Sharing information on best practice and providing evidence of the benefits achieved will create incentives to increasingly pursue higher standards in all areas of seafood development. Where best practice schemes already exist, businesses should be encouraged to participate i.e. Responsible Fishing Scheme, Code of Good Practice for Scottish Finfish Aquaculture, etc.

d. Research and development

Research and development activities that are appropriate and beneficial to the Shetland seafood industry are crucial to both improve knowledge in the seafood industry and build and retain competitive advantage. To be supported, research and development activities must be fully scoped and demonstrate benefits to the industry.

2: Undertake product improvement

To increase the economic benefit to Shetland, from the seafood farmed in its waters or landed at its harbours, it is important to increase the value the customer is prepared to pay per kilo of product that leaves Shetland. Product improvement be achieved by ensuring products can meet customers expectations in terms of product choice, quality and traceability.

a. Greater added-value

There is a desire to retain more financial value from the seafood landed or farmed in the Islands. This can be achieved by encouraging more value-added processing, i.e. secondary processing, and branded products which will build on the reputation of seafood from Shetland. This will reduce the proportion of seafood that leaves as primary product and in turn will generate employment, investment and ultimately improved prosperity in Shetland.

b. Quality

In a highly competitive global market place improvements in product consistency and reliability through improved quality control and monitoring can enhance a product's attractiveness. Quality improvements should be encouraged at all stages in a product life cycle e.g. new catching methods; vessel improvements; better handling of farmed species; hygiene and food safety upgrades; improving the conditions in which products are harvested, landed, processed, stored and auctioned.

c. Traceability

Consumers increasingly require to know where their seafood comes from. This creates opportunities to improve value of products where the seafood industry can provide such information and ensure accredited provenance. Collaborative efforts that achieve this will be encouraged.

3: Target higher value and new markets

Improving the appeal of product from Shetland will have only limited benefit if there is not a corresponding attempt to target higher value and new markets that are prepared to pay for improved product. Therefore the priorities under this driver are:

a. Knowledge of the market

It is recognised that access to relevant market information can be difficult to obtain. Opportunities exist to support businesses or collaborating groups of businesses to undertake market research to explore and identify new sales options.

Ways in which seafood consumption can be increased in Shetland should also be explored i.e. education initiatives and encouraging public procurement.

b. Access between producers and high value markets

Effective and efficient transportation is crucial to a peripheral community such as Shetland. All development activities must consider how the producer is going to reach the customer. The ability to meet potential customers and transport product to them is a major factor for all businesses in Shetland and should remain on the political spectrum.

4: Improve working practices

Many of the priorities listed in the Strategy are interlinked. For example, it will be difficult to achieve the vision if the working practices within businesses do not evolve alongside the other development opportunities discussed. The priorities within this driver are:

a. Efficient and effective operational techniques

Research and investment into new techniques can be targeted to secure improvements to operational efficiency and energy use within the industry that can help to mitigate the high costs of production in Shetland. This can lead to improved productivity and therefore profitability.

b. Modernisation of equipment and facilities

Investment is crucial to the growth and development of an industry. In a global market place remaining competitive requires being up-to-date. For example, technological advancements, non-statutory health and hygiene improvement, increasing environmental responsibilities etc. require ongoing investment in equipment and facilities.

5: Develop skills and career opportunities

The ambitions set out in this Strategy cannot be achieved without skilled input from the people who work in the industry. The priorities are to target:

a. Routes into the industry for young people

For the long-term sustainability of the industry it is essential that young people continue to enter the industry. Barriers that hinder young people from entering the industry must be recognised and efforts made to remove them.

b. Personal and workforce development

Shetland needs to keep and expand a trained, flexible and multi-skilled workforce to meet the increasing demands of the global marketplace. Particular areas where skills development is required include quality control, productivity, traceability, environmental management and technical competence.

c. Business management skills

The existing range of management skills within a company will largely determine its scope, nature and future. A narrow range of management skills is likely to limit how much the business can grow. Skills such as business strategy, business law, human resource management, financial management, negotiation skills, contract management and sales and marketing techniques are important to secure sustainable growth.

DELIVERING THE STRATEGY

The Shetland Seafood Development Project is a partnership between several public and industry membership organisations in Shetland include:

- NAFC Marine Centre
- Seafood Shetland
- Shetland Aquaculture
- HIE
- Shetland Fish Producers Organisation
- Shetland Islands Council
- Shetland Shellfish Management Organisation

The partners are responsible for identifying and promoting both business initiatives and collective actions with an aim to achieving the vision of the strategy.

Business Initiatives:

The partners will be responsible for the delivery of business initiatives by identifying and providing the resources required to achieve actions in line with existing and future European, National and local policies.

Collective Actions:

The annual Action Plan will play an important role in delivering and providing a focus on the collective actions to be delivered by the Strategy. In addition to identifying a lead partner for each action the partners will consult and seek support from key stakeholders including the Scottish Government, Seafish Industry Authority, Seafood Scotland and many others to achieve the identified actions.

The collective actions identified in the action plan will be driven forward through SSDP and will be prioritised against the ambitions of the Strategy and resource availability. The appraisal criteria for prioritisation are set out in the Action Plan.