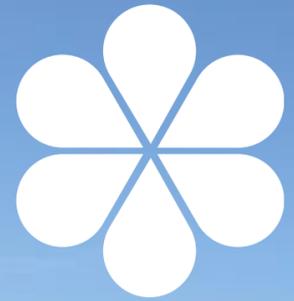




Understanding the feasibility
of operating a Fish Auction
for Welsh caught seafood



Size and scope of the Welsh seafood supply

Welsh caught seafood sector

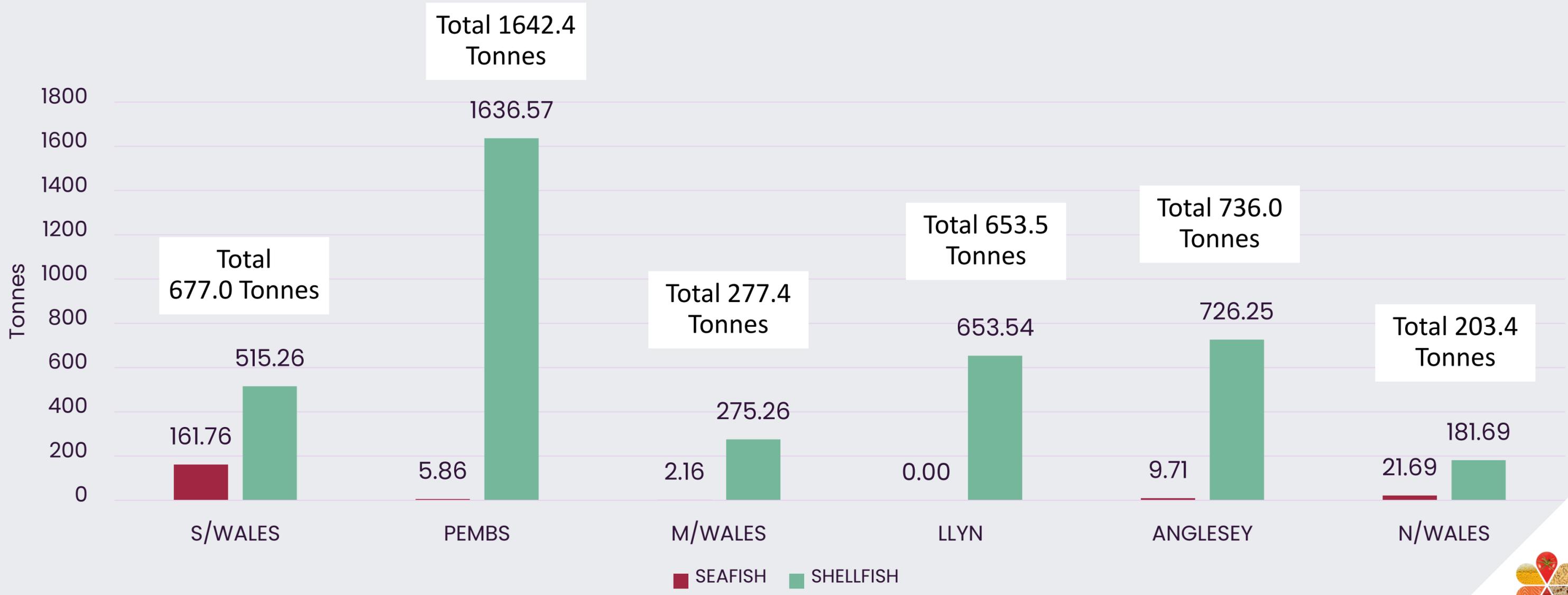
Size

Species

Year round availability

Welsh Vessel Landings, 2019

The majority of landings are into Pembrokeshire, with a fifth of total Welsh landings into Milford Haven



Source: Welsh Sea Fisheries Statistics, & UK Sea Fisheries Statistics 2018 Table 3.14b



Landings into Wales for Welsh Vessels by Species

Welsh vessels account for a large proportion of the Skates & Rays, Dogfish and Sole into Welsh Ports

Bass is also key species landed

Welsh vessels are landing a large proportion of Whelks, Crabs and Lobsters

They only account for a quarter of all scallop landings

Quantity (tonnes) 2019

Fish

Thornback Ray	41.8
Bass	32.2
Lesser Spotted Dog	32.0
Blonde Ray	29.9
Small-eyed Ray	20.8
Sole	18.3
Mullet - Other	8.9
Flounder or Flukes	5.6
Plaice	5.4
Unidentified Dogfish	3.7
Spotted Ray	0.4
Pollack	0.4
Cod	0.4
Other	1.3

Shellfish

Whelks	2,979
Crabs (C.P.Mixed Sexes)	286
Spider Crabs	234
Scallops	205
Lobsters	190
Queen Scallops	59
Crabs - Velvet (Swim)	15
Common Prawns	14
Crawfish	4
Mussels	1

Quantity (tonnes) 2019

Source: Welsh Sea Fisheries Statistics 2018



Sustainability of Key Species Landed

Best choices' are rated 1 and 2, 'Fish to Avoid' are rated 5
Ratings 3 and 4 mean there are better rated alternatives

Many of the fish species landed in Wales are not considered sustainable

There is a similar perception for Welsh shellfish

MCS Sustainability Rating

Fish

Thornback Ray	3-4
Bass	3-4
Lesser Spotted Dog	4
Blonde Ray	5
Small-eyed Ray	4-5
Sole	MCS recommend sole from the north Celtic Sea
Mullet - Other	3-5
Flounder or Flukes	MCS recommend fish from North Western & North Wales Inshore Fisheries Conservation Authority
Plaice	3
Unidentified Dogfish	
Spotted Ray	3-4
Pollack	3
Cod	4-5

MCS Sustainability Rating

Shellfish

Whelks	5
Crabs (C.P.Mixed Sexes)	3
Spider Crabs	4
Scallops	4
Lobsters	4
Queen Scallops	3
Crabs - Velvet (Swim)	3

Source: MCS UK





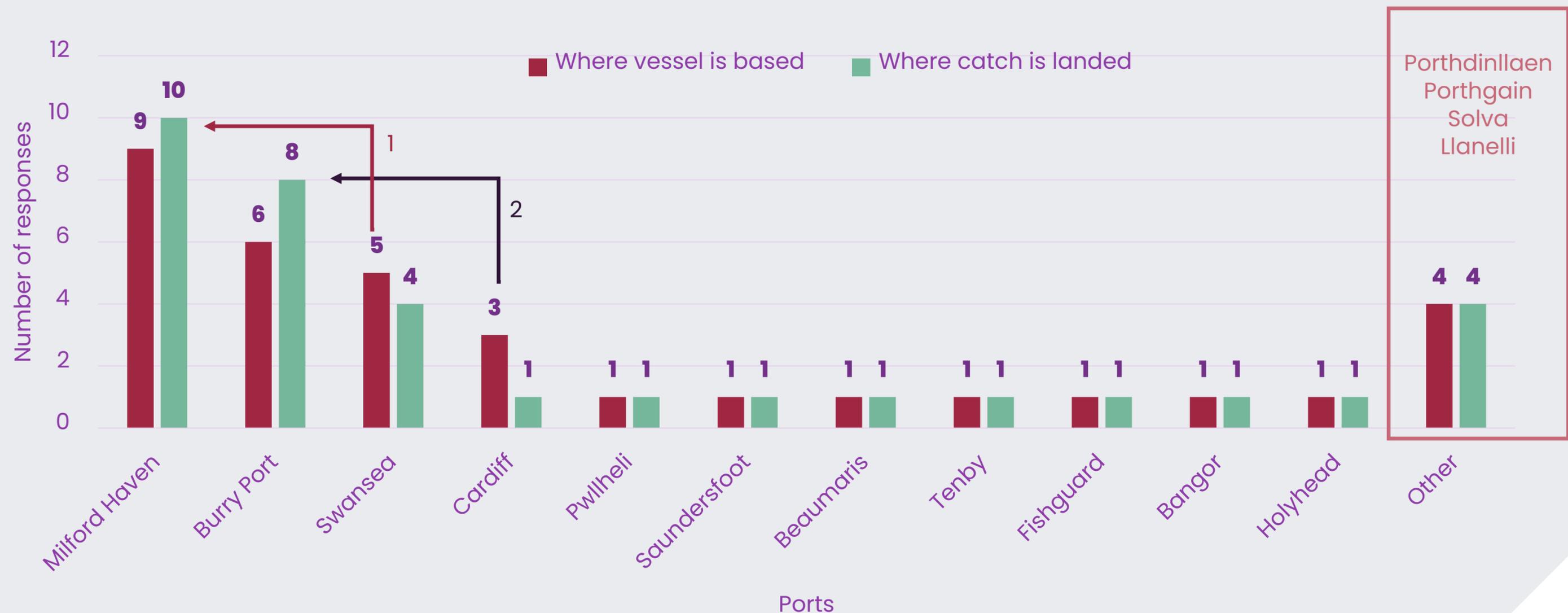
Welsh Fish Suppliers – Survey & Interview Responses

Where vessels are based and catch landed

Most land their catch where their vessel is based

Landings are mostly focussed on 3 locations

Thus for a single hub, transportation from different ports would be required or a change in landing behaviour



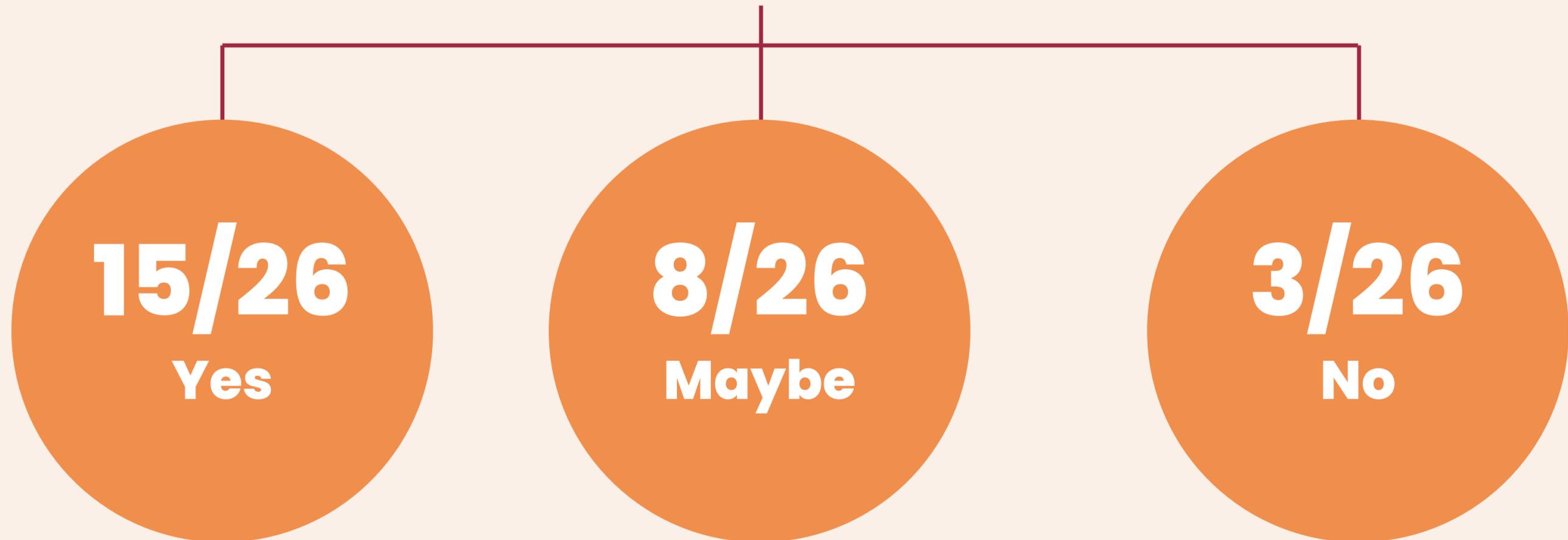
Source: Levercliff Survey June/July 2020
Base: 34



Interest in fish auctions

Most of those not currently using an auction would be interested in using one.

Would you like to send any of your catch to a fish auction?



Possible Welsh fish auction locations

The best compromise for an auction location would be Burry Port which is located between Milford Haven and Swansea where most of the suppliers are situated

Ideal location			Use of auction in set locations by number of suppliers		
Location	Number of suppliers	% of 31 suppliers	Yes	Maybe	No
Swansea	9	29%			
Milford Haven	8	26%	21	7	2
Burry Port	6	19%	21	5	4
Cardiff	2	6%	16	7	6
Fishguard	2	6%	17	6	6
Bangor	1	3%			
Penrhyn	1	3%			
Pwllheli	1	3%			
Tenby	1	3%			
Holyhead	0	0%	10	3	17

Source: Levercliff Survey June/July 2020
Base: 31

Estimated Yearly Sales of Fish/ Shellfish

From fisherman that have completed the questionnaire only

Species	Weekly Volumes	Weekly Value	Number of Weeks	Value Opportunity
Bass	1,320 kg	£13,500	24	£324,000
Skate/Ray	3,420 kg	£4,700	28	£131,600
Pollack	640 kg	£1,800	19	£34,200
				£489,800

Species	Weekly Volumes	Weekly Value	Number of Weeks	Value Opportunity
Crab	9,800 kg	£22,400	33	£739,200
Lobster	1,265 kg	£17,900	32	£572,800
Whelk	45,250 kg	£54,500	38	£2,071,000
				£3,383,000



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Interview Feedback – Retail



Key Trade Feedback – Retailers

5 people were interviewed: an independent fishmonger, 2 retailers, 2 processors for retailers

Demand for Welsh Fish

A positive response but there is history

Importance of Sustainability in Retail

Sustainability was key for the Major Multiples

Types of Species of Interest

Selected species of Skate/ Rays were the most interesting to buyers



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Key Trade Feedback – Retailers

Requirements from an Auction

Online and clock auction was preferred – to provide easy access and fair prices

Stringent quality control with robust grading and sorting essential

There was no strong preference for location other than to be near a major transport link

Independent Retailers

Independent fishmongers such as Moxon's were more interested in quality rather than provenance

e.g. how it was caught and also how it was handled

Quality should be reinforced by grading properly and encouraging the fisherman to handle it well

He was interested in a wide range of species and sustainability criteria was less stringent



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Key Implications for the Welsh Fish Industry

Direct to retail opportunities are less likely for Welsh fisherman

Demand for certain key species landed in Wales is relatively low

There is also strong competition from cheaper, more affordable alternatives

There is also a greater demand for value added fish products



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Key Implications for the Welsh Fish Industry

Counters represent the best opportunity for Welsh landings but sustainability will be key with an emphasis on the industry actively engaging in a fishery improvement plan

Counter sales have been impacted by Covid-19 and as retailers move away from this format

Limiting opportunities to few key retailers e.g. Morrisons and Waitrose or fishmongers – there is interest from these outlets with the right species and sustainability credentials



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Interview Feedback - Wholesale



Key Feedback from Wholesalers / Restaurants

8 people were contacted and 4 people responded: Restaurant Owner, 2 Wholesalers and a Processor

Demand for Welsh Fish

There is a clear interest in fish sourced from the UK more than Welsh fish

The key overriding factor in this channel will be the quality of the fish

Importance of Sustainability in Foodservice

There is less of a requirement with some exceptions

They was interest in Day Boats due to their potential for delivering better quality and being more sustainable

Types of Species of Interest

There would be demand for a wide variety of species as it can be used for different types of outlets

Crabs and lobster are normally purchased through processors



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Interview Feedback – Wholesale

Requirements from an Auction

An online clock auction

BRC

Good transport links

Strong internal quality checks

Good feedback system to support the boats

A consistent supply of fish

Welsh Independent Restaurants

Provenance will be key

Pack size and processing will be important

Variety of species will appeal

Sustainability will add value e.g. line caught

Quality will be key

Unlikely to use an auction



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UK Foodservice market Overview summary

Foodservice will be a challenging channel for fish sales

Ongoing Government Covid 19 restrictions will have a significant impact on the key outlets and operators that are more likely to purchase Welsh fish

The type of person that is likely to consume fish in foodservice will be more wary about returning to restaurants

The long term impact is likely to lead to a restructuring of the channel as operators try to adapt and survive



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Interview Feedback - Auction



Key Feedback from Auction Houses

5 people were contacted and 3 people provided in depth interviews: Aucxis & Looe Fish Auction

Type of Auction

Strong preference / interest in cloud based online auctions

Critical Success Factors

Access to a large number of buyers

A steady supply of fish

Steve Farrar of Looe Fish Auction stated that a minimum turnover of £1.5m would be required to make an auction viable



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Key Feedback from Auction Houses

Key Considerations

Value of the current supply of Welsh fish – is it sufficient?

“Start of small” Jane Mummery Lowestoft Auction – need to establish supply and demand

Do Wales need an auction or a transport network to an English auction? – Steve Farrar (Looe)/ Ed Poley (Falfish)

Shout vs Online – dictated by level of customers and processing activity locally

Satellite Auction – A number of respondents both saw this as a way to tap into an existing customer base

An independent online auction – Requires investment to set up, run and **build** customer base



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Key Learnings for a Welsh Auction

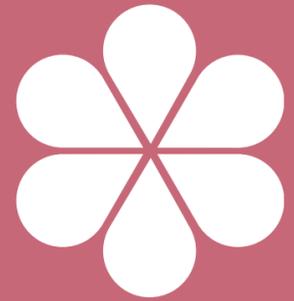
Supply, location and access to potential Customers will be key for a successful Welsh Auction

Location should be a balance between good transport links and closeness to supply so product can be easily received and sent by the auction

Supply will be critical and will need to be developed, especially in terms of fish to sustain the cash flow of the auction

A small fish processing sector in Wales is likely to mean that an auction will require reach beyond Wales – so accessibility will be important





Feasibility for a Welsh fish auction

Research Summary

Current supply of Welsh fish

Assuming that £1.5m is the minimum turnover for a small auction

A Welsh auction for Welsh landings would have to rely on supply from Shellfish fisherman

The other consideration is to target other UK registered vessels that land in Welsh ports

Species	Welsh Vessel Landings (Tonnes) 2019	£ per Tonne	£ Value of Landings 2019	Value of Key Species Landed by Welsh Vessels 2019	Value of Landings into Major Welsh Ports by UK Vessels 2018
Skates & Rays	92.9	1210	112,448	£662,998	£2.3m
Bass	32.2	10030	323,079		
Sole	18.3	10280	187,940		
Other	8.9	1560	13,950		
Flounder or Flukes	5.6	800	4,441		
Plaice	5.4	1810	9,728		
Dogfish	35.7	320	11,412		
Total Fish	201.2				
Whelks	2,979.0	1220	3,634,171	£8,324,807	£13.2m
Crabs including Spider and Velvet	535.8	2410	1,291,310		
Scallops incl Queens	264.5	2420	640,189		
Lobsters	190.0	14520	2,759,137		
Prawns	13.7	2400	32,944		
Total Shellfish	3,988.6				

Source: WFA/ MMO Based on MMO Prices from the Sea Fisheries Statistics 2018



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Future Supply

Based on future supply and assuming that Welsh Fisherman can land their quota there is a significant value of landings to support an auction

It will also increase the variety of fish landed – making it more attractive to potential buyers

Significant Quota Changes 2021	Quota 2020 Tonnes	Quota 2021 Tonnes	Additional Quota Tonnes	£ per Tonne	Value of Additional Quota
Lemon Sole	100	200	100	£5,126	£512,600
Ray	300	400	100	£1,379	£137,900
Monkfish	0	136	136	£3,253	£442,408
Haddock	0	50	50	£1,565	£78,250
Total					£1,171,158

Source: WFA/ MMO Based on MMO Prices from the Sea Fisheries Statistics 2018



Impact of Brexit?

Depending on the outcome there could be significant opportunities to land more fish via increased quotas

This will also depend on the ability for the Welsh industry to catch more

The reliance on day boats may restrict this opportunity

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By CHARLIE BRADLEY
PUBLISHED: 13:43, Thu, Sep 10, 2020 | UPDATED: 13:43, Thu, Sep 10, 2020

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No-deal Brexit looms after Boris Johnson seeks to double fishing quota

Bruno Waterfield, Brussels | Oliver Wright, Policy Editor

Friday September 04 2020, 12:00pm, The Times

The UK wants the percentage of fish quotas reserved for UK vessels in British waters to increase from about 25 per cent now to more than 50 per cent

Potential Solutions for the Welsh Fish Sector

Solution	Pros	Cons	Benefits for the Welsh Fish Industry
Co-ordinating transport of Welsh Fish to an English Auction	Fewer set up costs Fewer risks	Less direct benefits to Welsh fishing sector	Transport network would be a positive to the industry but will not add as much value as an auction
Shout Auction	Less investment in expensive IT equipment and infrastructure	Lack of processing sector in Wales means few customers	Would not be as competitive as other auctions due to accessibility
Satellite Auction	Less investment required vs an online auction Access to an established customer base	Commission required from the parent auction could impact on its viability	An attractive solution but much will depend on the negotiated deal
Cloud Based Auction	Favoured style of auction of buyers due to ease of access	Requires significant investment in IT and to build customer base	This will add significant value to the local economy but will be the most riskiest option

Critical Success Factors for an Auction

A secure, stable supply of fish

The auction will have to have a rigorous and stringent grading and sorting policy

Working effectively with the fisherman to improve the quality of the landings

The industry will need to invest in the supply of sustainably sourced fish

Have a strong transport/infrastructure in place

Access to a large number of customers to ensure healthy competition for fish



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Feasibility of a Welsh Fish Auction

Is it feasible to have a fish auction in Wales? – **YES**

A small fish auction requires **c.£1.5m** to be viable

c.**88%** of Welsh fisherman that responded would consider using a fish auction

c. **£490k** of fish could be supplied from these respondents c.75% of total Welsh fish landings in 2019

Assuming **£900k** of fish is sold through the auction from the £1.2m of fish landed from increased quotas (75%)

This estimates that **£1.4m** of fish could go through the auction

This means only a small % of the **£3.4m** would be required from Shellfish



Key Considerations

The current conditions of the Welsh fishing sector would favour a less riskier approach

Threats	<p>A Focus on Shellfish Landings</p> <p>Decline in the Commitment of Fisherman</p>	Enablers	<p>Transport System</p> <p>Investment in Sustainable Fish Accreditation</p> <p>Achieving Correct Level of Commission</p> <p>Getting Right Stakeholders On Board</p> <p>Investment to Upscale Welsh Fisherman</p>
Risks	<p>Just Enough Value of Fish Landings</p> <p>Infrequent Supply of Fish</p> <p>Fishing Sector Starting from Low Base</p> <p>Under Developed Processing Sector</p> <p>Fish Landings not Considered Sustainable</p> <p>Underdeveloped Transport Network</p>	Benefits	<p>Strong, stable supply of Welsh fish</p> <p>Increased Jobs</p> <p>Catalyst to Land More & Better Quality Fish</p> <p>Development of Welsh Fish Processing Sector</p> <p>Better Prices for Fish Landings</p> <p>Quicker Payment for Welsh Fisherman</p>



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Ideal Scenario

1. Develop the supply base to build confidence
2. Build knowledge base
3. Develop a satellite auction
 - a) Critical to success will be to negotiate the right deal
 - b) A premium will be justified for holding the auction locally
 - c) A number of different auctions have expressed interest in setting up satellite sites
 - d) The most appropriate solution will also be dependent on the delivery partner
4. Finally transition to a fully independent cloud based auction



Thank You for Reading



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