Food Matters

A Food Business Development Strategy for the Isle of Man 2015-2025

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Department of Environment, Food and Agriculture
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Food Matters - Executive Summary

Context
'Food Matters’, a 'Food Business Development Strategy for the Isle of Man’ has been produced in response to a Tynwald Motion of January 2014 which sought options to grow the contribution of the food sector to the Isle of Man’s economy.

This document also aligns with other key Government policies including:
- Agenda for Change - ‘Growing the Economy’
- Vision 2020 - ‘Distinctive Local Food and Drink’
- Food Security Strategy - ‘Increased resilience of local agri-food and fisheries businesses’

The document outlines the importance of a flourishing food sector to the Isle of Man economy, the global context of food and opportunities for growth.

A strategy to achieve sustainable growth in the industry over the next ten years is identified and a ‘next steps’ delivery plan outlines the practical actions required pending Tynwald approval.

The strategy has two main sections. Part I sets out our vision for the industry and develops three major strategies across the entire supply chain that will act as the principal drivers and enablers of growth.

Part II analyses production and market trends including specific strengths, challenges and priority recommendations for key components of the food and drink sector.

Background
- The Isle of Man food economy is currently worth an estimated £75 million (2% of GDP) employing around 1300 people and is a key primary industry, important in a diversified economy.

- Food retail on the Island is worth £169 million per year, with supermarkets accounting for over 85% of this. Food retail is a difficult and competitive market, but it is vital to the success of this strategy that market share is increased, both through improved and new product offerings and better partnerships with the retailers.

- Food consumed outside the home is worth £93 million a year and visitors account for almost a third of this. This is an important market for growth as consumers value local provenance as part of the dining experience.

There are many additional benefits to having a thriving food industry:
- farming maintains the Island’s unique landscape
- fishing has created our coastal towns and villages
food is an important part of local culture and the visitor experience (see Vision 2020 - Distinctive local food and drink).

- Food security - ensuring that we all have enough safe and affordable food to eat is a key priority for Government. The most effective way to achieve this is through a vibrant and competitive local food sector supplying key staples and an increasing range of processed foodstuffs.

**Strategy proposals**

The strategy considers a range of options for the future of the food and drink sector:

- Option 1: do nothing - likely decline in the industry (1-2% GDP equivalent).
- Option 2: sustainable growth by refocusing current resources - c.40-70% growth (3-3.5% GDP equivalent).
- Option 3: rapid expansion - c.300% growth in 10 years (5-7% GDP equivalent).

The strategy proposes targeting sustainable growth as detailed in option 2 using pre-existing funding through DEFA grants and DED’s Financial Assistance Schemes and refocusing around 5% of the CCS to developing food businesses.

**Why not the alternatives?**

- Option 1 - the industry is too important economically, socially and environmentally to allow its decline.
- Option 3 - this is too ambitious and too rapid a target given the current position of the industry. There is sufficient potential for production to achieve these figures, but this would require significant capital investment and a huge change in culture but should be reassessed pending success in achieving sustainable growth over the next 10 years.

**Achieving growth**

Growth will come through targeting these resources at activities aligned to the following three strategies designed to strengthen the supply chain:

- a) Resilience through increased diversity - encouraging more food businesses and greater range of food products.

- b) Competitiveness through improved efficiency and skills - to ensure food businesses are at the cutting edge of technological advances to keep ahead of competitors.

- c) Profit through market and customer focus - ensuring that profits are maximised by understanding consumers, having access to appropriate markets and increasing market share through branding and marketing.

Around 30 key activities have been identified in the strategy.

**Who will do it?**
Government and industry will have to work in close partnership to deliver meaningful change and growth in the sector. To facilitate this, we expect a Food Business Development Manager will be employed on a 3-year fixed contract to oversee the practical activities in the plan and will liaise closely with officers from DEFA and DED to maximise the expertise and resources of both Departments.

The Food marketing aspect of the plan will be developed with support from DED’s marketing team whilst the technical and business advice for primary producers (farmers and fishermen) will continue to come from DEFA.

**What next?**

Next steps pending approval of the strategy at November Tynwald are:

1. Consult with the industry to prioritise activities and develop a 5-year action plan for implementation.

2. Seek Treasury concurrence to utilise £350-£400k per annum from the CCS to supplement existing DEFA and DED grants to support the recommended activities of this strategy.

3. Recruit a Food Business Development Manager by April 2015 on a 3-year fixed term contract whose main role is to champion local businesses in the market place, help businesses access expertise and grant aid and to mentor and instil a belief in their potential to be successful, competitive and to grow sustainably.

   This post would be funded by DEFA, overseen by a steering committee of DEFA, DED and industry partners and will work closely with DED’s Business Development Managers to ensure food development is approached commercially.

4. Develop a food marketing and promotion programme in collaboration with the Department of Economic Development, to maximise impact and efficiency by utilising their existing marketing expertise.
FOOD MATTERS

Food matters to our economy

The local food industry is currently worth over £75 million and provides employment for 1300 people. Local primary production and local sales provide a ‘multiplier effect’ for the economy that is not replicated when imported products are purchased.

The potential for growth of the industry is enormous with a potentially limitless global export market and the local retail sector worth around £170 million and the food service sector another £90 million. Growing a sustainable, competitive and profitable food industry will form a vital cornerstone of our future expanding and diversified economy.

Food matters to our people

‘Food security’ - access to a safe, nutritious and affordable diet is a basic quality of life issue that we take for granted in the Isle of Man. The ability to produce food in the Isle of Man will become of increasing importance as world demand for food increases and climate change results in more extreme weather events, impacting on global food production.

On another level, food is an increasingly important part of the lifestyle and culture of an affluent society. People actively seek out quality and artisanal produce with assured provenance credentials. Providing quality local produce adds to the quality of life of the resident population and is an important part of the visitor experience which can, in turn, promote the Island as a visitor destination, as well as encouraging prospective residents and businesses to relocate.

Food matters for the environment

Local food is better for the environment. Fewer food miles, less packaging and longer shelf life ensures less food waste, a smaller carbon footprint and a better quality of life for us all.

The Island’s distinctive landscape and coastal towns have been shaped by centuries of fishing and farming activities and food production activities have an important role to play in the Island’s culture and communities. Maintaining these key primary industries will ensure that the custodians of this landscape continue to manage the landscape in a sustainable way and the vibrant coastal towns and villages retain their strong sense of community and maritime heritage through local jobs, local food and local spend.
Minister’s Foreword
Hon. R. Ronan MHK, Department of Environment Food and Agriculture

I believe the potential for Isle of Man food and drink has remained unexploited for the last 30 years, despite being an integral part of our Island’s heritage and having a vital role to play in our cultural and economic future. Our food and drink form an important part of a balanced and diverse economy, contribute to employment opportunities and add significantly to our everyday lives.

I commissioned this strategy because I am fully committed to ensuring that the food sector has a bright and profitable future and that our community, visitors and off-Island consumers can continue to enjoy an increasing variety of high quality Isle of Man produce into the future. It also contributes to the wider Government objectives of ‘Growing the Economy’ and developing ‘Distinctive Local Food and Drink’ as identified in the Vision 2020 economic development strategy.

There are also less tangible benefits to a having vibrant local food industry. The Island’s distinctive landscape and coastal towns have been shaped by centuries of fishing and farming activities and food production activities have an important role to play in the Island’s culture and communities. As well as contributing to our own quality of life, distinctive local food and drink forms an important part of the visitor experience, which can in turn promotes the Island as a visitor destination as well as encouraging prospective residents and businesses to relocate here.

Food security is a topic of increasing interest to countries around the world and ‘increasing resilience of the local food industry’ is at the heart of the recently published Isle of Man Food Security Strategy. I believe that this is best achieved by ensuring the local food businesses are thriving.

A focus on sustainable growth, increased competitiveness and profitability for the sector is identified as key, with particular focus on industry collaborations and strengthening the supply chain. A detailed analysis into the potential of local and export markets has been undertaken to clarify market opportunities. There is already cause for optimism in the sector as there are many examples of exciting, new and innovative food businesses taking advantage of a growing interest in local and artisanal food. However, there are others that lack the confidence, capital or business advice to get up and running. I believe that with the right culture of innovation, adaptation and collaboration, we can support entrepreneurial behaviour and nurture good ideas to facilitate the growth of new entrants and existing businesses.

Success will require Government and industry to work together; with my Department utilising its expertise in food production, in partnership with the business development, marketing and tourism expertise of the Department of Economic Development. Other Departments have key roles in educating on the importance of high quality and local food through, for example, delivery of meals they provide to much of our population.

In closing, I believe that the success of this sector and its contribution to the Island’s social fabric and economic growth is of the utmost importance. I am confident that this strategy can be the catalyst for future growth in the food industry and that, working together, we can grow our share of both the local market and increasingly export high value foodstuffs.
PART I
The importance of a Food Business Development Strategy

In recent years there has been a re-evaluation within the Isle of Man Government of the potential of its industry sectors to contribute to economic growth and it has been evidenced that there is potential to enhance and diversify the food sector (including seafood and beverages) as an important revenue stream for the Isle of Man.

An early driver for this change was laid out in the 2008 Vision for Agriculture, which identified a market-focused future for the agriculture industry on the back of the removal of production-based farming subsidy.

The fisheries sector has seen a removal of direct subsidies from the industry but an improvement in the quality of product from the key Queen and King Scallop plus crab and lobster fisheries. While Marine Stewardship Council accreditation was gained for the Queen Scallop trawl fishery in 2011, this has recently been suspended due to a significant reduction in the estimated biomass of stock. Measures are in place to manage the fishery to re-gain this accreditation. A Sea Fisheries Strategy is currently in preparation which will consider the wide range of issues required to sustainably manage fisheries in our territorial sea. The conclusion of this strategy will help to inform the detail and work plan of this Food Business Development Strategy.

Launched in January 2014, Vision 2020 identified ‘Distinctive Local Food and Drink’ as an important area of development for the future. Recognition of the Isle of Man’s food heritage and nurturing of food culture play an important part in the visitor experience, attracting new residents and businesses as well as contributing to the quality of life of the current population and creating employment opportunities.

The Tynwald motion looking for commitment to develop a strategy for growth of the food sector was unanimously supported in January 2014 and a recently published Food Security Strategy, identified amongst its key messages, that a robust and competitive food industry in the Isle of Man would underpin the vision for achieving food security.

The Isle of Man has a reputation for being able to be competitive by being fleet of foot in recognising business and market opportunities through a focused and integrated public private sector community and for operating a straightforward legislative system, as demonstrated by the success of the finance, registry (ship and aircraft) and e-business sectors, for example.

It is the aspiration that this food business development strategy will be successful at driving forward local and export-led employment growth, such as is seen in other areas, for example in Ireland, Scotland and Wales.
The need for change

2014 is a landmark year for the agricultural industry in the Isle of Man. Following five years of lead-in, the transition to area-based payments has begun and will continue to increase until 2018 when payments will be solely based on land area. This removal of production subsidy mirrors that of the EU and is intended to allow farmers the freedom to follow the markets rather than to produce to meet the subsidy requirements. Payment rates are also reducing in real terms due to budgetary cuts and inflation. Whilst the industry is broadly supportive of the Countryside Care Scheme, there are still many critics who fear that it will harm the industry by lowering production to unsustainable levels. This has not yet proved to be the case and indeed much entrepreneurial behaviour is already being observed.

In the fisheries sector, there is recognition that relatively little is known about stocks of commercially important species including King scallops, crabs, lobsters, prawns and whelks. This situation, and the role that the Department should play in sustainable fisheries management, will form part of the Sea Fisheries Strategy that is currently being developed.

Customer trends and demands are also changing and food is now a lifestyle choice for a wide sector of society. To meet these needs, restaurants, supermarkets, caterers, individual food suppliers and producers have had to shift their focus to take greater care in food preparation, flavour and sourcing. This has seen greater emphasis placed on culinary specialty, farmers’ markets and artisanal cuisine and less emphasis on convenience and commodity produce.

The Isle of Man must ensure that it can provide the food experiences required of its resident and visitor population to maintain its position as a desirable place to live and visit. This will have positive impacts on not just the food economy, but also the visitor and business economy, where food culture plays an important role. The current spend on eating out is estimated to be around £90 million/annum, with visitors to the Island contributing almost one third to this total.
International issues expected to impact the food industry over the next 20 years

- **Rapid growth in the demand for food** - as a result of population growth, but more importantly as a result of growth in affluence in China and other emerging industrialising nations, the demand for food is projected to grow rapidly over the next 20 years. This means that there are opportunities for the Isle of Man food and drink sector to grow, particularly through export.

- **Globalisation of markets** - in parallel with the growth in demand for food, markets for food have also become increasingly global. This means that while Manx producers face the challenge of being competitive within these global markets opportunities exist as consumers expect availability of preferred brands throughout the world. The role of the internet in reaching consumers adds a powerful tool for Isle of Man producers to reach global customers.

- **UK food deficit** - in recent years the UK has developed a growing deficit in its food trade which now amounts to almost £18bn per annum. As the supply of imports reduces in the medium term, this deficit is expected to widen further. While not all of this is substitutable, with growing interest in food security, this represents another important area of export opportunity for the Isle of Man’s food industry.

- **Commodity price trends** - the sharp rise in commodity prices, particularly grain, represents both an opportunity and a threat to the food sector. On the one hand, given this is a global issue, it means that the prices paid for food products will rise however, at the same time the cost of grain based inputs and fertilizers will also rise. Price volatility is expected to continue to affect the costs, cash flow and returns in the industry as well as consumer purchasing patterns.

- **Limitations of production base** - the potential of the food processing sector in the Isle of Man is to a large extent constrained by the primary production base (land and productivity) which provides the raw material. Globally, competition for fertile food-growing land is increasing, particularly from the biofuel industry. Increasing land rental values are now commonplace in parts of the UK where maize can be grown as a biofuel crop. The development of anaerobic digestion as a mainstream energy source is also increasing the pressure on land across the British Isles. This has not yet happened in the Isle of Man, but there is growing interest in these alternative land uses.

In the fisheries sector, potential growth is equally constrained by the availability of raw material and our ability to increase this is limited by the biology of a wild resource. Little is gained by over-fishing, as short term gains result in long recovery periods which remove product from the market place and impact on income throughout the fishery supply chain. Accordingly, the Department’s strategy is to achieve sustainable management of the different fisheries, focusing more on increasing the value of sustainable production levels. This will ensure that fisheries are maintained over time, securing employment and our ability to meet customer demand in a competitive marketplace. The ability to diversify into catching other species is equally dependent on there being a commercially viable population. In addition, the EU quota system and other effort control measures impact on the ability of Manx fishermen to diversify and this will be explored in the Sea Fisheries Strategy.
• **Volatility of exchange rates** - the volatility in exchange rates, and uncertainty over the future of the euro increases the risk of dealing in export markets.

• **Power of supermarkets** - the dominant market position of the British supermarkets has allowed them to dictate contract prices to producers (experience shows that this also applies in Europe, a key market for Manx Queen and King Scallops). While the supermarkets have developed the market for food in the UK, they have also captured an ever growing proportion of the value added, at the expense of the profitability of food processors and their farming supply base. However, it is hoped that the recent appointment of a Supermarket Ombudsman by the UK government to oversee the ‘Grocery Supply Code of Practice’ will help to address this issue. Some consumer changes in patterns of purchasing are also being noted – namely the shift to smaller more regular shopping in a range of smaller supermarket stores and an increase in online purchasing.

• **Rising costs of business** - the food industry, like other sectors, is affected by rising costs of business. Some of these costs such as energy and raw materials are more acutely felt in the Isle of Man, where the additional logistics of import/export can add to fixed costs. However, other costs are under our own control and focus must be placed on ensuring businesses are as efficient as possible.

• **Climate change** - agriculture and fisheries are highly dependent on specific climate conditions. Trying to understand or predict the overall effect of climate change on food production can be difficult. Increases in temperature and carbon dioxide (CO₂) can be beneficial for some crops in some places but not for others. But to realise any potential benefits, nutrient levels, soil moisture, water availability and other conditions must also be met and this does not necessarily offset the potential negative effects on current crops. Changes in the frequency and severity of droughts and floods could also pose challenges for farmers. Meanwhile, warmer water temperatures are likely to cause the habitat ranges of many fish and shellfish species to shift while oceanic acidification processes could adversely affect shell-bearing species. While there may be added opportunities for growing a new range of crops, in general climate change will likely make it more difficult to grow crops, raise animals and catch fish in the same ways and same places as we have done in the past.

• **Environmental compliance** - The requirement for capital investment in environmental compliance will become of greater concern in the future. While such investment is both important and part of the brand image that our food industries wish to develop, any policy that adds cost represents an important challenge to the growth of the industry.

• **Structure of the food industry** - Increased globalisation of the food industry is leading to increased economy of scale. This places additional challenges on small and medium sized enterprises, particularly somewhere like the Isle of Man that has additional challenges getting to the global market. While there are only a few medium-sized food processing firms in the Isle of Man that this affects, there is a growing sector of small and artisan firms which cannot compete in this global market, but can exploit niches in high value markets. This inequality is also evident in the primary production sector where there may be opportunities for greater consolidation of farm assets into more efficient units. The industry and government
needs to understand the relationship between farm and industry structures and the most efficient use of resources if growth is to be encouraged. Similarly, consideration of the structural relationships between the fisheries catching, processing and marketing elements of the supply chain should yield dividends in efficiencies and product values.

- **Government sanctions** - Recent souring of relations between the EU and Russia has demonstrated the impact that trade sanctions can have on the price and availability of food commodities. If the country under the sanctions produces items less efficiently than those previously imported, citizens often pay more to consume the goods. Thus, economic sanctions cause prices to rise. However, if local producers in the sanctioned country are prevented from exporting their products the prices of those products can decline because there will be a local surplus. Consumers not living in the sanctioned country can also have fewer goods to purchase if the sanctioned country provides unique goods to other countries.

- **Food crime** - Until 12 months ago food crime was a relatively unknown phenomenon. The horsemeat scandal changed all this, severely denting consumer confidence in the food industry and altered the shopping habits away from processed meat and ready meals. It also highlighted the importance of integrity in the supply chain, something which is more easily demonstrated somewhere like the Isle of Man with short and traceable supply chains and virtually nil risk of contamination. As food traceability grows in importance in the requirements of consumers, the Isle of Man should be ready to capitalize on its strengths in this area.

- **Consumers** - The importance of setting consumer needs and demands at the heart of food and drink business decision-making cannot be under-estimated. It is critical that businesses align their products with demand and therefore they need to build a dynamic and detailed understanding of their customer base. This marketing approach is easy to state but less easy to deliver and therefore there needs to be investment in the provision of appropriate training and support for the food and drink sector.
Learning from our neighbours

Both Irish and Scottish governments are already working with their respective sectoral partners in the agri-food sector on high-growth strategies for their respective industries, with a strong focus on the British market. These strategies recognise the strategic importance of the industry to the Irish and Scottish economies.

Republic of Ireland

The Irish Strategy, ‘Food Harvest 2020’, envisages ‘a sector that can reap considerable rewards if it works and acts ‘smartly’ to make the most productive use of Ireland’s rich natural ‘green’ resources in a way that is economically viable and sustainable in the future’.

The strategy sets the following growth targets for 2020:

- Increasing the value of the primary output of the agri-sector by €1.5bn – a 33% increase over the 2007-2009 average;
- Increasing the value added in agri-food, fishing and wood products by €3bn – a 40% increase over 2008; and
- Achieving an export target of €12bn for the sector – a 42% increase over the 2007-2009 average.

Financial commitment

The strategy doesn’t dedicate a discreet sum of money to achieving its targets but recognises that actions must be grounded in fiscal realities and suggests that any activities emanating from the report will be on the basis of a reallocation of existing resources as opposed to making any new sources of Government funding available. It should be noted that there are already considerable resources invested in research and development facilities, new product development, market intelligence and other services to the food and drink sector. See www.bordbia.ie and www.bim.ie for more examples.

Northern Ireland

The Northern Ireland Strategy ‘Growing for Growth’ acknowledges that agri-food is already Northern Ireland’s most successful industry and focuses strongly on building a resilient supply chain and focussing on those areas with the biggest potential for growth. The vision is for “Growing a sustainable, profitable and integrated food and fisheries supply chain, focused on delivering the needs of the market” and defines the following targets:

- Grow sales by 60% to £7bn;
- Grow employment by 15% to 115,000;
- Grow sales outside Northern Ireland by 75% to £4.5bn; and
- Grow by 60% to £1bn the total added value of products and services from local companies.

Financial commitment

Government will invest £400m over three years in the industry to unlock and leverage investment of over £1.3bn from the industry itself.

Scotland

The Scottish Strategy, ‘Fresh Thinking’, focuses on the food and drink sector specifically and ‘promotes sustainable economic growth while recognising the challenges of public health, environmental sustainability and affordability’.

The targets for this strategy include:
• **Increasing sales** of the industry to £12.5bn by 2017 – a 60% increase over 2007;
• Developing a **strong marketing brand** with the message that Scotland is a 'Land of Food & Drink'; and
• Targets also for food & drink Gross Value Added, **overseas exports** and retail sales in UK.

A £1m commitment was pledged by Richard Lochhead (Scottish Government's Cabinet Secretary for Rural Affairs and the Environment) to deliver the 2014 'Food and Drink Action Plan'.

**Wales**

**EU Funding**
All of the above mentioned jurisdictions can lever EU money for agriculture, fisheries and rural development – a resource unavailable to the Isle of Man except in partnership projects with EU member states. Examples of INTERREG (cross-EU project) funding used to develop products for export from Ireland and Scotland to France are not accessible to the Isle of Man, but there would be merit in contributing to such a project as a partner to get the benefits of collaboration and to be part of a wider 'Celtic' brand. [http://www.irishexporters.ie/section/Access6ProgrammeStrengthensIrelandFranceExportTies](http://www.irishexporters.ie/section/Access6ProgrammeStrengthensIrelandFranceExportTies)

**Recent trends**
Food and drink processing 'gross value added' in Scotland rose by over 50% in real terms over the period 2000-2009, compared with growth of just over 12% in Northern Ireland and a decline of 25% in the Republic of Ireland.
An example of successful market focus
A good example of how a market focused approach can work successfully comes from New Zealand, where a complete removal of agricultural subsidies in the 1980s saw food production practices driven by the demands of consumers and not by efforts to maximize the receipt of subsidies. While this strategy does not advocate such extreme measures, it does place increasing emphasis on the role of the market and consumers in developing a profitable industry.

The New Zealand Story

With the removal of subsidies in New Zealand, agricultural practices are driven by the demands of consumers, not by efforts to maximize the receipt of subsidies. At the same time, the whole agricultural supply chain has improved its efficiency and food safety has become paramount. Businesses that deliver inputs (e.g. feed and fertiliser) to farming have had to reduce their costs because farmers have insisted on greater value for money.

Since the reforms, agriculture's contribution to New Zealand's economy has remained steady at about 5% of gross domestic product (GDP). Adding activities outside the farm gate, such as processing of milk, meat and wool, agriculture contributes over 15% of GDP.

New Zealand in numbers
The 20 years following removal of subsidy and a focus on market return resulted in:

- 40% reduction in sheep numbers with no loss in sheep meat production
- 40% increase in dairy herd and a 33% increase in milk fat production/cow
- Overall farm productivity increasing from 1% per annum to 5.9% per annum
- Primary agriculture GDP steady at 5%
- Contribution to GDP of total agricultural sector (including processing) increasing from 14% to nearly 20%
- 90% of production being exported.

Ref: 'Life after subsidies - The New Zealand Farming Experience 20 years late. Federated Farmers of NZ (Inc.) 2005
Isle of Man industry overview

The Isle of Man food and drink sector contributes in excess of 1300 jobs and £75m of national income, most of which stays in circulation in the Isle of Man\(^1\). In addition, two recent reports\(^2,\(^3\) suggests that the six main eco-services (outdoor recreation, aesthetic enjoyment of the landscape and marine environment, nature related tourism, flood control, water-supply, and water quality regulation) which are provided largely as a result of the activities of the food producing sector was worth £100m.

There are likely to be further benefits to the Island’s economy provided by the food and drink sector via tourism, sporting event locations, angling, diving, equine eventing, film locations and also, as recently stated by Roger Raatgever, CEO of world-leading software provider Microgaming,

‘The environment makes a significant contribution to the quality of life people enjoy in the Isle of Man. It was a contributing factor as to why we chose to base the company here – it sets the Island apart from other international business centres.’ He also added: ‘As a large employer in the Isle of Man, we consider the ability to enjoy a healthy, active lifestyle a vital component in the recruitment and retention of staff.’

The Isle of Man population looks upon Manx produce favourably, with 72% feeling that it is important to buy locally produced and traceable meat in particular and 82% often buying a variety of local produce. Most people find it easy to find Manx produce and would buy more if presented with a wider range of goods and lower prices. The majority suggest that there should be regulations applied to what can and cannot be labelled as “Isle of Man” produce, with 94% of shoppers checking to see where goods are produced. All of this indicates that there is considerable loyalty to Manx produce among residents, and that there is significant potential for Manx producers for business growth.

The Isle of Man food and drink sector is under pressure to grow, innovate and compete with overseas producers who benefit from economies of scale and can often supply at cheaper prices. The Isle of Man food industry supply chain is generally closely linked from field or sea to fork although there are a number of ingredients that are imported from the UK, either as substitutions or because they are not available locally. The sector as a whole generates around £75m in national income through direct production, export sales and support services. Already the Island exports some £20m worth of food products largely to the UK and the EU but Isle of Man meat has recently been exported as far as Italy, Queen Scallops are sold in Spain and France and Isle of Man cheese is sold in the USA. This is coupled with local sales valued in excess of £15m; money which would all leave circulation within the Isle

\(^1\) Vision 2020 figures on Food and Drink sector.


\(^3\) Mangi, S (2013), Economic valuation of the Isle of Man’s marine environment. Report for the the Department of Environment, Food and Agriculture, Isle of Man Government.
of Man should the sector fail. Also reliant on the food and drink sector are around 1300 local employees plus further seasonal staff and contractors. These figures do not take account of the retail and hospitality businesses that are benefiting from and reliant on Isle of Man produce, as a major contributor to their customer messaging: Shoprite and 14 North being two such examples.

Confidence in some areas of the food and drink sector is not as bullish as other industry sectors, such as aerospace and cleantech, which are successfully servicing local and export market opportunities and as a result, progress could be perceived as comparatively slow.

However, there are signs of growth. The industry has seen the number of local food and drink businesses focussed on Isle of Man produce grow from approximately 30 in 2010 to more than 100 in 2013. Many of these are small scale but have significant growth potential.

The Government has supported many of these businesses in a variety of ways. Without continued support, however, investment, innovation and market awareness in the sector risks stagnation and possible decline. The loss of jobs, income and the inability to feed our nation are potential outcomes of a failing sector. For some producers, a reorganisation of their supply chain is possible, equally there is potential for manufacturers to focus more on high end luxury foods, selling fewer units but at higher margins. An example of one such success is that of recently launched artisan bread products using locally produced flours.

With effective support, investment, innovation and market confidence, the Isle of Man food and drink sector has the ability to grow, offset imports, increase jobs and local revenue retention and generate further inward income from off-Island sales.

It is particularly important to acknowledge the industry from the consumer perspective. There is an increasing demographic of society for which food is viewed as an extremely important lifestyle choice. This can be related to health benefits, provenance or its artisanal qualities. Figures in Part II of the strategy highlight the value of food and drink purchasing in the spending habits of the above average earners which can be as much as 177% of the UK average weekly spend.

The Isle of Man must ensure that it can provide the food experiences required of its resident and visitor population to maintain its position as a desirable place to live and visit. This will have positive impacts on not just the food economy, but also the visitor and business economy, where food culture plays an important role. The current spend on eating out is estimated to be around £90 million/annum, with visitors to the Island contributing almost 1/3 to this total (see Part II for more detail).
The economic potential

Building on home markets where there is existing market share but penetration can be improved, particularly in red meat, dairy, bread and cereals, eggs and beer offers significant potential for growth for the food sector. Part II of this strategy identifies areas where such opportunities might exist.

However, despite significant challenges, the Isle of Man possesses many of the key factors required to grow an export-focused local food industry. The seafood industry, branded cheese, red meat and, more recently, premium chocolate and puddings, point to the diverse range of products and export markets that can be successfully developed. An increased diversity of products on local retailers’ shelves can also contribute to growing the economy as import substitution ensures more money stays on the Island.

Within any industry, direct growth in turnover, added value and employment generate a multiplier effect of secondary economic and employment growth as a result of the “pull through” effect of increased output on the total supply chain and the increased spend on goods and services. The value of the multiplier effect was identified in recent Tynwald approvals to restructure and refurbish the Meat Plant and re-furbish and upgrade the Isle of Man Food Park where, as well as food security considerations, the value to the economy was an important consideration.

The food sector represents an exciting and realistic prospect to contribute to growing the local economy, principally because most of its raw material and prime inputs are locally sourced; meaning the economic “pull through” and multiplier effects are much higher than for some other industries that rely on imported primary products.

The Multiplier Effect

Research in 22 local authorities in NE England demonstrated that £1 spent with a local business is worth £1.83 to the local economy versus 58p with a non-local business *

Therefore the £75 million food and drink industry (2012 figures) is potentially worth £137 million to our local economy.

* New Economics Foundation 2008

Furthermore, with the food industry being less focused (and reliant) on the capital, Douglas, than some other industries, the benefits of increased activity are expected to generate potential employment opportunities across a wide skill range (and salary potential) and across the Island, ensuring renewed regeneration of the Island’s satellite towns and villages.
Identifying market opportunities

As well as the domestic market, which offers opportunities for growth, and with a customer base with an interest in quality, value for money and local produce, there are major market opportunities for the Isle of Man food industry over the years to come in both UK and global markets:

Emerging markets

World population reached 7 billion at the end of October 2011 and is expected to reach 8 billion by 2024. Most of this population growth is occurring in developing economies, resulting in strong growth in food consumption.

Growing affluence in developing economies, especially BRIC countries (Brazil, Russia, India and China), is resulting in a transition towards higher value protein-based meat and dairy diets. These, as export markets, represent potential for targeting for higher value produce and processed goods. For example, there is growing demand for high-quality crabs and this is currently being successfully exploited by a local supplier.

Developed markets

Meanwhile, consumers in the more mature British, European and American markets are increasingly demanding healthier foods with better provenance credentials (local, environmentally responsible and ethical) that with clear communications (including strong branding) should enable price premiums to be achieved.

The Isle of Man hosts 300,000 visitors a year from around the globe who represent a key market to communicate the message of the Isle of Man’s unique food story, which needs to be more fully developed and articulated.

UK markets

In the UK, steady growth in domestic demand is resulting in the need for greater food imports due to the growing production deficit in key food categories including dairy and red and white meat. A significant proportion of the 300,000 visitors who come to the Isle of Man are from the UK and this represents an important conduit in communicating the existence, quality and taste of Isle of Man food and drink.
Strategic vision

Our strategic vision for the industry is:

“Growing a sustainable, profitable and increasingly collaborative food (including seafood and beverages) supply chain, focused on meeting the needs of customers”

In order to achieve growth, a collaborative effort is required involving primary producers, food processors, suppliers and Government working together to meet consumer needs, building on the strengths of the existing supply chains, providing additional strength through diversity and to overcome the challenges and barriers that face the industry.

It is proposed that development should take place along three parallel lines:

1. **Export-led growth** through production and export of quality artisanal products and utilisation of the latent capacity in the food supply chain, focusing primarily on the UK (and the NW region in particular, which has 12 million inhabitants) but recognising other (direct and indirect) opportunities in other export markets (e.g. France, which has a €312 billion retail grocery market and food service industry where quality artisanal produce is particularly sought after) and developing a distinctive Manx brand to market quality local produce.

   An opportune route to new markets is via the 300,000 plus annual visitors to the Island, with whom we have the potential to communicate. Providing a quality food experience and strengthening the message on provenance and heritage of Manx produce to this audience provides a significant platform to increase consumption on the Island during a visit (currently worth £30 million) as well as prompt subsequent off-Island purchasing.

2. **Increased share of the local market** to ensure that existing local produce can maximise market share and new products can be produced to competitively displace imports, contributing to food security and the economy and that through branding, Isle of Man quality is instantly recognised by the consumer and its quality and provenance guaranteed through testing and certification.

   Supermarkets and other multiple retailers (£169 million/annum) play a critical role, both in the Isle of Man and export markets in influencing consumer choice. Working with them is a key element in improving the competitiveness and availability of Manx produce. Government’s food procurement policy is also of key importance.

3. **Improved efficiency** to ensure competitiveness and sustainability of food businesses into the future. All businesses must benchmark their performance against their competitors. Continuous evolution is required simply to maintain competitiveness and market share with further significant effort required to grow the business and improve profitability.
A four-point plan for industry growth

<table>
<thead>
<tr>
<th>Areas for growth</th>
<th>Products</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
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</tbody>
</table>
| Markets Current   | Market penetration  
Increasing market share of domestic market (worth over £250 million) e.g. increased local sales of milk, bread eggs meat etc. and building on existing exports (currently around £25 million). | Product development  
Development of new products for local (£250million) market to replace imports  
Current examples include: goats cheese, bacon, ham. |
| Markets New       | Market development  
New markets for high value exports of quality food. Current examples include: live export of crabs to China, Christmas puddings to UK retailers, vintage cheddar to the USA. | Diversification  
Being quick to react in the development of new and novel products for developing markets. 
Current examples include: artisan bread, biltong and gooseberry lemonade as well as producing breeding stock in fisheries (eggs) and high genetic quality cattle. |

Indicators of areas for market penetration, consumer trends and opportunities for new products to displace imports are detailed in Part II of the strategy.
What will success look like in 2025?

- By 2025 the Isle of Man food industry will have profitably grown its turnover.
- The industry will have evolved into an entrepreneurial, outward-looking and competitive sector.
- At the core of this evolution will be a robust supply chain-focused on exploiting local and global opportunities.
- There will be an appropriately trained, skilled and forward-thinking workforce and jobs in food production and manufacturing will be seen by many as a career opportunity.
- Our food and drink businesses will have a customer-led focus on market growth, supported by a newly reinvigorated marketing approach.
- The increased priority given to innovation and working together will be seen in products and services and will result in greater employment.
- There will be the benefits from a greater collaboration within the supply chain and from a closer partnership between industry and Government.
- As a consequence, the Isle of Man will benefit from an enhanced, sustainable and profitable industry delivering what consumers want to purchase and contributing to the Islands prosperity.
2025 projections

Local market

The overall demand for food in the Isle of Man will be directly correlated with the size of the population. An increasing population will increase the demand for food, which should improve the viability of the Isle of Man agri-food and fisheries sector should it be able to retain, or increase, market share.

The 2011 Census recorded a resident population of 84,497 and population projections for the Isle of Man, prepared by the Economic Affairs Division of Government using the Isle of Man Population Projection Model 2011, forecast an increase to 93,526 in 2026. This equates to a 10% increase in population from current figures and a potential to increase share of the market for local foods by a similar amount.

Export markets

Export markets will also depend on supply and demand for food, with demand both related to global and regional economic and population trends. The UK as our nearest trading partner will see an estimated population growth from 64 million in 2014 to 69 million by 2025, equating to 8% increase in the period 2014-2025.

In a global context, the world's population is estimated to be growing at 0.7% (or 57 million/year) with Asia showing the fastest rate of growth. The Asian economy is also becoming increasingly affluent, which is reflected in a diet that is increasing in meat and dairy consumption and is already a key market for a number of exporting countries. As well as being a target in its own right, this added demand has resulted in a tightening of supply elsewhere as the Asian demand is satisfied, leading to opportunities in markets closer to home.

As a baseline, the Isle of Man food industry should be able to achieve a 10% increase in volume by 2025 by retaining existing market share, but there is potential for further market penetration and 15-20% growth in the local market is achievable. The increased global demand for food, and particularly quality food with a provenance story, will create new market opportunities and being able to exploit these markets could see export growth far outstrip home market growth.

Freight

A commonly cited barrier for export is the cost of freight. While undoubtedly an added cost that is not always borne by competitors, the very fact that we are an Island nation is also our biggest marketing opportunity and should be exploited as such to add value to the product to help offset the costs of export. A competitive advantage exists in the home market too as importers have to bear the costs of freight to get product to the Island.

Freight charges are based on volume and it therefore stands to reason that the higher value the product the less impact freight charges have on the cost per unit. A strategy to maximise value of product is therefore essential in any plans to develop exports.

However, there are opportunities to maximise the efficiency of current freight arrangements through a more collaborative approach between food (and other) businesses to share the cost of logistics and to maximise loads, particularly when return loads are coming back empty.
GDP potential

A Tynwald motion in January 2014 stated:

'That Tynwald notes that local food production is vital to the future sustainability of the Isle of Man; and therefore requests the Minster for the Department of Environment, Food and Agriculture to bring forward within 6 months a strategy and action plan which sets out a range of ambitious and appropriate options for growth in the food sector, including a target of achieving at least a 7% share of GDP by 2025 from locally grown, sourced and processed foods.'

Current food and drink production in the Isle of Man is estimated to be worth around £75 million or just under 2% of GDP based on figures forecast as part of DED’s Vision 2020 project. (Note that this figure does not include the export of livestock or fish eggs for further rearing or as breeding stock). Given the potential that exists to increase both local and export sales, there is no question that there is scope for expansion of the food sector. Three potential scenarios are considered with regard to investment and growth of the industry:

**Scenario 1:** No additional targeted investment in the food industry. This will see the decline of some of the traditional sectors of the industry, which may be somewhat offset by the moderate levels of diversification that are already taking place. The contribution to the economy will be at best static but declines are possible. Large declines could occur should major processors, including the Creamery, meat plant and mill/bakery, cease to trade. Loss of critical mass is a concern for the continued viability and competitiveness for many SMEs.

**Scenario 2:** Relatively modest amounts of industry support money is refocused into providing support for new and existing businesses to start-up/restructure/grow sustainably through addressing supply chain issues, providing training and marketing support and

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Scenario 3: Growth to achieve 5-7% of GDP (est. £190-280million) Large capital expenditure and high risk

Scenario 2: Sustainable growth through refocus of funding and adoption of Strategy recommendations

Scenario 1: No investment = no growth (or steady decline)
improving efficiency. This will result in a sustainable growth of the industry through a balance of home market penetration and increasing high-value exports and is estimated to be worth in the range of **£110-130 million** (equivalent to 3-3.5% of current GDP figures) by 2025.

**Scenario 3:** To grow the industry to **5-7% of current GDP (equivalent to around £190-280 million or 2.5-3.5 times growth)** which is the upward end of the scale suggested in the Tynwald motion could be possible, but would require significant (many millions of pounds) of investment in new infrastructure, quick access into a secure export market and a step change in primary production. Given the rapid increase in production required and the need to capture and quickly grow market share this ambitious target is both risky and unlikely to be achieved by 2025.

Based on consideration of the above scenarios, this strategy proposes using **Scenario 2** as a model for sustainable and low risk growth of the industry and the next section of the strategy outlines practical measures which will be used to achieve sustainable growth in the industry using existing support funding from DEFA and DED.

**Indirect benefits**

The additional benefits of a thriving food and drink industry, while not included in the figure above, should also be considered as an important element of this strategy. Food and drink will contribute to a proportion of visitor income (currently around £30 million) and the maintenance of the Island’s landscape and marine environment are currently valued at well over £100 million.

The Island’s landscape and coastal towns have been shaped by centuries of fishing and farming activities and food production activities have an important role to play in the Island’s culture and communities.

DED’s Vision 2020 highlighted the importance of ‘Distinctive Local Food and Drink’ as an important part of the Island’s offering to residents, visitors and businesses. Successful implementation of this strategy will deliver this aim and help to create a ‘food culture’ in the Isle of Man that adds to the quality of life so valued by our people.

Underpinning all of these figures is the notion of a ‘multiplier effect’ that creates additional financial benefits for an area when local produce is utilised. This ensures that local spend is ‘recycled’ through a number of businesses.
Focus on the supply chain

All of the recommendations in the strategy centre on the key premise that the principle of a robust, joined-up and fully functioning supply chain, as illustrated below, is key. It is recognised that links between the elements of the supply chain offer room for improvement and any weaknesses must be addressed as a key priority for growing the industry.

This requires a high level of collaboration to ensure all parts of the supply chain work more closely together to deliver a clearly defined outcome. The entire chain must ensure that each partner is working towards the same goal delivering a product that delivers value in meeting the needs of the marketplace.

Making it happen

We recognise that it will not be possible to achieve the outcomes identified in the plan unless Government delivers in its role as facilitator and creates the platforms to facilitate growth. The primary recommendations are:

- Government and industry work more closely to achieve better collaboration and co-operation throughout the supply chain;
- Government ensures that existing grants (Business Development Grants from DED and Agriculture and Forestry Fund from DEFA) and subsidies (CCS) are utilised to maximise return on investment and are effectively targeted at the SME local food industry to act as seed-corn for growth and to unlock and leverage additional investment from the industry itself;
- A Sea Fisheries Strategy devoted to sustainable development of the sea fishing industry is developed;
- Government will work with the food processing sector to explore opportunities for closer working to identify potential synergies and efficiencies in expertise, logistics, sales and marketing to create effective and efficient businesses which will provide the economic scale to ensure effective competition at a global level;
- Reinvigoration of the industry through encouraging entry of younger people into food related businesses right across the supply chain, by developing and celebrating entrepreneurship through the adoption of a business focused approach and promoting new artisan products that promote their unique Island provenance;
- Research on market capacity and trends are utilised to identify market opportunities to help guide new and existing food businesses in the development of relevant and profitable food products to displace imports in the local market and where potential exists, to export quality Manx produce;
- Marketing operational support is provided to help generate awareness, facilitate a direct route to consumers and to track progress against objectives.
Strengthening the supply chain

The Isle of Man supply chain consists of a traditional producer to consumer chain of on-Island consumption (blue). Commodity exports of meat and milk manage any surplus (orange). The chain is strengthened by alternative products and routes to market including exports of seafood to Europe and elsewhere. Added value products also result in high value export markets (green).

It is important to acknowledge the value of non-food diversification (grey) at a primary production level as a way of maintaining viable farm and other food-related businesses and the increasingly profitable export market for livestock with high herd health status and high value, high health status fish eggs, exported to overseas fish rearing units which focus on food production.

The supply chain is only as strong as its weakest link and this strategy will focus on strengthening the chain by focusing on the following key themes:

1. Resilience through increased diversity
2. Competitiveness through improved efficiency and skills
3. Profit through market and customer focus
   All underpinned by a culture of co-operation and mutual support

The table below highlights the mechanisms to address these areas:
**STRENGTHENING THE SUPPLY CHAIN**

<table>
<thead>
<tr>
<th>Key theme 1</th>
<th>Key theme 2</th>
<th>Key theme 3</th>
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<tbody>
<tr>
<td><strong>1. Resilience through increased diversity</strong></td>
<td><strong>2. Competitiveness through improved efficiency and skills</strong></td>
<td><strong>3. Profit through market and customer focus</strong></td>
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<tr>
<td>1. Refocus of the Countryside Care Scheme and completion of Sea Fisheries Strategy</td>
<td>1. Development of a Food and Drink ‘cluster’</td>
<td>1. Building the reputation of an Isle of Man ‘brand’ and exploring the feasibility of a provenance scheme</td>
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<tr>
<td>2. Amendments to capital grant scheme to include diversification grants value-added projects</td>
<td>2. A ‘Knowledge Transfer Partnership’ with relevant food technology research institutes</td>
<td>2. Improved evidence gathering of integrity and traceability in the supply chain starting with clear meat provenance labelling and effective enforcement and ensuring timely adoption of the Food Information Regulations</td>
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<td>3. Provision of food start-up advice including ongoing mentoring and the creation of a food business start-up course</td>
<td>3. Creation of a food hub and centralised stock control for supermarket orders</td>
<td>3. Appointment of a national agency with food and drink-related expertise to provide market research, product and brand development advice</td>
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<tr>
<td>4 Creation of suitable food production premises</td>
<td>4. Development of an umbrella strategy for export including shared logistics</td>
<td>4. Customer-focused Isle of Man food website presence with emphasis on Manx provenance and providing an Isle of Man ‘food experience’</td>
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<td>5 Changes to Government procurement to encourage use of local food products</td>
<td>5. Creation of a ‘Monitor Farm’ and benchmarking</td>
<td>5. Build on the Taste &amp; Harvest Isle of Man quality scheme for the catering trade which emphasises the use of Manx produce plus introduce food awards to recognise quality and innovation</td>
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<td>6. Support for new product development particularly high value artisanal foods</td>
<td>6. Education and training grants</td>
<td>6. Creation of a retail forum that includes stakeholders from the whole supply chain</td>
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<td>7 Promotion of ‘Seeing is Believing’ grants for potential start-ups</td>
<td>7. ‘Seeing is Believing’ grants for existing food and drink businesses to explore increased efficiency</td>
<td>7. Encourage the provision of local produce sections in supermarkets and customer targeted promotions to increase market share</td>
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<tr>
<td>8. Government ensuring regulations are not inhibiting innovation and entrepreneurship</td>
<td>8. Review of the marketing legislation</td>
<td>8. Food Education - Farm to fork</td>
</tr>
<tr>
<td>10. Development of store and breeding stock export market</td>
<td>10. Develop a ‘Grocery Supply Code of Practice’</td>
<td>10. A detailed assessment of the current Manx food and drink sector to address specific market share and growth opportunities</td>
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Key theme I - Resilience through increased diversity

Diversification is related principally to primary producers, and more relevant to the farming than fishing industry although opportunities do exist including for value added products and some new fisheries. In the farming context, diversification is defined as any activity other than farm work that has an economic impact on the holding. The National Farmers’ Union estimate that some 56% of farms in England have some kind of diversification, with commercial diversified activities on their holdings returning an average of £10,400 in extra revenue per farm. It is likely that a significant proportion of these enterprises are food-related. Growth in this area depends on there being opportunities for diversification and on farmers’ responsiveness to those opportunities. Diversification can be facilitated through advances in skills and technology, developing critical infrastructure, identifying changes in consumer demand and through changes in Government policy.

How we will do it

1.1. Refocus of the Countryside Care Scheme and creation of a Sea Fisheries Strategy

Renaming the current Countryside Care Scheme as the ‘Countryside Care and Food Business Scheme’ will ensure that the focus of agricultural subsidies is clearly realigned with food production. This will ensure that the value of current spending on agriculture is transparent and that farmers and the public (consumers) better understand the role that farming has in the production of the food that is important to the wellbeing and quality of life of the Manx residents and visitors.

In parallel, the Sea Fisheries Strategy will examine and detail the opportunities for diversification for the local catching sector and make recommendations for additional support for the industry.

| Capital/start up | ✱✱✱✱✱ | Annual costs | ✱✱✱✱✱ | Impacts | ✱✱✱✱✱✱ |

1.2. Amendment to Government capital grants schemes

Investment will be required in new and more efficient infrastructure to improve added value by developing niche food products for specific end markets both at the cottage industry level and through the existing processors. This can be facilitated through amendments to the Farm and Horticultural Improvement Scheme for primary producers and a specific grant scheme for processors and other food businesses which could be administered through the Agriculture and Forestry Fund and a new Fisheries Development Fund. This will be in conjunction with a more joined up approach with the Department of Economic Development to ensure that there is no overlap in grant schemes and food producers are aware of grants.
available from all Government sources. The Fishing Vessels (Financial Assistance) Scheme 2003 will be revised to widen the range of funding opportunities for the fishery sector in line with the European Maritime and Fisheries Fund.

1.3. Provision of food start-up advice including ongoing mentoring and the creation of a food business start-up course

There are many people with great ideas for new and innovative food products. However, having the ideas and potentially the skills to produce the product are not all that is required to run a successful business.

In collaboration with DED, a dedicated short course for new and prospective food businesses will be convened to include all of the essential skills required to improve the likelihood of business success. Modules on creating a business plan, planning law, food hygiene and labelling (legal requirements), market research, marketing, employment law, packaging and branding and other relevant topics will be taught by experts in these disciplines. This will also provide an opportunity to develop a one on one relationship with officers from relevant sections of Government and improve the quality and timeliness of advice to start-ups as their businesses evolve. Speakers will also be sought from outside Government where appropriate.

The success of such start-up businesses can be facilitated through the provision of mentoring resources which will provide a source of industry advice and opportunities for regular appraisal of performance against the objectives stated in the business plan.

1.4 Creation of suitable food production premises

Many food businesses are limited in scale by a lack of suitable premises. There is a need to create standardised food-grade units suitable for a range of small to medium businesses wishing to expand beyond home production. A scoping study of existing sites focusing on current light industrial and food production areas including the Food Park in Peel should be carried out to identify the most suitable location. In addition, existing kitchen facilities that may be available to rent for short periods to trial new products and scaling up of production should be identified.
1.5 Changes to Government procurement policy

The recent adoption of a ‘Sustainable Food Procurement Policy’ for Government will ensure that procurement decisions are not based on price alone. Impacts on communities and SMEs as well as freshness, quality and environmental concerns will now also be considered and will ensure that local businesses that produce quality food products can compete against cheaper, lower value imports. Winning of Government contracts will provide vital sales volume for small local companies and encourage expansion of the business. Such a change in policy will also encourage potential start-ups to identify niches in the market where new products can be developed to displace food items that are currently imported.

The small additional costs to Government that may be incurred through the adoption of this policy will be offset by the growth in local primary production and employment and the multiplier effect that this growth contributes to the local economy.

1.6 Support for new product development

Start-up companies are limited to kitchen scale trials and production and are unlikely to be able to develop new products or scale up production without investing in significant processing equipment. Similarly, the larger processors on the Island do not have access to research and development facilities locally. Other areas of help include functional aspects of packaging. Developing a partnership with relevant food technology centres that provides expert advice and the equipment to trial new products would provide a low-risk option for trialling new products and production techniques (see http://reaseheathfoodcentre.com as an example). A gap analysis should be carried out to identify required testing regimes (shelf life etc.) versus those that can be completed by the Government Analyst and help provided to locate these services. Grant aid could be given to those with product development ideas backed up by sound market research and a business plan.

1.7 ‘Seeing is Believing’

‘Seeing is Believing’ is an existing grant scheme that reimburses a percentage of expenses incurred to food producers and processors who wish to travel and explore existing ideas and innovations that have been adopted by businesses in other countries. Learning from the experience of others is a rapid and efficient way of determining the cost and feasibility of a new enterprise, troubleshooting teething problems, solving technical issues and improving efficiency as well as developing a longer lasting support network of likeminded businesses.
1.8 Government ensuring regulation is not prohibitive to innovation and entrepreneurship

Government will continue to create a more supportive regulatory environment by ensuring that planning, environmental health, employment law and other regulators of the food industry provide timely help and advice to start-up or growing businesses. In addition, information will be accessible from one source rather than dispersed across different Departments.

Relevant Government Departments will continue to review legislation and regulations to ensure that Manx food producers operate on a level playing field with UK competitors.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |

1.9 Promotion and awareness of non-food diversification

Farm diversification into the production of diverse and novel foods is not suitable for all farm businesses. However, diversification into other areas such as tourist accommodation, recreation, building rentals, equestrian, forestry or other pursuits are also important for supporting farm businesses that require additional income to supplement their traditional agricultural production on which the supply chain relies. This can also be supported through the Farm and Horticulture Improvement Scheme.

Diversification options for the fishing industry are limited by the availability and seasonality of resource, EU quota allocations, the suitability of existing vessels and gear and the current skills base. The Sea Fisheries Strategy will investigate this in depth.

| Capital/start up | £££££ | Annual costs | ££ | £ | ££ | Impacts | ★★★★★ |

1.10 Development of store and breeding stock export market

As with non-food diversification, the export of quality breeding stock and stores presents an alternative source of income for primary producers. The Isle of Man is uniquely placed to provide stock of guaranteed provenance and high herd health. Further investment in animal health to deliver disease free status (see relevant section) will improve the returns in this area. The globally recognised high fish health status of the Isle of Man allows fish egg export to more than 20 countries across Europe, Central Asia and the Middle East.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |
Key theme II - Competitiveness through improved efficiency and skills

Growth in output alone is not enough unless it is accompanied by increased competitiveness. Achieving ‘smart’ growth through competitiveness will depend on improved productivity, increased scale, targeted research and enhanced skills and organisational capabilities at all levels of the industry and in all parts of the local supply chain.

The challenges to industry-level competitiveness include the following:

• Minimising input costs - Agriculture advisory services and energy efficiency
• Industry structures - Marketing reform
• Knowledge support - Business advice and off-Island expertise
• Sustainable development - Focusing on the future
• Increasing on-farm productivity/capacity - Agriculture advisory services

How we will do it

2.1 Development of a ‘Food and Drink cluster’

Key growth industries in the Isle of Man, such as aerospace and clean-tech, have demonstrated the value of a cluster and forum where an increased level of co-operation and communication can result in increased efficiency, enhanced problem solving and the opportunity for collaboration that can result in additional business. Applying this concept to the food and drink sector will allow companies currently working in relative isolation to come together under an industry banner and identify the synergies, knowledge and skills that exist within the sector in the Isle of Man.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |

2.2 Food institute ‘Knowledge Transfer Partnership’

The Isle of Man is not of a sufficient scale to have a dedicated institute for food technology research, development and analysis. However, there are world class institutes in neighbouring jurisdictions that could provide these services for the Isle of Man food and drink sector. Developing a strong link with one or more such organisations would ensure an efficient and cost-effective way of product development (see Key theme I) and testing while allowing local companies a ready and accessible route to this expertise. An additional benefit to partnering a relevant institute would be the opportunity to embed placement students into Isle of Man food and drink companies, which would provide trainee technologists a chance to solve some unique supply chain issues and local companies a value for money option to work with young and talented food specialists who could focus on discreet projects to improve various aspects of their business.
2.3 Creation of a ‘food hub’

The creation of a ‘food hub’ which would consist of a central warehousing, ordering and invoicing point which would allow new and small-scale Manx producers to access a wider market, particularly the supermarkets. The small orders required and the computerised invoicing requirements of large retailers can exclude and/or discourage all but the largest and most professional food and drinks manufacturers. By removing the obstacle of logistics and ordering, this will provide the opportunity for a more diverse range of local products to be offered on the shelves of national retailers. While a large start-up cost is anticipated, annual costs may be reduced through annual subscription or commercial takeover once the venture has been proved to be effective.

It should however be noted that there are other obstacles to supplying national supermarkets whose buying policy may preclude local purchasing and stocking. This includes stringent quality assurance regimes which some smaller producers may be unwilling to undertake. Where cost is the limiting factor, support to secure compliance could be considered.

2.4 Development of an umbrella strategy for export including shared logistics

Profitable food exports from the Isle of Man are currently limited to Isle of Man Creamery cheeses, seafood and products from a few smaller, artisan producers. However, there is enormous potential to add to this list. Developing a strategy that utilises the experience, contacts and brand association with the current successful exporters will improve access to export markets for other produce and help existing exporters through the creation of a stronger identity of the Isle of Man as a place with a quality food culture.

Export costs form a major barrier to both small-scale artisanal exports and the competitive export of bulk and commodity produce. Exploring the feasibility and management of a shared logistics resource will ensure that efficiency is maximised through transporting of full loads and optimising of return loads. In addition, alternative export routes to the ro-ro services currently provided will be explored.

2.5 Creation of a ‘Monitor Farm’ and benchmarking

The ‘Monitor Farm’ concept originates from New Zealand and has recently been successfully introduced to the UK in Scotland and Northern England. A Monitor Farm project sets out to
improve the performance and profitability of a commercial farm, representative of the local area, over a three-year period. Involvement from the local community, consisting of farmers, vets, supply trade, processing sector, other agricultural professionals and specialists in various subjects gives the monitor farmer access to other’s practical experience and new ideas in a positive learning environment. The practical seeing, discussion, implementing and reviewing of any change is designed to inspire other farmers to make similar improvements on their own farms and thus has a role in improving the efficiency of the primary production as a whole, which can impact positively through the entire supply chain.

The aim of benchmarking is to improve the business management and decision-making process on farms. Benchmarking shows the performance of a farm enterprise and compares it with averages from similar farm enterprises. It highlights the strengths and weaknesses of a farm business. Thus, areas for improvement can be flagged up and lessons can be learnt from other farmers. In particular it helps to focus on the main factors affecting the profitability and cost control of the farm business ensuring informed management decisions that result in a profitable and sustainable business. The Department of Agriculture and Rural Development in Northern Ireland have been successfully running benchmarking schemes using the Rural Development Fund for a number of years and a similar proposition would benefit farmers in the Isle of Man.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |

2.6 Education and training grants

Continuing education and developing new and existing skills are key in ensuring that food and drink companies retain a competitive edge. The provision of a partial grant towards the costs of completing additional training will encourage companies to invest in staff training and development. Where there is demand for more common skills development, it may be possible to convene bespoke courses in the Isle of Man.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★☆ |

2.7 ‘Seeing is Believing’

‘Seeing is Believing’ is an existing grant scheme that reimburses a percentage of expenses incurred to food producers and processors who wish to travel and explore existing ideas and innovations that have been adopted by businesses in other countries. Learning from the experience of others is a rapid and efficient way of determining the cost and feasibility of a
new enterprise, troubleshooting teething problems, solving technical issues and improving efficiency as well as developing a longer lasting support network of likeminded businesses.

### 2.8 Review of the marketing legislation

The Agricultural Marketing Act has been in place since 1934 and, while many amendments have been made in the interim, it is important to review all aspects of the legislation to ensure that it does not restrict growth and competitiveness through obsolete clauses written for a particular, now defunct purpose. Key aspects for immediate review are the current board structures of the three main processors and the function of the Agricultural Marketing Society to ensure that all are market focused, share knowledge and function effectively.

### 2.9 Animal health status

Improving the animal health status of the Isle of Man, through achieving TB and BVD-free status, will primarily provide farmers with a unique selling advantage over their UK counterparts when trading in livestock. This does not provide an obvious benefit to the local food industry and indeed increased live exports could be seen as threat to local meat processing. However, the knock-on effects of creating a strong image of the Isle of Man as having high herd health can be utilised in the branding of meat products from the Isle of Man. In addition, farmers with healthy livestock will experience less mortality and increased efficiency in finishing which will improve profitability and thus future business sustainability. The OIE approved fish disease free zone of the Isle of Man facilitates the export of up to 70 million trout eggs to fish production units in over 20 countries across Europe, Central Asia, Africa and the Middle East.

### 2.10 Develop a ‘Grocery Supply Code of Practice’

The effectiveness of the UK ‘Grocery Supply Code of Practice’ in relation to fairness of supermarket contracts to producers should be assessed and, following discussions with producers and retailers, a similar policy adopted in the Isle of Man if appropriate. This should be considered in parallel with the ‘food hub’ project identified earlier in this section.
Key theme III - Profit through market and customer focus

The green, rugged and natural reputation of the Isle of Man and its food and drink production has evolved as a reflection of the relatively unspoilt countryside and the coastal influence of the Irish Sea. Television, magazine and internet coverage for a variety of business, leisure and factual topics all focus on the Manx landscape, which has been created through the activities of farming and food production. Indeed the recent focus on UNESCO Biosphere Reserve designation plays heavily on the landscape and land-use practices as well as our strong maritime heritage.

The Island’s small size which might be seen as an inhibitor of competitiveness when compared to adjacent jurisdictions can be turned into a positive. There are significant market advantages that can be gained by clear and sustained product differentiation. Compared to its neighbours, the Isle of Man can boast additional biosecurity measures and small-scale of production which ensures high quality, low volume produce. This is the message that must be conveyed.

The Isle of Man also has an advantage of being able to utilise its UK credentials in the UK market and its Manx credentials when selling to other markets.

How we will do it

3.1 Building the reputation of the Isle of Man ‘brand’ and food labelling

Growing interest in sourcing British food, together with new ‘Country of Origin’ labelling legislation, gives the Isle of Man a major advantage over other potential food imports into the GB market (and beyond) due to its British provenance claims.

At the same time, the opportunity to claim a unique Manx provenance, coupled with the brand image that this can be associated with, will allow local producers to benefit from promoting products as Manx. Existing exports from the Isle of Man already contribute significantly to the development of a Manx ‘brand’ and the development of a unique food culture ‘personality’ for the Island.

This could be further exploited and a Manx brand could be developed. There would have to be acknowledgment that there are dual requirements for a recognisable Manx provenance marque for the home market and a quality mark for the export mark where the knowledge of the location and story of the Isle of Man may not be so great. Examples of where this has been very successful for other islands is the ‘Genuine Jersey’ marque.

Steps to further develop an ‘Isle of Man’ label would include:

• Market research into consumer needs.
• A marketing strategy to emphasise the green and natural reputation, short supply chain and artisanal nature of Manx food and drink.
• A credible basis for product claims.
• Emphasis on differentiating Manx food and drink products from competitors and branding this appropriately.
• The highest standards of food safety and traceability implemented in all products.
3.2 Improved evidence gathering of integrity and traceability in the supply chain starting with clear provenance labelling and effective enforcement.

Integrity and traceability are one of the strongest selling points for Manx produce. However we do not always have the tools available to demonstrate this and as a result the value-added element of quality produce is not realised.

The first stage in rectifying this issue is to develop a stable isotope reference library for Manx meat. Following the horsemeat incident, authenticity and provenance of meat was identified as an issue of significant public concern. As a result the UK (FSA and FERA) instigated a programme to introduce a world-class surveillance system that should identify potentially fraudulent activity. This involved building a database of 'Stable Isotope Ratio Analysis' for beef, pork and other high value food products at risk of fraudulent labelling.

Extending this programme to the Isle of Man, initially for beef, would provide an additional tool for identifying potential food fraud; improve consumer confidence that the product that they are buying is genuinely Manx, increase brand reputation and assist with improving data held UK-wide on geographical indexing of foodstuffs.

3.3 Appointment of a national agency with food and drink-related expertise to provide market research, product and brand development

Food businesses have a number of significant challenges in getting their products onto the market. Identifying market niches and consumer demands and preferences are vital before progressing with new product development. Equally vital is the creation of a brand that can compete with rivals and attract consumers.

This is true of all food businesses, but particularly the small and start-up businesses with no marketing budget. Providing expertise and/or financial support for such activities will improve the success and sustainability of new companies and products, which can have high failure rates without the right marketing tools.

3.4. A customer-focused Isle of Man food website presence with emphasis on Manx provenance and providing an Isle of Man ‘food experience’

Many areas of the UK and Ireland have cultivated their food credentials through centralisation and branding of the food offerings available in the area. Some examples
include www.madeinlancs.co.uk and www.burren.ie/food. Following a similar model for the Isle of Man would improve the customer experience by building a distinctive ‘food culture’, providing recognisable branding and acting as a central point for learning about local food from farm to fork and in particular how to experience the best of local through events, open days, markets and restaurants. The addition of a ‘food trail’ map that provides destinations of interest relating to food production for consumers and encouraging participating restaurants to develop a ‘signature dish’ based on local ingredients are simple ideas used elsewhere that could be used as a catalyst to stimulate further interest in Isle of Man food and drink and to develop a unique Isle of Man food culture. A deeper level of integration with tourism offerings and promotion will be sought in conjunction with DED.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |

3.5 Development of a quality scheme for food businesses that emphasises the use of Manx produce and a food award that recognises quality and innovation

The Guild of Fine Food’s ‘Great Taste’ awards are the acknowledged benchmark for speciality food and drink across the UK and the best of Isle of Man produce should be encouraged to aim for this sought after accolade. Similarly, European PDO/PGI should be actively investigated to add to the Manx loaghtan and Manx ‘Queenie’ PDOs. However, local schemes that recognise quality and provenance are also important.

Currently, the ‘Taste’ and ‘Harvest’ schemes award restaurants an accolade for meeting certain standards relating to dining experience and local provenance respectively. Further work is required to reinvent or further promote these schemes to ensure that restaurants are more aware of their value and are incentivised to be a part of them. This will principally be driven by an increased demand from consumers. Therefore increased awareness of the schemes and recognition of the benefits of visiting such establishments must be more widely advertised to potential customers. Tying in with a local food website presence that targets the 300,000 annual visitors to the Island is an essential component of creating an effective scheme. Introducing innovative ideas such as the requirement to have a ‘signature dish’ that utilises the local food and being listed on a ‘food trail’ would further add to the experience for the consumer. Closer working with DED is required to consider new ideas for the scheme.

The ‘Tomorrow’s Farmer’ award, presented annually at the Royal Show recognises innovation and future focus for farmers. However, the focus of this strategy is about encouraging the further development of the industry in the development of new products and a focus on consumers. An extension to the Tomorrow’s Farmer award could include two additional awards, for best new product and for best customer experience in the food service sector. These new awards would be open to all areas of local food production, not just farmers and farm produce. This would ensure that the whole supply chain is recognised in what would effectively be the Isle of Man ‘Food Oscars’.

| Capital/start up | £££££ | Annual costs | £££££ | Impacts | ★★★★★ |
3.6 Creation of a retail representative forum that includes stakeholders from the whole supply chain

The success of the strategy hinges on smoothly functioning supply chains which have two-way communication. Recent issues such as the beef price crisis in the UK, and particularly Ireland, are as a direct result of a disconnect between the retailer and the producer where (due to customer requirements) changes to supply specification have been altered without sufficient communication with producers resulting in reduced returns to farmers.

The Isle of Man is of a scale where a more joined-up approach to its supply chains should be achievable. Convening a retail forum that connects consumer, retailer, processor and producer will form a key element in ensuring profitable businesses that understand the requirements of the market and can rapidly adapt to changes in market signals.

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3.7 Local produce sections in supermarkets and customer targeted promotions aimed to increase market share

Retailers, particularly supermarkets, should be proud to stock local produce and this may be an important element of their local CSR (corporate social responsibility) strategies. Devoting a prominent area to local produce will highlight the quality and diversity of local produce available and provide a convenient area to shop for those consumers wishing to buy local. However, these product lines should also be ‘dual merchandised’ next to their competitors brands to allow undecided consumers to have a choice and to ensure local products are not seen as different from, or isolated from, competing with imported brands. Promotional activity also serves to attract consumer interest and for some to develop brand loyalty, having been given the incentive to purchase a product they would not normally chose.

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3.8 Food education in schools - farm to fork

The critical importance of improved food education has been a recurring theme from those consulted in the creation of this strategy.

From a health perspective, a balanced and healthy diet is critical to well-being. Poor diet currently costs the Department of Health and Social Care millions of pounds in treatment and the UK NHS £10 billion year. Children are most at risk from developing bad dietary habits and an estimated 20% of children are now classed as obese by the time they leave primary school aged 11. In addition, a survey of 400 head teachers in the UK also showed that more than 90% believed that food had a direct effect on academic achievement and behaviour.

From a purely economic perspective, educating children on the farm/fishery to fork story and the benefits of buying local can result in significant alterations to parents’ shopping behaviour as children’s ‘pester power’ can influence (and re-educate) their shopping habits.
Small alterations to the current school meal provision to ensure that local produce is used and promoted where possible and enabling ‘farm to fork’ experiences to form part of the curriculum are small changes that can make big differences. In addition to farm and factory visits, bringing the producers to the school to explain production processes and the environmental, social and economic value of using local produce would deliver a powerful and lasting message that could influence consumer behaviour of parents and the future consumer behaviour of the school children.

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**3.9 Benchmarking of Manx products against ‘best in class’**
Manx food and drink production will never compete in a ‘value’ or commodity market by virtue of a lack of economy of scale and higher costs of production. Therefore a focus on the top end of the market is critical for success. Benchmarking products against ‘best in class’ is a way of maintaining a focus on quality and consumer trends and should be periodically carried out on all Isle of Man produce offered for sale in supermarkets.

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<th>Capital/start up</th>
<th>£££££</th>
<th>Annual costs</th>
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**3.10 A detailed assessment of the current Manx food and drink sector to address market share and growth opportunities**
The broad market opportunities for the food industry have already been referred to above and include the following:

- Demographic growth and growing affluence across the world will combine to give a growth in demand for the higher protein products that the Manx climate excels in producing, at a rate much higher than the annual 1.5% annual growth projected for the world population over the next 10 years.

- The Sea Fisheries Strategy will consider possible new fisheries and/or fish products plus the scope for increasing current ones although the latter will require a much better understanding of population dynamics than currently exists.

- Opportunities to address the food trade deficit in the UK consumer market, which is expected to grow over the next 10 years. Crucially, the Isle of Man can be more competitive than other exporting regions due to the recognised ‘Origin UK’ status of Manx produce. Imports from other regions are also expected to reduce on the back of less exportable surpluses from existing exporting regions of the world, as they seek to meet growth in demand in their own countries and geographical regions e.g. New Zealand lamb is increasingly being exported to China, creating more demand for local lamb in the UK.

- Opportunities for adding greater value to the primary output of agriculture and fisheries. This can take many forms, from niche markets, increased value of provenance, improved packaging and innovations in improving the experience for the end consumer.
Individual sectors each have their own specific market opportunities. Detailed analysis of each of the sub sectors, are covered in Part II of the Strategy which has been put together with the assistance of representatives from each of the sectors.

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<th>Annual costs</th>
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Next steps

Pending Tynwald consideration of this strategy the next steps are to:

1. Consult with the industry to prioritise the recommended actions of this Strategy and develop a 5-year action plan for implementation.

2. Seek Treasury concurrence to utilise around £350k per annum from the CCS to supplement DED Business Development Grants and the Agricultural and Forestry Fund to support the recommended activities of this Strategy.

3. Recruit a Food Business Development Manager by April 2015 on a 3-year fixed term contract whose main role is to champion local businesses in the market place, help businesses access expertise and grant aid and to mentor and instil a belief in their potential to be successful, competitive and to grow sustainably.

This post would be funded by DEFA, overseen by a steering committee of DEFA, DED and industry partners and will work closely with DED’s Business Development Managers to ensure food is placed

4. Develop a food marketing and promotion programme in collaboration with DED, to maximise impact and efficiency by utilising their existing marketing expertise.
PART II
Spending demographics

A comparison of local market and export market expenditure per capita highlights a relatively wide range of variation on spending on food and drink between the Isle of Man and the UK. Jersey has also been included as a comparative island Crown Dependency with similar commercial activities contributing to GDP and transport constraints for import/export.

Weekly spending per person

The graph above shows that spend on food is considerably higher in the Isle of Man, compared to the UK, and comparable, but lower than Jersey.

Such comparisons with the UK are relevant as currency is standard, the retailers operating in the Isle of Man are for the most part the same as the UK and all of the freight arriving on the Isle of Man is from the UK.

Some of the reasons for these differences in expenditure are related to competition and logistics are outlined below:

- Competition between the multiple retailers in the UK is among the fiercest in Europe, driving prices downwards. Discount retailers have been gaining market share at a phenomenal rate, causing the major retailers to adopt aggressive marketing strategies to claw back market share.
• The range of retail offering on the Isle of Man is narrower than that of the UK, with none of the discounters present. As this competition does not exist in the Isle of Man the current retailers are not forced into overly competitive behaviour.
• Higher costs, including importing by sea, high wage and rent costs all add further to the costs of provision. It is likely that the higher transport costs and to some extent the lack of competition are the main reasons that Northern Ireland expenditure is the highest in the UK by a considerable margin.

However, there is another significant factor contributing to the higher spend in the Isle of Man (and Jersey), which is the relative affluence of both nations. The Isle of Man is now ranked in the top 10 by the World Bank out of 214 international economies in terms of Gross National Income (GNI) per head of population and has recently overtaken Jersey as having the highest GDP of any Crown Dependency. The relative affluence in the Isle of Man is not, however, reflected in the mean and median weekly wage which is lower than those of Jersey. When compared to the UK, the median wage is lower, but a significant proportion of the population that are high earners bring the mean wage to a level similar to the UK.

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<tr>
<th></th>
<th>Isle of Man</th>
<th>Jersey</th>
<th>UK</th>
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<tbody>
<tr>
<td>GDP/head</td>
<td>£44,600</td>
<td>£36,700</td>
<td>£23,500</td>
</tr>
<tr>
<td>Mean weekly wage</td>
<td>£620</td>
<td>£670</td>
<td>£620</td>
</tr>
<tr>
<td>Median weekly wage</td>
<td>£504</td>
<td>£550</td>
<td>£517.5</td>
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A breakdown of spending by quartile shows the wide variation between Q1 (lowest 25% earners) (80% of the UK average) and Q4 (highest 25% earners), which equates to 177% of the UK average and twice the weekly retail spend and four times the eating out spend than Q1.
In the context of developing the local food economy it is important to acknowledge the extremes of spending that occur. It should be encouraging to the ‘value-added’ sector that there is a market and a willingness to spend on quality produce as is evident in the Q3 and Q4 figures above. While not forgetting that a significant section of society have no choice but to focus on minimising their food bill by choosing the cheapest and ‘value’ range of products.
Supermarkets and local retailers

Overview

The local food retail market is dominated by UK multiples and one local supermarket chain. Supermarkets account for around 85-90% of retail food and drink sales. Manx milk and bread are sold by almost all retailers in the Isle of Man, with meat only sold in any quantity by one local supermarket chain.

The majority of butchers sell Manx meat, but apart from a couple of shops which strongly advocate local provenance, most import meat from the UK, with quantities varying in response to local availability and cost.

All major retailers import bread products that compete with local brands, but milk imports consist of products that are not produced locally e.g. organic, filtered and lactose-free.

Financial returns

It is estimated that retail sales of foodstuffs in the Isle of Man are worth around £169 million per year (based on data from the collected in the Isle of Man Household Income and Expenditure Survey 2013). This estimate compares favourably with the estimated total retail spend of £156 million suggested in the Retail Evidence Base report prepared for DED which includes non-food purchases. This equates to a spend on food and drink in retail outlets of £4763 per household per year, or £91.59/week.

Strengths

- Supermarkets are the main route to market for the majority of consumers and therefore are an important consideration in supply chain logistics and marketing.
- Consumers have a strong loyalty to local brands and ensuring a presence on supermarket shelves at least equivalent to competitors brands will give local brands a fair chance to capture market share.

Challenges and opportunities

- The retail sector represents a significant opportunity to increase the sales of locally produced food and drink through import substitution. However, there is a disconnect between the scale and mode of operation of large corporate multiples and small local producers.
- The challenge is to bridge this gap to ensure that retailers understand the importance of local produce to the economy and social wellbeing of the Isle of Man and ensure that their procurement policies do not exclude local producers, where there is sufficient demand for these products.
The producers also require assistance to ensure that they can offer a consistent, quality product which meets the requirements of the market and is presented in a way that enables it to compete with comparable imported goods with regards perception of quality and value. This includes the certification of certain accepted standards of production e.g. Farm Assurance, Freedom Foods etc.

The administration, logistics and invoicing requirements of larger retailers can also be a hurdle to smaller producers and the requirement for an extended season, or year-round supply, can necessitate the erection or rental of costly cold storage facilities.

**Recommendations**

- Ensure retailers give due consideration to local produce in their procurement policies. This could be via a ‘Grocery Supply Code of Practice’.
- Government to work with local producers and provide support to allow them to market their products in a way that is competitive with similar imported goods. This could be via ‘marketing support and grants for product and packaging development’.
- Provide logistical and administrative support and/or training to producers to allow them to meet the requirements of the retailers. This could be through training courses and/or the provision of a centralised ‘Food Hub’ that provides a standardised service re logistics and invoicing of locally produced food and drink to retailers.

**Supermarkets and retail 2025 targets**

- All retail multiples will be engaged with Government and local suppliers and committed to stock local produce where appropriate.
- All retailers will stock local produce as an alternative to imports where such a suitable product exists.
Food Retail in numbers

Retail Food & Drink sector = £169 million*

*assumes 35,599 households in the Isle of Man, each spending on average £78.24 a week on food and £13.35 on alcohol. These figures do not include restaurant and other outside catering expenditure.

Sources: Isle of Man Government, Department of Economic Development, ‘Retail Evidence Base’ (June 2013); Isle of Man Government Economic Affairs, ‘Isle of Man Household Income and Expenditure Survey 2013’

Isle of Man Retail Food sector = £169 million

Sources: Isle of Man Government, Department of Economic Development Retail Evidence Base (June 2013); Isle of Man Household Income and Expenditure Survey 2013
Catering and hospitality

Overview

This is a sector that is growing in importance both for residents and visitors to the Isle of Man, where food is commonly cited as one of the experiences that people seek when travelling. Visitor spend already accounts for over one third of the sector (27% of restaurant spend) and has a key role in determining the success of local food businesses.

DED’s Vision 2020 recognises the key role that ‘distinctive local food and drink’ has in growing the economy and restaurants using and promoting locally produced foods are an essential part of developing this ‘food culture’ and in turn raising the profile of the range and quality of locally produced foods.

Financial returns

Food and drink in the catering and hospitality sector are currently worth over £90 million per annum to the Isle of Man economy and is a significant employer. This sector has not been captured as part of the local food contribution to GDP as the proportion of local produce used is unquantified and likely to be relatively small. However, should a culture of using significant local produce become evident, this could add significantly to the overall industry value.

Strengths

- Catering and food service provides an important ‘shop window’ for local produce
- Consumers expect quality produce and provenance on the menu
- There are a growing range of quality local artisan products.

Challenges and opportunities

- Local produce is not utilised by default by many in the food service sector.
- Claims of provenance cannot always be accurately verified and there are ambiguous claims such as ‘locally sourced’ which may mislead consumers, particularly with meat
**Recommendations**

- The ‘Harvest’ provenance scheme is more actively promoted to encourage use of local provenance ingredients and is supported by marketing workshops to provide restaurateurs with ways to promote local produce on their menus and advertising.
- Clear food labelling re provenance is encouraged and provenance claims tested.
- The producers and processors work closely with the restaurant industry to ensure that products meet the demands of chefs and customers.

**2025 targets**

- Provenance labelling is normal practice and this will be verifiable and inspected.
- Local provenance food will be actively sought out by the restaurant trade as consumers will demand provenance.
- The Isle of Man is recognised as a destination for ‘Food Tourism’.

**Catering and hospitality in numbers**

![Resident (non-retail) and visitor spend on food and drink](image)

Source: Isle of Man Government Economic Affairs, ‘Isle of Man Household Income and Expenditure Survey 2013’
Red meat sector

Overview

Current production

In 2013 Manx livestock figures of breeding females were estimated to be comprised of 10,500 cattle (1/3 of which are dairy breeds), 54,000 sheep and 303 pigs.

The red meat sector accounts for over 90% of active farmers in the Isle of Man, with more than 400 individual holdings carrying stock in 2013.

Isle of Man Meats is the only abattoir on the Island and employs 36 Full-time equivalent staff.

Although not wholly reliant on supply of local meat, local butchers (around 16) and retailers who stock Manx meat employ a further 40-50 staff related to meat butchery and sales and contribute to employment in towns across the Isle of Man.

Historic figures

Cattle

In the last decade, cattle utilisation (finishing and slaughter) has seen a rise and fall from a little over 6000 in 2003, to a peak of over 10,000 in 2008 and 2009, with numbers in 2013 were back to a little over 7000. The peak years correlate with the introduction of the Countryside Care Scheme where it was agreed that future transitional payments would be calculated on headage through the reference period 2007-2009, thus there was a conscious change in behaviour to increase production through this period. The ratio of cattle utilised by Isle of Man meats compared to those exported has also changed through this period as a result of the removal of headage payments (only paid if slaughtered in the Isle of Man). In 2003-2007 a small proportion (2% to a maximum of 8%) of stock was exported, most of which would have been destined for the store market or as breeding stock. However, from 2008 to 2013 export levels reached between 20 and 30% as the incentive of headage payments was removed allowing producers to choose the final destination of finished animals.

Sheep

In contrast to cattle, sheep numbers have been in a slow and continual decline in the 2003-2013 period with over 70,000 utilised in 2003 and just less than 50,000 in 2013. A significant snow episode in Spring 2013 is estimated to have resulted in the loss of more than 10,000 lambs and is likely to have impacts on the breeding flock numbers for years to come.

Since 2009 the volumes of exports have increased for the same reasons as cattle, with pre 2009 figures between 2 and 8% and post 2009 figures between 20 and 30%. However,
export of sheep has at times been encouraged, i.e. where there has been overproduction for the local market or the processing of light lambs has not been profitable.

Pigs

Finished pig number have halved over the last 10 years from 700-800 down to 300-400 per annum. This has corresponded with an increase in finished weight on average by an additional 15kg (almost 20%) per animal. Rather than an increase in production efficiency this increase in weight has been related to a change in market requirement, where heavier animals are required for the processed market, where the lighter animals were primarily destined for carcase cuts.

Financial returns

Isle of Man Meats (IoMMs) is the only processing facility for slaughter of Manx-produced meat.

In the trading year 2013 IoMMs sold £9,630,668 of meat which could be broken down as follows:

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<thead>
<tr>
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<th>Sales value £</th>
<th>Totals £</th>
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<tbody>
<tr>
<td>Local</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>2,405,127</td>
<td></td>
</tr>
<tr>
<td>Sheep</td>
<td>723,823</td>
<td></td>
</tr>
<tr>
<td>Pork</td>
<td>495,348</td>
<td>3,624,298</td>
</tr>
<tr>
<td>Export</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>3,789,237</td>
<td></td>
</tr>
<tr>
<td>Sheep*</td>
<td>2,112,400</td>
<td></td>
</tr>
<tr>
<td>Pork</td>
<td>3,927</td>
<td>5,905,564</td>
</tr>
<tr>
<td>IoMM's sale of imports</td>
<td>100,806</td>
<td>9,630,668</td>
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<tr>
<td>Total sales</td>
<td>3,624,298</td>
<td>5,905,564</td>
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In terms of the final market for meat processed by IoMMs some 62% of meat by value processed is exported, as broken down below.

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<tr>
<th></th>
<th>£ Local</th>
<th>£ Export</th>
<th>£ Total</th>
<th>% local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>2,405,127</td>
<td>3,789,237</td>
<td>6,194,364</td>
<td>39%</td>
</tr>
<tr>
<td>Sheep</td>
<td>723,823</td>
<td>2,112,400</td>
<td>2,836,223</td>
<td>26%</td>
</tr>
<tr>
<td>Pork</td>
<td>495,348</td>
<td>3,927</td>
<td>499,275</td>
<td>99%</td>
</tr>
<tr>
<td>Total</td>
<td>3,624,298</td>
<td>5,905,564</td>
<td>9,529,862</td>
<td>38%</td>
</tr>
</tbody>
</table>

These figures are well down on peak figures at the end of the red meat derogation when sales were in excess of £12.4m and local and export sales were broadly similar.
Strengths

- The Isle of Man is a unique location with potential for development of a strong brand. This has already been identified and new branding has recently led to interest from new markets which are offering ‘added value’ return based on the provenance, welfare standards etc. of the product.
- The short supply chain represents a key strength of the industry. The short journey time guarantees that animals are of the highest quality when they arrive at the abattoir. The traceability due to low number of movements in an animal’s lifetime and the guarantee that horses etc. are not slaughtered adds to the quality assurance of Manx meat and should be key selling points to differentiate Manx produce, for the export market in particular.

Challenges and opportunities

- Isle of Man Meats has seen a rapid transition from a company that, pre-derogation, did not have to compete for livestock or for a sales market, to a post-derogation commercial reality that sees it competing on both fronts. This has occurred in parallel with the rapid consolidation of the meat processing industry in the UK which has seen the closure of many small abattoirs of a comparable scale.
- Government has helped to facilitate this transition via subvention payments and a refurbishment grant to allow restructuring of the business and first-class facilities. This provides Isle of Man Meats with a realistic opportunity to realign itself with the market and focus its business model on quality rather than throughput.
- The gradual transition to area payments in the Countryside Care Scheme poses particular challenges for the livestock sector, as it does across Europe, where there will be a significant redistribution of support away from the intensive livestock producers towards more extensive production systems by virtue of payments being linked to land area farmed. However, this also provides an opportunity to produce a more diverse range of meat and non-meat related products and the removal of the requirement of supplying Isle of Man Meats adds an increased element of choice for farmers in their business.
- Carcase imbalance poses a serious obstacle to expansion due to losses on unpopular cuts of meat offsetting the demand for the more popular cuts. This is a problem across the meat industry, but exacerbated when routes to low-value commodity markets are restricted and more costly as they are on the Isle of Man. Additional processing capability is required on the Island to increase utilisation and add value to the surplus carcase. Processed meats are also the largest sector in the meat market suggesting that there are profitable markets to exploit.
- Processed pork is an area of the market that has not traditionally been taken advantage of. Pig numbers are low as there is no export market and carcase pork presents carcase imbalance issues. However, investing in further processing capability would increase demand for heavier and whole carcase pigs and is an important growth area in the market.
Recommendations

- Explore competitive production of processed products in line with consumer demand
- Identify new local markets, particularly in the catering and hospitality trade.
- Focus on delivering an increased quality service to producers and customers.

Meat 2025 targets

- Increase share of exports which gain branded premium returns by 100%.
- Increase local sales to >50% of throughput for beef and sheep.
- Improved markets for less-valued cuts which result from carcase imbalance.
- Gross margin targets for all species should not fall below 10%.
- Develop a processed pork market through collaboration with third party food processors.

Meat industry in numbers

<table>
<thead>
<tr>
<th>Local production</th>
<th>Estimated local demand</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Processed 23.2kg/p/yr</td>
</tr>
<tr>
<td>Beef 1,671t</td>
<td>Processed 12.4kg/p/yr</td>
</tr>
<tr>
<td>19.66kg/p/yr 89%</td>
<td>processed 9.6kg/p/yr</td>
</tr>
<tr>
<td>8.56kg/p/yr 140%</td>
<td>unprocessed 3.1kg/p/yr</td>
</tr>
<tr>
<td>237t</td>
<td>processed 13kg/p/yr</td>
</tr>
<tr>
<td>Sheep 727.5t</td>
<td>unprocessed 16.2kg/p/yr</td>
</tr>
<tr>
<td></td>
<td>processed 13kg/p/yr</td>
</tr>
</tbody>
</table>

Data Source: Isle of Man Meats, FAO.
Local market

<table>
<thead>
<tr>
<th>Sector value – Retail IOM</th>
<th>Household/week</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>£2.52</td>
<td>£4.66M</td>
</tr>
<tr>
<td>Lamb</td>
<td>£0.76</td>
<td>£1.4M</td>
</tr>
<tr>
<td>Pork</td>
<td>£0.67</td>
<td>£1.24M</td>
</tr>
<tr>
<td>Bacon and ham</td>
<td>£1.63</td>
<td>£3.02M</td>
</tr>
<tr>
<td>Processed meats</td>
<td>£8.01</td>
<td>£14.83M</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>£13.59</td>
<td>£25.15M</td>
</tr>
<tr>
<td>Poultry</td>
<td>£3.04</td>
<td>£5.63M</td>
</tr>
<tr>
<td>Total</td>
<td>£16.63</td>
<td>£30.78M</td>
</tr>
</tbody>
</table>

*Data Source: Isle of Man Income and Expenditure Survey 2012/13, Economic Affairs*

Meat trends

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Carcase meat overall)</td>
<td>-8%</td>
</tr>
<tr>
<td>Beef (all cuts)</td>
<td>-7%</td>
</tr>
<tr>
<td>Lamb (all cuts)</td>
<td>-22%</td>
</tr>
<tr>
<td>Pork chops</td>
<td>-29%</td>
</tr>
<tr>
<td>Non-carcase</td>
<td></td>
</tr>
<tr>
<td>Meat pies</td>
<td>-11%</td>
</tr>
<tr>
<td>Frozen burgers</td>
<td>-12%</td>
</tr>
<tr>
<td>Cooked meats</td>
<td>+13%</td>
</tr>
<tr>
<td>Ready meals</td>
<td>+8%</td>
</tr>
<tr>
<td>Pate and deli sausage</td>
<td>+23%</td>
</tr>
<tr>
<td>Takeaway burger in bun etc</td>
<td>+24%</td>
</tr>
</tbody>
</table>

*Data source: DEFRA Family Food Survey 2012*
Dairy sector

Overview

Current production

In 2012 there were 3696 dairy cows on 35 dairy farms producing 22 million litres of raw milk which was all processed by Isle of Man Creameries. Local liquid milk sales (6.5ML) accounted for one third of milk utilisation, with cheese and exported commodity milk also accounting for approximately one third each.

The dairy sector accounts for around 10% of active farmers in the Isle of Man and the Creamery employs 73 staff.

Historic figures

Milk intake has declined significantly in recent years, with a recorded intake of almost 40 million litres in 2000. This corresponds to a proportionate reduction in the national herd from over 6,500 milking cows in 2000 to less than 4,000 in 2013. The number of dairy farms has seen a rapid decline from 112 in 1992, 84 in 2000 and 68 in 2003 (Review of the Dairy and Fatstock sectors Oct 2003) to a current figure of 35. However, the number of cows is perhaps a more accurate reflection of the size of the dairy industry rather than the number of dairy farms as there has been a period of consolidation where a number of farms have grown their business.

Financial returns

The dairy processing sector accounted for over £13.6 million worth of sales in 2012, with domestic market accounting for around £8.3 million 60.9% and exports the remaining £5.3 million.

Home market

The sale of liquid milk on the home market currently generates a greater return than that achieved from processed products, such as commodity cheese. Local liquid milk sales are the Creamery’s main income stream, accounting for around 50% of the businesses income.

The ‘Milk Price Order’ sets the price of a pint of Manx milk across all retail outlets. Over recent years the dairy industry has experienced mounting competition from imported products and has seen a 5% yearly loss of market share. Often this competition comes from value added products, such as organic, triple filtered or enriched liquid milk products which are not directly comparable to the products offered by Isle of Man Creameries, but are generally cheaper and are stocked alongside Manx milk. The use of milk as a loss-leader in supermarket price wars also introduces a significant price differential for consumers.
A higher proportion of milk (70%) is utilised for processed products in the Isle of Man, compared to the UK (just over 50% of milk sold by volume). However, cheese production, which accounts for a significant proportion (currently 1/3 of utilisation), is also important to address seasonal variations in production and allow for a level liquid supply.

**Exports**

Surplus liquid milk is currently bulk exported to the UK via a contract arrangement. This has reduced the requirement to produce commodity cheese, which was not profitable, but was essential to deal with milk surplus to the liquid market.

In addition, the Creamery has pursued a strategy of branded cheese which offers a potentially higher revenue and more stable market than commodity cheese and exported milk. However, branded cheese is increasingly becoming a commodity in itself and sales are often dependent on deep discounts. The Creamery is currently focussing on export to territories such as North America and Canada where a premium price is being achieved. Success in this area could lead to increase in the volume of milk devoted to cheese-making.

**Strengths**

- The Isle of Man is a unique location with potential for development of a strong brand. This has already been identified with the interest in Manx cheese destined for the US market and this brand can be further built upon.
- The high herd health status of the Isle of Man is of key importance for the Industry and current efforts to eradicate BVD (Bovine Viral Diarrhoea) and TB (Tuberculosis) will improve the efficiency of milking herds and also attract a premium for exported young stock and breeding stock.

**Challenges and opportunities**

- Retaining a viable dairy industry requires the production of a minimum of between 15 and 20 million litres and maintaining the industry at this level is key.
- The gradual transition to area payments in the Countryside Care Scheme poses particular challenges for the dairy sector, as it does across Europe, where there will be a significant redistribution of support away from the sector. This will require significantly more focus on efficient production and returns from the market. However, a rough calculation shows that 1p/litre increased return on milk is equivalent to around £60/acre which demonstrates the importance the market has when compared to CCS at around £80/acre.
- Whey, as a by-product of the cheese-making process, is currently disposed of at a cost to the business. The current disposal agreement expires in 2018 which provides an opportunity to examine alternative uses of a potentially valuable raw material with health and protein food product potential. This will be particularly important should the current disposal route increase in cost or no longer be considered viable.
• Local sales of milk are key to the success of the industry. Market penetration sits at around 75%, but has suffered gradual erosion over recent years in the face of cheaper imports of organic and filtered milk. Maintaining or growing this market share in addition to identifying other local markets for milk products along with growing the high value export of cheese is likely to be the most profitable future for the industry.

Recommendations

• Explore production of yogurt and milk based drinks by Creamery and/or 3rd parties.
• Encourage a more diverse range of artisan cheese making by the Creamery and/or third parties.
• Ensure all dairy farmers remain viable through understanding the costs of their business.
• Explore limitations to new entrants and succession in the industry.

Dairy 2025 Targets

• Increase share of local milk market by 15%.
• Continued expansion of branded cheese export market by 100%.
• Retain base of 20 million litres a year of milk intake.
• To have maintained production levels through consolidation of smaller units as farmers retire and the entry of younger dairy farmers into the industry.
Dairy industry in numbers

Local production

<table>
<thead>
<tr>
<th>IOM retail Liquid milk 6.5MI</th>
<th>Export Liquid milk 6MI</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOM retail Liquid milk 6.5MI</td>
<td>Export Liquid milk 6MI</td>
</tr>
<tr>
<td>75% of local market</td>
<td>(inc local sales=143% of local market)</td>
</tr>
</tbody>
</table>

| 714t (75%) | 600t |

Estimated local demand

<table>
<thead>
<tr>
<th>Liquid milk 8.7M/l 102l/p/yr</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>952t</th>
<th>11.2kg/p/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>875t</td>
<td>10.2kg/p/yr</td>
</tr>
<tr>
<td>773t</td>
<td>9.6kg/p/yr</td>
</tr>
<tr>
<td>Butter 289t</td>
<td></td>
</tr>
<tr>
<td>Cream 102,000l</td>
<td></td>
</tr>
</tbody>
</table>

Data Source: Isle of Man Creamery, DEFRA, International Dairy Federation

Sector value – Retail IOM

| Milk | £2.83 | £5.24M |
| Cheese | £2.62 | £4.85M |
| Other milk products | £2.90 | £5.37M |
| Butter | £0.85 | £1.57M |
| Total | £9.20 | £17.3M |

Data Source: Isle of Man Household Income and Expenditure Survey 2013, Economic Affairs.

Dairy Trends

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Milk overall) -5%</td>
<td></td>
</tr>
<tr>
<td>Dried milk -51%</td>
<td>Semi-skimmed +6%</td>
</tr>
<tr>
<td>Whole milk -28%</td>
<td></td>
</tr>
<tr>
<td>Cheddar -6%</td>
<td>Soft cheese +19%</td>
</tr>
<tr>
<td>Other Hard Cheese -24%</td>
<td></td>
</tr>
</tbody>
</table>

Data source: DEFRA Family Food Survey 2012
Cereal sector

Overview

Current production

In 2013 there were 11 farms contracted to producing around 2000 tonnes of milling wheat. Due to poor weather only 1760 tonnes were processed by Laxey Glen Mills. Bulk flour sales to Ramsey bakery accounts for 88% of sales, and local bakeries account for a further 4%. Retail bags account for 5% of sales and bulk flour to the catering trade around 3%.

Around 1500 tonnes of milling oats were produced on the Island in 2013. These were exported for porridge manufacturing. The viability of oat export depends on a high commodity price offsetting the costs of export and production is anticipated to vary in line with price.

The cereals sector accounts for 3% (only counts milling wheat) of farmers in the Isle of Man and Laxey Glen Mills employs 8 FTE staff.

While not entirely dependent on local flour Ramsey Bakery, which employs 80 staff, should be considered as an integral and extremely important part of the supply chain as their market share depends strongly on the local provenance of ingredients. More recently, Noa Bakehouse, with 18 staff, also places strong enough emphasis on local produce to be considered an integral part of the supply chain.

Historic figures

Wheat production has declined significantly in recent years due to reduced demand from Laxey Glen Mills driven by a 25% reduction in flour sales 10 years, from over 2000 tonnes per annum in 2003 to just over 1500 tonnes in 2013. This has largely been driven by a 22% reduction in demand from Ramsey Bakery. The closure of supermarket in-store bakeries over recent years has also contributed to declining sales (Shoprite’s in-store bakery closed in 2012 and accounted for 8% of sales).

Financial returns

The cereal sector accounted for around £7 million worth of sales in 2012 with just under £1 million from direct sales from the Mill and around £5 million from Ramsey Bakery, the domestic market accounting for virtually all of these sales. The export of milling oats was worth around £220,000.

Home market

The sale of flour to Ramsey Bakery and subsequent bread sales (approx. 40,000 loaves per week) account for the main income stream of the industry. Ramsey Bakery bread has to compete with a range of imported sliced bread, in-store bakeries using part-baked imported bread and consumers choosing from an increasingly diverse range of artisan bread products.
The growth in the artisan bread market has encouraged the establishment of a new sourdough bakery and cafe in 2012 which has seen steady growth, recently expanding into in-store retail sales and now accounts for 2% of the Mill’s flour sales.

Retail bagged flour is not a major part of the business at 5.4% of sales, but nevertheless offers a quality local product in 16 varieties that competes with imported brands in terms of quality and price, but does not always receive the shelf space of its competitors. A recent resurgence in home-baking has seen growth in this market and represents an opportunity to grow sales and increase market share.

Exports

There has not historically been an export market for cereals in the Isle of Man. However, recent exports of porridge oats and sales of branded flour to a pasta restaurant chain in London suggest that there is scope for growth in this area.

Strengths

- The Isle of Man is a unique location with potential for development of a strong brand based on the short supply chain and small producer base which add significantly to a story of traceability and quality that is hard to find in other places.
- Laxey Glen Mills flour contains no UK legislated additives unlike imported flour.
- The home-baking and artisan bread market have been strong areas of growth in recent years and represent a growth market for the industry.

Challenges and opportunities

- The low-value, high-volume nature of flour and the short shelf life of bread do not lend themselves readily to export. This is currently true of Laxey Glen Mills, with the exception of one export customer. However, there are big opportunities for the production of bread products and increasing market share of retail and bulk flour sales in the Isle of Man. Further work to promote local produce is required.
- A decline in consumer preference for sliced bread and an increasingly competitive market will likely see a continued decline in sales of this product. Work with supermarkets to maximise market share is required, but declines could also be offset by evolving the range of locally produced bread products offered to consumers.
- Retail bagged flour sales are increasing (+26% in UK 2009-12) as a result of a trend for home-baking. Laxey Glen Mills is estimated to have around 25% of the local market and there is potential to increase the volume of retail flour sales. Given the local nature of the wheat (much of it <10 miles from the mill) and the low number of producers, greater emphasis should be placed on the short supply chain, low miles travelled and the producers, or farms could be placed on the bags. Building the brand along these lines could also add sufficient value to build additional export markets.
Recommendations

- Industry meeting with retailers to maximise shelf space for flour products.
- Further cross-industry work on new product development.
- Concentrate on flour sales in declining sliced loaf market.

Cereals 2025 targets

- Increase share of local retail and bulk flour.
- Increased production of non-sliced loaf alternatives.
- Increase sliced loaf sales to 50,000/week.
Cereals industry in numbers

Local production

<table>
<thead>
<tr>
<th>Animal feed</th>
<th>Oats</th>
<th>Industrial Sliced loaf</th>
</tr>
</thead>
<tbody>
<tr>
<td>542t</td>
<td>1500t</td>
<td>1,334t 15.7kg/p/yr</td>
</tr>
</tbody>
</table>

Estimated local demand

<table>
<thead>
<tr>
<th>Other bread</th>
<th>Sliced loaf</th>
<th>Instore bakery</th>
</tr>
</thead>
<tbody>
<tr>
<td>844t 9.9kg/p/yr</td>
<td>3,019t 35.5kg/p/yr</td>
<td>641t 7.5kg/p/yr</td>
</tr>
</tbody>
</table>

Data Source: Laxey Glen Mills Isle of Man Farmers, DEFRA, National Association of British and Irish Millers

<table>
<thead>
<tr>
<th>Sector value – Retail IOM</th>
<th>Household /week</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sliced bread</td>
<td>£3.75</td>
<td>£6.94M</td>
</tr>
<tr>
<td>Other bread (inc flour)</td>
<td>£3.20</td>
<td>£5.92M</td>
</tr>
<tr>
<td>Cakes and buns</td>
<td>£4.20</td>
<td>£7.77</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>£11.15</td>
<td>£20.64M</td>
</tr>
</tbody>
</table>

Data Source: Isle of Man Income and Expenditure Survey 2012/13

Cereal Trends

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Bread overall) -6%</td>
<td>Artisan bread +30%</td>
</tr>
<tr>
<td>White bread -10%</td>
<td>Sandwiches +14%</td>
</tr>
<tr>
<td>Brown/wholemeal -8%</td>
<td>Rolls -16%</td>
</tr>
<tr>
<td>Rolls -16%</td>
<td>Malt -22%</td>
</tr>
<tr>
<td>Malt -22%</td>
<td>Flour +26%</td>
</tr>
<tr>
<td>Cakes and pastries -6%</td>
<td>Cakes and pastries -6%</td>
</tr>
<tr>
<td>Biscuits -5%</td>
<td>Oatmeal +6%</td>
</tr>
</tbody>
</table>

Data source: DEFRA Family Food Survey 2012
Eggs and poultry

Overview

Current production

There is currently one free-range chicken producer producing on a small-scale and around six registered seasonal poultry producers and many other small-scale producers but accurate figures on this part of the industry do not exist.

The egg industry has 12 registered producers producing around 3.6 million free-range eggs per year from a laying flock of around 13,000 hens. There are three or four producers supplying the retail and catering market, but there are many other small-scale producers selling through local outlets, farmers markets and at the farm gate.

Historic figures

Until 15 years ago there were two commercial broiler producers and cage eggs were also produced until a ban of cage production was introduced (across the EU).

Financial returns

Based on the known 3.6 million eggs produced the value of the market is estimated somewhere between £500k and £900k per year. It has not been possible to quantify the value of the poultry market but it will likely form less than 1% of the £5.63 million local market for imported poultry meat.

Strengths

- There is strong brand loyalty to Manx produced eggs.
- Packaging is standardised in the industry therefore high costs are not required to market new packaging designs.
- There is room to expand for existing egg producers and for new entrants.

Challenges and opportunities

- High production costs through import of pullets and feedstuffs and electricity and heating reduce competitiveness with imports.
- Free-range egg production is not suitable for all markets, especially food service and food manufacturing. Enriched cage egg production could be considered to provide a cheaper alternative.
- The industry cannot currently keep up with demand in some markets and needs to grow.
- There is an opportunity to stock eggs in more retail outlets.
• Poultry meat is the most commonly consumed meat, but no local production of any scale exists.
• Imported poultry meat is produced and sold at high volume and very low cost making it impossible to compete at the commodity end of the market. However, opportunity exists at the premium end of the market.

Recommendations

• Capital grants to allow for new start-ups and expansion of existing egg businesses should be considered.
• Growth of the free-range poultry industry should be targeted for high-end retail and the restaurant trade.

Eggs and Poultry 2025 targets

• Supply of over 50% of the market, including increased market share of the food service industry.
• A poultry meat market that can supply quality table birds to the premium retail market and the restaurant trade.
Egg industry in numbers

**Local production**
- Free Range: 3.63 Million (est)\(^*\)
  - 30.2% total market
  - 59% of retail market

**Estimated local demand**
- Free range: 3.01 Million
- Food service: 3.01 Million
- Retail: 6.13 Million
  - Cage: 2.88 Million
  - Barn: 183k
- Food manufacture: 2.52 Million
- Home prank: 360k

*Data Source: Economic Affairs, Digest of Social and Economic Statistics, British Egg Industry Council*

<table>
<thead>
<tr>
<th>Sector value – Retail IOM</th>
<th>Household /week</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poultry</td>
<td>£3.04</td>
<td>£5.63M</td>
</tr>
<tr>
<td>Eggs</td>
<td>£0.99</td>
<td>£1.83M</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>£4.03</td>
<td>£7.46M</td>
</tr>
</tbody>
</table>

*Data Source: Isle of Man Income and Expenditure Survey 2012/13*

**Eggs and Poultry Trends**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eggs</td>
<td>+8.8%</td>
</tr>
<tr>
<td>Poultry</td>
<td>+2%</td>
</tr>
</tbody>
</table>

*Data source: DEFRA Family Food Survey 2012*
**Vegetable and horticulture sector**

### Overview

**Current production**

Potatoes are the major vegetable crop currently grown on the Island, with around 20 known producers. Only four or five of these could be considered as commercial growers supplying retail and food service, with two growers forming the bulk of production. The remaining producers are small-scale and produce for farm shops etc.

There is no census data on horticultural production, but there is one main grower that supplies a variety of vegetables to the retail trade via a wholesale distributor and there are a two or three medium-scale vegetable growers that sell direct to retail, catering and through farm shops and farmers markets.

There is one commercial mushroom grower that supplies the retail and restaurant trade.

There has been a resurgence of small-scale growing of a range of crops, including asparagus, rhubarb and strawberries, all of a scale to supply direct to consumers through farm shops and markets and to restaurants wishing to supply local provenance food.

**Historic figures**

Historically there would have been many more small scale horticultural producers growing a wide variety of crops to supply the retail trade. Cheaper imports grown on a vast commercial scale and the strict requirements of quality and supply by supermarkets made many of these producers unviable.

### Financial returns

All Isle of Man grown fruit or vegetables is produced for the home market. The high volume, low value nature of many vegetables makes export unfeasible.

No detailed figures exist on the value of this sector to the economy, but the farming activities of producers have been captured as part of the GDP calculations for the food sector.

There is little added value to locally produced vegetables, except for one wholesaler who produces soup mixes and other pre-packed vegetables and has recently started producing fresh chips for the food-service industry.
**Strengths**

- There is a diverse range of small-scale vegetable growing.
- Consumers seek out locally grown produce and there is increasing demand at farm shops and farmers’ markets where contact with the grower forms part of the provenance story and encourages loyalty for the produce.
- Manx vegetables are available on the shelves of at least one supermarket chain.
- Potatoes and chips are supplied to the catering industry.
- High-end restaurants seek out locally produced seasonal vegetables.

**Challenges and opportunities**

- There is increasing demand for local vegetable growers to supply the retail and catering trade. Succession and training need to be addressed to encourage sustained and quality production.
- Consumers expect high quality packaging and branding, particularly when it enhances the appearance and quality of a product. Investment in this area will encourage an uptake of market share against supermarket imports.
- Competition with cheaper imports with year round supply in the supermarkets prevents market penetration.

**Recommendations**

- Adding value to vegetables through freezing, cooking, creating ‘ready meals’ or microwaveable side dishes should be explored.
- Investing more in training and promotion of the vegetable sector to encourage new entrants and succession.
- Ensure adequate provision in capital grant schemes for equipment to add value to vegetable packaging and processing.

**2025 targets**

- Increased supply of the home market with a wide range of vegetables.
- Increased processing of vegetables as ‘ready to cook’ and for ready meals.
Vegetable and horticulture sector in numbers

**IOM Production**

<table>
<thead>
<tr>
<th>Vegetable</th>
<th>Quantity (t)</th>
<th>Average p/y (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potato</td>
<td>4400t</td>
<td>51.7kg/p/yr</td>
</tr>
<tr>
<td>Carrot</td>
<td>613.7t</td>
<td>7.2kg/p/yr</td>
</tr>
<tr>
<td>Parsnip</td>
<td>570t</td>
<td></td>
</tr>
<tr>
<td>Broccoli</td>
<td>377.6t</td>
<td></td>
</tr>
<tr>
<td>Mushroom</td>
<td>377.6t</td>
<td></td>
</tr>
<tr>
<td>Swede</td>
<td>70t</td>
<td></td>
</tr>
<tr>
<td>Cabbage</td>
<td>95t</td>
<td></td>
</tr>
</tbody>
</table>

**IOM estimated demand**

<table>
<thead>
<tr>
<th>Vegetable</th>
<th>Quantity (t)</th>
<th>Average p/y (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole potato</td>
<td>3374.5t</td>
<td>40kg/p/yr</td>
</tr>
<tr>
<td>Processed potato</td>
<td>4411.5t</td>
<td>52kg/p/yr</td>
</tr>
<tr>
<td>Fresh greens</td>
<td>836.4t</td>
<td>9.8kg/p/yr</td>
</tr>
<tr>
<td>Onion</td>
<td>748t</td>
<td>8.8kg/p/yr</td>
</tr>
<tr>
<td>Other root veg</td>
<td>684.4t</td>
<td>8.05kg/p/yr</td>
</tr>
<tr>
<td>Tomato</td>
<td>377.6t</td>
<td>4.44kg/p/yr</td>
</tr>
<tr>
<td>Carrot</td>
<td>613.7t</td>
<td>7.2kg/p/yr</td>
</tr>
</tbody>
</table>

Data sources: DEFA figures, DEFRA

**Sector value – Retail IOM**

<table>
<thead>
<tr>
<th>Vegetable</th>
<th>Household /week</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit-Berries</td>
<td>£1.55</td>
<td>£2,036,263</td>
</tr>
<tr>
<td>Fruit-other</td>
<td>£4.57</td>
<td>£3,887,411</td>
</tr>
<tr>
<td>Fresh veg</td>
<td>£5.66</td>
<td>£7,774,822</td>
</tr>
<tr>
<td>Potatoes</td>
<td>£1.22</td>
<td>£1,666,032</td>
</tr>
<tr>
<td>Processed vegetables</td>
<td>£1.87</td>
<td>£2,591,607</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>£14.87</td>
<td>£17.96M</td>
</tr>
</tbody>
</table>

**Vegetables and horticulture trends**

<table>
<thead>
<tr>
<th>Trend</th>
<th>2009-2012</th>
<th>2009-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downward trends (Vegetable and potato overall)</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>Potato</td>
<td>-5%</td>
<td>Marrow, courgette and pumpkin +21%</td>
</tr>
<tr>
<td>Other veg</td>
<td>-2%</td>
<td>Frozen peas +9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vegetable ready meals +3%</td>
</tr>
</tbody>
</table>
**Fisheries sector**

**Territorial and governance overview**
The Manx Territorial Sea extends to the 12 NM limit or to the median line with the UK and covers an area of approximately 4000km² or 87% of Manx Territory.

![Isle of Man Territorial Sea showing 3 and 12 NM boundaries. North-west England is indicated for reference in the top right.](image)

Agreements relating to fishing rights are complex and, although not an EU member state, the Isle of Man does require concurrence with the Common Fisheries Policy of the EU. This is largely achieved via a Fisheries Management Agreement with the UK (last reviewed in 2012). The Manx legislature does provide all fisheries legislation within the territorial Sea via the Fisheries Act 2012.

**Fisheries overview**
Fisheries are dynamic industries, exploiting species with value on the basis of natural availability. In this sense they differ fundamentally from agriculture since little resource stewardship is conducted and management and regulations are largely about restricting catches, rather than enhancing them. Fisheries are the last major hunter-gatherer industry, and responds predictably to natural fluctuations in target-species abundance. Historically fisheries have exploited resources until no longer economically viable, then moving onto new areas or species. Only relatively recently have efforts been made to assess stocks and manage exploitation appropriately, but the interaction between science, management and exploitation is still generally poorly developed with the consequence of overfishing a common feature of mature fisheries. However, initiatives such as ICES stock assessments and advice and the development of sustainability certifications, based on appropriate resource management principles are becoming much more common.
A small island nation with developed infrastructure, expertise and legislative control can hope to make progress in fisheries management, and the Isle of Man has introduced some progressive and innovative initiatives in recent years.

Currently, the four main species of shellfish commercially exploited from the Manx territorial sea are queen scallop, king scallop, crab and lobster. There is increasing interest in a local whelk fishery and other species such as squid are landed in small quantities. Very few fin fish (such as cod, herring, mackerel etc) are landed due to low market value, low demand or lack of quota for the species.

**Current & historic production**

An overview of the Manx Fishing industry from the 1600s has been produced and is available online at:


The recent Manx Marine Environmental Assessment also contained a comprehensive fisheries chapter, providing an overview of current status and issues (http://www.gov.im/media/983619/4.1_fisheries.pdf).

Although artisanal fishing has been conducted around the Island for probably thousands of years, the first commercial scale fishery was herring which appeared off the coasts at predictable times and in large numbers. Documented fisheries management for herring dates back to the 17th century, which even then was considered necessary to protect the stocks from significant fishing effort. The Manx herring industry has been characterised by periods of decline and recovery, and always attracted a large number of visiting vessels, which latterly followed both herring and mackerel from the English Channel up to Scotland during their migration.


Currently the Irish Sea herring stocks are considered to be in a good state, with an ICES recommended TAC for 2013 of 5100t, predominantly taken by UK pelagic trawlers (97%) and 3% via coastal gillnet. The Isle of Man currently has no quota allocation for this species and does not participate in the fishery, although Manx fisheries legislation still protects an important spawning ground and applies a seasonal fishing restriction (http://stecf.jrc.ec.europa.eu/documents/43805/44876/07-09_SG-MOS+07-03+-+Evaluation+of+closed+areas+II.pdf).
The Manx industry has also historically caught mackerel via line, sandeels and flatfish via net and hand-fork and cod via longline, using scallop, queenie and whelk as bait. As historic species such as cod have declined it is interesting to note that these former bait species are now our primary fisheries. Other historic fisheries for the island included Whiting, Pollock (Callig), Ling, Haddock, Plaice and Skate, but overfishing, quota restrictions and apathy (species specialisation?) have reduced these industries to minimal levels.

Pot fisheries: Crab, lobster and whelk

Historically crabs and lobster have provided a high value product, primarily for external markets, although local consumption of crab in particular is relevant.

Over the last decade catches of crab and lobster have been relatively stable, and it is generally assumed that stocks are maximally exploited. Although specific fishery management applies to pot fisheries, it is not based on actual stock information, and has lately seen a significant increase in latent effort, in the form of increased UK licence issuance and a removal of an overall pot limit.

Fishery and landings data collected by DEFA suggests that around 90% of lobsters landed by Manx boats is exported live off island, whereas 75-80% of brown crab is exported, the remainder being processed and consumed locally.

The whelk fishery is relatively recent as a marketable product in its own right, although it has long been used as long-line bait. It is now a predominantly export driven market into south-east Asia, with some sold into continental Europe, and high prices has seen a significant increase in this fishery in the last 5 years. Data for management purposes is again lacking for this species and it seems likely that its vulnerability to overfishing will require an increase in both fishery research and regulation in the near future.
Scallops, Queen Scallops and Oysters

Although originally used as longline bait these species have developed into important fisheries in their own right.

Scallop fishing began around the Isle of Man in 1937, initially in the south of the island, but with developments in gear technology all current offshore grounds were being exploited from the 1970s onwards (figure x). Fishing for queen scallop began in 1969 on existing mixed scallop grounds, initially using modified dredge gear, but more recently using an otter trawl, exploiting the swimming behaviour of this species. Currently the vast majority of queen scallop caught within the Territorial Sea is net caught, enabling certification of the fishery as sustainable by the Marine Stewardship Council in 2011 (currently in suspension as of May 2014). Grounds are often mixed scallop and queen scallop, but some areas are more species specific. In general

![Current scallop and queen scallop grounds around the Isle of Man.](image)

In the 1980’s, there were around 70 local vessels involved in the King and Queen Scallop fisheries, using dredges and supplying poor quality meat which was often machine processed. With little scientific data available to underpin management measures, beds were often over fished and took many years to recover. The provision of subsidies resulted in over–fishing, processing was often unprofitable and product was offered at commodity prices.

Actions to address this situation included removing subsidies, improved regulation, obtaining MSC accreditation for a more environmentally responsible trawl fishery for Queen Scallops and marketing a better quality product, generating better returns for processors and others in the supply chain. Interest in the summer queen scallop fishery increased substantially
when a new customer base was located around 2009 – resulting in increased effort and exploitation.

The European flat oyster
The flat oyster was exploited around the island for many years, with beds between Ramsey and Laxey being particularly productive. Around 1930 however, catches collapsed dramatically, possibly due to disease, and the fishery has never recovered. Live flat oysters are extremely uncommon around the island now, with occasional reports from local fishermen. However, dead shells are still often found in dredges, indicating their former abundance.

Manx Fishing Fleet and Current Production
The current Manx commercial fishing fleet consists of a total of 64 licenced vessels, of which 30 target either, or both scallop species, 33 pot for crab, lobster and whelk and 1 is exclusively finfish.

Local fishery landings are dominated by queen scallop and scallop, with crab, whelk and lobster completing the main species. Finfish and langoustine (*Nephrops norvegicus*) represent a very small proportion of local fishery production.

Reported landings of seafood into the Isle of Man by all vessels. Data sourced from landings declarations from commercially licenced fishermen provided to DEFA.
Fishery value is broadly related to landings volume, although the relatively higher value of both scallop and lobster are reflected in their increased importance in economic value.

First sale value of seafood landed into the Isle of Man by all vessels. Values are based on ‘buyers & sellers’ data provided to DEFA.

Returns

Home & export markets
60% of King and Queen Scallops go to France but is not differentiated as being Manx.

With respect to crabs and lobsters, one company accounts for 80% of the catch and most is exported live to the UK, for onward transport to the Far East. The remainder is sold on Island via fishmongers or direct to caterers.

Both whelks & langoustine are export products, with Asian and European markets being the main customers.
Recommendations

- Help with new product development is sought via specialists in the UK, for example at BIM.
- Complete Sea Fisheries Strategy including recommendation for a Fisheries Development Fund.

2025 projections

Population biology of key commercial species understood to the point where the fisheries can be managed to achieve long term sustainability. Adequate resourcing to enable the Directorate to cope with statutory duties including enforcement.
Fisheries sector in numbers

Local production

<table>
<thead>
<tr>
<th></th>
<th>Household</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish (all)</td>
<td>£3.25</td>
<td>£4,627,870</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>£3.25</strong></td>
<td><strong>£4.63M</strong></td>
</tr>
</tbody>
</table>

Data Sources: DEFRA Family Food Survey 2012

Seafood trends

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fish overall)</td>
<td>-8%</td>
</tr>
<tr>
<td>White fish</td>
<td>-26%</td>
</tr>
<tr>
<td>Blue fish</td>
<td>-39%</td>
</tr>
<tr>
<td>Frozen salmon</td>
<td>-39%</td>
</tr>
<tr>
<td>Shellfish</td>
<td>-16%</td>
</tr>
<tr>
<td>Tinned salmon</td>
<td>-46%</td>
</tr>
<tr>
<td>Takeaway fish meals</td>
<td>+62%</td>
</tr>
</tbody>
</table>

Data Sources: DEFRA Family Food Survey 2012
Beverages sector

Overview

Current production

Alcoholic beverages predominate in this sector with one large brewery, two medium sized and one micro. Two small cider companies have been established in the last few years and a number of spirits are packaged and sold from the Island, but are not distilled here. Spring water and fruit juice (including some low alcohol varieties) are also produced.

Historic production

Following a period of rationalisation of the brewing industry where there was one main commercial brewery, there has been a growing interest in real ale. This has seen an increase in the number of breweries on the Island. In 2013 there were a total of five, with one of the new businesses having ceased to trade this year. Spring water and juices are relative newcomers to the Island’s beverage market. No data is available on other aspects of the beverages industry.

Financial returns

No figures currently available.

Strengths

- Strong interest in local products.
- Real ale and real cider are a growing market.
- The Beer Purity Act provides a strong selling point and point of difference for Manx beer.

Challenges and opportunities

- Growing the market for the breweries relies principally on export. Bottling and the cost of shipping are currently major barriers to export. However, interest in regional beers is high and there are market opportunities to be explored.
- The real ale market is close to saturation with local product. However export of home product and import of ‘guest ales’ maintains a good balance.
- The home market is relatively untapped in the cider, water and fruit juice categories.
- Lager is still the biggest beer market and is only recently being explored in local production.

Recommendations

- Explore export of bottled beer- potentially as mixed cases of ‘Isle of Man’ brewed beers.
- Explore growth in the lager market.
- Encourage apple production to support demand for home grown cider.
- Further product development of soft and water-based drinks.
2025 targets

- Increased export of beer.
- More diversity in soft drinks.
- Large growth in local cider and lager market.

Beverages in numbers

### IOM prdn | IOM consumption

<table>
<thead>
<tr>
<th></th>
<th>Real Ale</th>
<th>Lager</th>
<th>Cider</th>
<th>Other beer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.32ML</td>
<td>4.65ML</td>
<td>1.16ML</td>
<td>0.3ML</td>
</tr>
<tr>
<td></td>
<td>15.54l/p/yr</td>
<td>54.8l/p/yr</td>
<td>13.6l/p/yr</td>
<td>3.7l/p</td>
</tr>
</tbody>
</table>

Data Sources: *Isle of Man Customs and Excise, DEFRA Family Food Survey 2012*

<table>
<thead>
<tr>
<th>Sector value – Retail IOM</th>
<th>Household /week</th>
<th>IOM/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirit and liquor</td>
<td>£2.43</td>
<td>£3,146,952</td>
</tr>
<tr>
<td>Beer and cider</td>
<td>£2.38</td>
<td>£3,702,296</td>
</tr>
<tr>
<td>Fruit juices</td>
<td>£2.02</td>
<td>£2,221,378</td>
</tr>
<tr>
<td>Soft drinks</td>
<td>£1.98</td>
<td>£3,517,181</td>
</tr>
<tr>
<td></td>
<td><strong>£8.81</strong></td>
<td><strong>£11.7M</strong></td>
</tr>
</tbody>
</table>

Data Sources: *DEFRA Family Food Survey 2012*
Value-added and artisan

Overview

Current production

Over recent years, there has been rapid growth in the variety and quality of value-added and artisan foodstuffs being manufactured using Manx produce. Offerings are as diverse as artisan bread, bottled water, liqueurs, dog biscuits, cured ham, rapeseed oil, chocolate, fudge and Christmas puddings now complement the more established cheese, ice-cream, smoked fish, processed vegetables, preserves and cakes. The above is not an exhaustive list but serves to illustrate the scope of current production.

Historic figures

Kippers have been produced in the Isle of Man for centuries, with cheese and ice-cream among the products established over recent decades, but apart from these examples, there has been relatively little in the way of a diverse offering of artisan products on a commercial scale.

Financial returns

No figures currently exist to quantify the value of this diverse range of products to the Manx economy. However, the value added to Manx grown foodstuffs, coupled with the requirement for employment, premises and the knock-on for support industries, utilities and retailers will be significant and represents one of the best opportunities for growing the local food industry, both through creating demand for raw materials and adding value to ‘commodity’ products.

Home market

The majority of value-added products are targeted at the home market and the visitor market. The local market also provides a suitable scale for trialling of products before scaling up production, should export form part of the business plan.

Exports

With the exception of cheese and alcoholic beverages (covered in the dairy and beverages sections respectively) there are relatively few value-added and artisan products currently exported into off-Island markets. Export of fresh and chilled produce will always be challenging, but low volume; high value products have had recent success, particularly with confectionery and Christmas puddings.
Strengths

- The Isle of Man is a unique location with potential for development of a strong brand.
- Short supply chain - carbon, traceability, landscape, freshness.
- Opportunities for import substitution.

Challenges and opportunities

Many obstacles exist to the creation, production and marketing of new products, but there are many examples of success in this area over recent years.

There is capital and marketing support already in place, but one of the main purposes of this Strategy is to support the next wave of entrepreneurs to start production and to assist those already established with expanding in both home and export markets.

The figures in Part II of the Strategy serve to illustrate the size of the home market and the potential areas for product development. It is envisaged that this information, combined with capital, business and marketing support will give significant growth in this area.

Recommendations

- Improved targeting of capital grants for food business start-up, together with structured advice on all aspects of operating a food business and a mentor to help with any issues as the business develops.
- Creation of a suitable forum for entrepreneurs in this area to collaborate, share ideas and solve problems.

Value-added 2025 Targets

- Significant growth in new businesses and product development.
- Low failure rates of new businesses.
- A reputation as a place for food innovation and for quality, artisanal products.
Value-added and artisan food industry in numbers

While there are a number of examples of successful and growing local food businesses adding value to local products, the following figures supplied by ‘Berries Isle of Man’- luxury pudding makers and confectioners highlight the type of growth that can be achieved and the knock-on positive impacts on other local businesses.

The figure below highlights the current and anticipated growth of the Christmas pudding business, just one of the products currently made by Berries in the Isle of Man and principally exported to the UK. The company currently employs five people and turnover of the pudding business in 2014 is estimated to be around £200,000. Seven local ingredients are used in the pudding recipe and the quantities required not insignificant. Perhaps of most interest is the current rate of growth (and estimated potential growth) which will yield significant increases in the use and added value of locally produced and processed foodstuffs.

Source: Berries, Isle of Man
Case studies
The Isle of Man food industry is not standing still and there is plenty of cause for optimism and examples of innovation and market focus. Below are five such examples from a cross-section of the industry. Whilst focussing on particular cases it is important to acknowledge some of the many other successful food businesses that would have been equally representative of the industry but could not be included due to restrictions of time and space in the document. Obvious examples include:
Bakery: Noa Bakehouse- bakers of sourdough and artisan bread using predominantly Manx flour and Ramsey Bakery’s new artisan range.
Fish processing: Caley’s, C.B. Hornes, Tim Croft, Paddys and others that are processing and packaging quality seafood for the home and export market.

Meat: Local butchers, such as Teare’s in Ramsey and Radcliffe’s in Castletown committing to selling local provenance meat traceable to the individual farm and breed. Ballavair Galloway is a prime example of a farm focussing on breed and provenance as the main selling point. Shoprite have continued to innovate in the meat section to include a range of cuts in their ‘steak bar’ sections, whilst Andreas Meats are producing a widening range of quality processed meats.

Creamery products: ice-cream is a quality local product made by Davison’s and Jimbo’s, whilst the Creamery has continued to expand its market for its quality cheeses, in particular its mature and vintage varieties which can now be found as far afield as the United States and Canada. Doorstep delivery of local milk has been a continuing success for Cooil Brothers in Bradda, and locally produced goats milk and cheese are now available.

Beverages: The Island has a fantastic reputation for real ale, with 4 breweries and 2 cider producers from the large and established (Okells), the TT favourite (Bushys) and the new (Hooded Ram). The Apple Orphanage produce a range of alcoholic and non-alcoholic drinks and Green Mann Spring water produce high quality bottled water for both home and office.

Vegetables: Farmers’ markets and farm shops are increasingly supplying direct to consumers with a wide range of vegetables. Direct supply to restaurants is also a growing market.

Confectionary: An increasing diversity of cake makers are setting up businesses and the Manx Fudge Factory are well-established. Berries as well as producing puddings are chocolatiers.

Catering and Hospitality: An increasing number of food outlets are promoting local provenance and adding to the dining experience. Chief among them are 14North, Patchwork Café, the Swiss house and Tanroagan.
Case study 1 – BallaKarran Meat Company

The BallaKarran Meat Company combines the best traditions of Manx farming with a thoroughly modern approach to marketing.

Will and Janette Qualtrough run the burgeoning business as an offshoot to their successful farming enterprise and have taken advantage of a niche market, delivering lamb, cut to order and beautifully boxed, to customers’ doors.

Will is a first generation farmer while Janette’s family has long farmed at Glenlough. The couple have been in the industry for 12 years and diversified at the start of 2014, Will saying: ‘You have to be different, don’t you, and we wanted to be the first to try this new market.’

Their Charollais and cross black face sheep are pasture-fed on grass and clover, guaranteeing taste and ensuring giving the business environmentally friendly status, too.

The couple rent various plots of land but own 20 acres at Cregneash that was home to Stanley Karran, Will’s great uncle, who died at the age of 98. The business is named after him.

Sales come via BallaKarran’s distinctive website, its lively Facebook page and, in a small community, word of mouth. Will’s niece, an artist, helped to create their distinctive ‘look’ while Janette found a marketing course, run by the Department of Environment, Food and Agriculture, aided her.

A local butcher handles and packages the lamb and Will and Janette deliver it.

Everyone starting a new business works hard but none more so than Will and Janette, as both have full-time jobs – he is an agricultural merchant and she is a nurse – and they have four children under 12.

Short-term, they hope to grow trade and sell more of their meat boxed to customers rather than on to the Meat Plant. They also plan to branch out into boxed beef and will be exploring exporting their unique product. Longer term, they’d like to be able to process and package the meat themselves.

They said: ‘We have seen overwhelming support for distinctive Manx food and drink on the Island, since we have started this diversification. We would now love to see the Island’s unique geographical location make food and drink exports a major asset in the economy.’
Case study 2 – Aalin Dairy

Swapping the comfort of an office for a challenging hillside wouldn’t be everyone’s idea of a career move but Carl Huxham is as happy as a cow in clover.

A chartered accountant, he traded a suit, tie and spreadsheets to follow in his grandfather’s footsteps and run a dairy farm – and recently began delivering milk to a round covering the whole of north.

Carl and wife Sarah farm 100 acres of their own, plus 50 addition acres, in Narradale, high above Sulby. Up a largely unmade road and on bare fields, they have turned what were once cattle sheds into a state of the art dairy – one of just two private operations in the Island – and are constructing a home for themselves and their three children.

It may not be traditional dairy farming terrain but their view over the northern plain is enviable.

The location means the dairy isn’t on mains water and Carl’s happy herd are reared on grass and water from a spring the Huxhams tap into.

Carl’s day starts at 5.30am with milking, then cleaning and washing down, then from 11am begins the pasteurisation and bottling. The delivery drivers despatched, it’s then back to milking and finally all the other jobs associated with running a business.

A lively Facebook presence, plus word of mouth, meant Carl had a bulging order book even before he began delivering.

His milk comes in old-fashioned glass bottles with foil tops and is delivered when customers are at home in the evening, so it doesn’t sit unattended on doorsteps.

The Huxhams’ biggest investment is in equipment that enables them to process the milk and will enable the creation of Manx yoghurt, a product not currently available. The yoghurt-making process involves milk being pasteurised and reduced in temperature for seven hours.

‘We have to look to the future,’ Carl said. ‘We are no longer solely farmers. We are food processors.’

Does Carl have any regrets about turning his back on the financial world for such a hands-on life? ‘Not a chance,’ he says. ‘At least when I turn up for work I am in charge of my own day, decisions are mine and I will hopefully see the rewards.

‘My grandfather was a dairy farmer. My mum and dad farmed here. It’s a way of life.’
Case study 3 – Henleys’ Shellfish

Laurie and John Henley are in the ‘futures’ market.

Their company Henleys’ Shellfish exports Manx crabs to Europe and the Far East, where the delicacy is growing in popularity.

With a contract with producer A M Seafoods in Fleetwood, the father and son have to be part hard-headed accountants, part scientists, part master mariners, part meteorologists – ‘and part fortune-tellers’, they joke.

It was in the 1990s that Laurie, a traditional trawlerman and scallop fisherman, had the vision to grow a successful business from potting – then a largely seasonal and purely cottage industry.

Years of research and development later, he has a purpose-built potting vessel – the largest of its type in the Irish Sea – as well as a more general-purpose vessel and a skilled workforce of six, managed by skipper John, spends up to 240 days a year fishing for crabs.

Licenced to operate 1,000 pots, they traverse 100 square miles off the Island’s west coast, lifting the catch, assessing its quality and replacing crabs that don’t come up to the exacting standards required.

This high quality control means they only land 50 to 70 per cent of crabs they catch. With the finest quality crabs attracting a 300% dividend and any that are rejected earning them nothing, they learn to read a crab’s ‘body language’ – will it sustain the journey to be processed. Handling 500 crabs an hour, it’s a split-second decision.

Henleys’ has a fallow field approach, leaving some fishing grounds for up to a year for stocks to recover.

A M Seafoods has invested in a multi-million pound extension for crab production and Henleys’ is its biggest supplier, shipping half a million live crabs a year.

The catch is landed at Peel at 6pm and is on the 7.45pm boat to Heysham, arriving at the factory at 2am and being processed overnight. Just 30 hours separate a crab being plucked from the Irish Sea and touching down in Beijing or Shanghai, the Far East’s food hubs, where wholesalers are snapping them up.

‘The ‘fillet steak’ of Henleys’ catch is an extra-large and particularly meaty full-cooked crab that features the vessel New Dawn and the Isle of Man on its packaging when it’s exported. Brand is important to Henleys’.

Henleys’ crabs also go fresh to four European countries, frozen to French supermarkets and pasteurised, for a long life, to Sweden.
Laurie and John’s next investment will be in a facility where their catch can be stored live, to legislate for transportation delays.

When Laurie started fishing it was considered ‘romantic’, he says. Now, though, a firm business brain is required.

‘You are like a Premiership footballer – you are only as good as your last season. We are in the futures market yet there are so many imponderables, you have to try to negate them as best you can while ensuring you are there in 10 years’ time.

He has a vested interest in the future, saying: ‘It has taken me 25 years, thousands of hours and tens of thousands of pounds to get it right. I have a four-year-old grandson and I hope he’ll follow in his father’s footsteps.’
Case study 4— Betty the Food Trailer and Manx Cider Co

A ramshackle van bought ‘unseen’ on eBay is home to one of the newest and most innovative Manx food businesses.

Restored with lots of TLC, Betty the Food Trailer (no-one is quite sure where the name came from) is now a regular feature at outdoor events and was a huge draw at the Isle of Man Food and Drink Festival.

Tired of the same-ness of outdoor catering, Benn and Vicky Quirk determined to sell ‘something that wasn’t in a bap’ when they took to the road with Betty.

Their luxurious pies are really ‘casseroles in a crust’ and contain freshly sourced Manx ingredients, steak and ale – the finest beef from Ballavair and beer from Bushy’s - being their best-seller.

As Betty’s reputation spread, a garden party, a wedding at a village hall and Christmas corporate functions are popping into her calendar.

Profits are being ploughed back in to the Quirks’ main business, the Manx Cider Company - born when the couple lived in Somerset and Ben was a retained firefighter, a role he still fulfils in his home town, Peel.

A fellow fireman had orchards and made cider. When he retired, Benn bought the business from him, bringing it to Peel when he and Vicky returned home ahead of the birth of their third child. Martin Brunnschweiler, of Bushy’s helped the business become established and sold the cider at his beer tent during the TT three years ago and it proved a hit with bikers.

It’s now also sold at three freehouses and bought in by others for functions. It continues to go down well with TT visitors. The Manx Cider Company’s facebook page has ‘likes’ from as far afield as Japan, Latvia and the USA.

The Quirks use only proper cider apples for their still, cloudy cider and rent an orchard in Maughold, supplementing their crop with apples bought from a family-run farm in Herefordshire that’s known for the quality of its apples and that Benn visits personally.

Benn makes 5,000 litres of cider at a time, selling it in 20-litre boxes. Their cider contains no chemicals or preservatives, although they would like to grow the business sufficiently to look into pasteurisation so they can sell it in bottles. Only lack of land, to grow more apples is stymieing their ambitions.

The couple also plan to extend their bold marketing approach into merchandise, after selling hundreds of T-shirts featuring their potent popular cider, Jimmie Kickstart, this TT and receiving photos back from people wearing them in far-flung parts of the world.

They are also raising a glass to their first award after winning the Cider of the Festival prize at the North West Cider and Perry Show.

Vicky, who gave up her highly qualified position in finance to follow her first love, catering, and Benn, who works as a paediatric nurse at Rebecca House children’s hospice, see a bright future for Manx food and drink.

They said: ‘The Isle of Man, because of the fact that it is an Island, makes everything harder, for example you only have a very small area to work within, everything is a bit more expensive, the logistics of bringing large equipment over can be a headache. But, with a bit of imagination and a realistic vision, you can do some fantastic things. I don’t think we will ever be rich, but we will have lots of fun trying.’
Case study 5 – Berries Luxury Pudding Makers and Confectioners

From small beginnings, exhibiting at a market in its home village of Port St Mary in 2009, Berries Luxury Pudding Makers and Confectioners is now the Island’s fourth biggest exporter of foodstuffs.

Karl Berrie, the company’s founder and managing director, learned his trade from one of the best in the business – Keith Hurdman, who was with the world famous Betty’s and was later development chef for Thornton’s.

Berries supplies on and off-Island clients, including many big-name companies, with its luxury chocolates, cakes and Christmas puddings.

Christmas came early to the firm when, this spring, it was selected to supply its Vintage Christmas Pudding to 500 Aldi stores across the UK. This was as a result of its attendance at the BBC Good Food Show. The supermarket chain’s buyers discovered what the Guild of Fine Food has recognised: Berries’ puddings have received the highest accolade in the organisation’s Great Taste Awards for three consecutive years.

Berries sources ingredients locally where possible, although it buys in chocolate from a Swiss supplier as no local source exists.

The vintage pudding, for example, contains local Gelling’s eggs, Laxey Glen Mills flour, Bushy’s beer, Apple Orphanage cider and Green Mann Spring Water. Gellings can’t keep up with the company’s demand for eggs, so many does it require to fulfil the Aldi order, and Berries has found a second supplier, J Faragher, in Andreas.

Karl and his three staff are in overdrive, working from 7.30am to 9pm seven days a week in the run up to Christmas.

Chocolate – everything from small, beautifully wrapped boxes to artisan bars to the tens of thousands of Three Legs of Mann Berries produces annually – is made in a workshop at Karl’s family home, the award-winning Aaron House B&B on Port St Mary Promenade, while puddings and cakes are created in premises at Balthane industrial estate.

While Berries has received welcome financial support from the Department of Economic Development, it is frustrated at having been stymied in attempts to secure more suitable premises and is turning down orders from household-name stores as a result.

Karl has set his sights on a single and more accessible base where he can not only continue to create his products – ‘everything is hand-made; we don’t run any automated machinery, unlike competitors’, he says – but also have a shop, viewing area, hold talks, tastings and classes in chocolate-making, host school groups and children’s parties and sell patisseries and coffee.

’If that goes ahead, I see a bright future,’ he said.
## Appendix 1 - SWOT analyses

### Supermarket and retail SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets have dominant market share and represent an important route to market</td>
<td>Supermarkets prefer bulk ordering and have sophisticated ordering system.</td>
</tr>
<tr>
<td>Local retailers use local produce as USP</td>
<td>Require guaranteed supplies in both quantity and quality which can be hard for small producers to meet.</td>
</tr>
<tr>
<td>Strong customer loyalty to local brands</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lots of opportunity for import substitution in local market.</td>
<td>Well-established UK brands competing with local products- have advantage of scale and price.</td>
</tr>
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</table>

### Meat SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Isle of Man’ brand</td>
<td>Economies of scale/processing costs</td>
</tr>
<tr>
<td>Farmer co-operative</td>
<td>Export costs</td>
</tr>
<tr>
<td>Recognised quality</td>
<td>Processor unwilling to embrace supply management techniques</td>
</tr>
<tr>
<td>Freshness and low food miles</td>
<td>Producer confidence</td>
</tr>
<tr>
<td>No TB on the IOM-badger friendly beef</td>
<td>Communication</td>
</tr>
<tr>
<td>Good environmental conditions for forage-based systems</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>New products- steak</td>
<td>Declining sales/increasing imports</td>
</tr>
<tr>
<td>New export markets for branded product</td>
<td>Active dealers exploiting market uncertainty</td>
</tr>
<tr>
<td>Possibility of added value products</td>
<td>Declining intake from reducing national herd</td>
</tr>
<tr>
<td>Processed meats</td>
<td>Rising fixed costs</td>
</tr>
<tr>
<td>Frozen</td>
<td></td>
</tr>
<tr>
<td>Catering and hospitality market</td>
<td>Unknown quantity and quality of imports produced to varying standards.</td>
</tr>
<tr>
<td>Labelling/provenance/stable isotope</td>
<td></td>
</tr>
</tbody>
</table>
### Dairy SWOT Analysis

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>‘Isle of Man’ brand</td>
<td>Economies of scale/processing costs</td>
</tr>
<tr>
<td>Farmer co-operative</td>
<td>Export costs</td>
</tr>
<tr>
<td>Recognised quality (cheese awards)</td>
<td><em>Milk Price Order</em></td>
</tr>
<tr>
<td>Freshness and low food miles</td>
<td>Producer confidence</td>
</tr>
<tr>
<td>No TB on the IOM</td>
<td></td>
</tr>
<tr>
<td>Good environmental conditions for forage-based systems</td>
<td></td>
</tr>
<tr>
<td>Producer retailer model</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>New products- possibly 3rd party E.g. yogurt, milk drinks</td>
<td>Declining sales/increasing imports</td>
</tr>
<tr>
<td>New export markets for value-added cheese</td>
<td>Declining intake from reducing national herd</td>
</tr>
<tr>
<td>Possibility of growth in local milk sales</td>
<td>Rising fixed costs</td>
</tr>
<tr>
<td>Delivery rounds- growth potential</td>
<td></td>
</tr>
<tr>
<td>New products- e.g. raw milk</td>
<td></td>
</tr>
<tr>
<td>UHT, powder, whey</td>
<td></td>
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</table>

### Cereal SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td>‘Isle of Man’ brand</td>
<td>Economies of scale/processing costs</td>
</tr>
<tr>
<td>Recognised quality</td>
<td>Export costs</td>
</tr>
<tr>
<td>Short supply chain and small no of producers= artisan status</td>
<td>Lack of brand presence (flour) on local shelves of some retailers.</td>
</tr>
<tr>
<td>Skilled growers</td>
<td>Cheap imports</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>New products</td>
<td>Declining sales/increasing imports</td>
</tr>
<tr>
<td>New artisan bakery markets</td>
<td>Rising fixed costs</td>
</tr>
<tr>
<td>Potential for growth in local sales</td>
<td></td>
</tr>
<tr>
<td>New products0 stone ground flour etc</td>
<td></td>
</tr>
</tbody>
</table>
## Eggs and poultry SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
</tr>
</thead>
</table>
| ‘Isle of Man’ brand  
Recognised quality | Economies of scale/processing costs  
Export costs  
Import costs - pullets and feed  
Inability to produce poultry meat competitively |

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
</table>
| Potential for growth in local sales  
Cage eggs - different market to free range  
Market for high value free-range chicken production | Declining sales/increasing imports  
Rising fixed costs |

## Vegetables and horticulture SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
</tr>
</thead>
</table>
| Established trade  
Customer loyalty  
Personal contact  
Good soils and climate for diverse cropping  
Manx packaging promotes local produce | Scale  
Seasonality  
Quality  
Responsiveness to changes in market |

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
</table>
| Import substitution possibilities  
New crops  
Customer demand  
Short supply chain and guaranteed freshness | Purchasing strategy  
Labour availability in a labour intensive industry  
Succession |
### Fisheries SWOT Analysis

#### Strengths
- Long history of fishing
- Cultural importance
- Government commitment to sustainable fisheries policy
- Government commitment to research-based fisheries management, and access to scientific expertise
- Have achieved sustainability certification, which indicates overall management strength?
- Local legislation and responsive management
- Exclusive control over 0 to 3 mile limit: FMA
- Skilled processing industry (for shellfish)
- Rigorous phytotoxin testing regime - shellfish

#### Weaknesses
- Access to new fisheries subject to population biology and EU Regulations in respect of quota and fishing effort.
- Less control over 3 to 12 mile limit
- Large number of small fishing vessels which have to fish close to shore (lack of fleet diversity)
- No on-Island food product development and testing facilities and expertise
- Relatively unsophisticated seafood production and marketing sector and local consumption, resulting in low product diversity and relative value.
- Inability or unwillingness to manage external effort
- Consequently, increasing effort from visiting vessels

#### Opportunities
- Investment in fisheries biology research so as to better manage for long term sustainability, esp. for king scallop, crab and lobster
- Sea Fisheries Strategy in production
- Some options for new fisheries and/or new products - diversification
- Potential investment in fleet
- Develop market for PDO branded trawl caught Queen Scallops & benefit from any IOM branding/provenance schemes
- Re-gain MSC accreditation for trawl caught Queen Scallops
- Improved relationship between industry and Government
- Pan-Irish Sea fisheries management
- Closed Areas -

#### Threats
- Wild shellfish populations subject to fluctuation – not always predictable
- Inability to manage effort and stocks outside Territorial Sea, with consequent effects on local stock recruitment
- Inability to manage effort within Territorial Sea, especially of UK vessels with consequent threat of latent effort.
- Industry attitudes – short term gain vs longer term sustainability
- Competition from incoming vessels
- Manx workers not willing to work in fish processing – reliance on work permits
- Cost of electricity results in cold storage being cheaper off Island
- Competitors in Ireland and Scotland have access to subsidised export transport costs
- Member states have access to EU funding for vessel improvements, research etc
- EU rules e.g. Western Waters restrictions on larger vessels
### Value-added SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Isle of Man’ brand</td>
<td>Economies of scale/processing costs</td>
</tr>
<tr>
<td>Quality local produce</td>
<td>Export costs</td>
</tr>
<tr>
<td></td>
<td>No product development facility</td>
</tr>
<tr>
<td></td>
<td>Ensuring continuity of supply of raw ingredients</td>
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</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lots of opportunity for import substitution in local market.</td>
<td>New labelling legislation needs to be understood and packaging changed to meet requirements.</td>
</tr>
<tr>
<td>High value products can be profitably exported</td>
<td></td>
</tr>
<tr>
<td>Developing the ‘Isle of Man’ brand to add further value.</td>
<td></td>
</tr>
</tbody>
</table>