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Amy Cogan Wares

# Regional Development in Yorkshire and the Humber (D)

## Short term results

The cluster initiative can be credited with some success in increasing competitiveness, but this has largely occurred at the company level. Consolidation has continued in the industry, led by the large processors that shifted to serving primarily the fresh seafood segment. Numerous companies that continued with frozen fish products have left the industry entirely. The three activities proposed by the cluster initiative have only been partially implemented, however.

Of the three proposals, the perishables hub has advanced the most. There is widespread support for the initiative; however, the implementation of the project has been slow due to unanticipated bureaucratic hurdles related to the airport's location in a jurisdiction different from the rest of the cluster.

The most contentious of the proposed activities has been the consolidation of the two existing auctions in Hull and Grimsby. Hull's Fishgate is state-of-the-art, but small; Grimsby's Fishmarket has greater capacity, but needs additional investment for modernization. Although it is universally accepted that there is not sufficient demand to support two auctions, negotiations on how to merge them have stalled. Parochial local interests and a long-standing rivalry have clouded the judgement of local participants regarding what is best for the region and neither side is willing to compromise.

The export initiative has made the least progress. Cluster participants identified France as a target market and conducted a research trip, but it looks unlikely the seafood cluster will undertake a specialized export programme. According to one cluster member, businesses in Yorkshire and Humber "don't have the mindset to go abroad. They are too used to doing what the supermarkets tell them."

This case was prepared by Amy Cogan Wares on 2011 based on a real experience at the Yorkshire and the Humber Region (England), as the basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation. Some situations, characters and companies have been disguised to preserve confidentiality.
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## Identified obstacles to consolidation of change

The limited progress in some of the action lines is largely due to several factors:

- *Tension of geography*. The appropriate geographic scale for the cluster does not match the level of political authority. Yorkshire Forward has a broader perspective than the local governments, but does not have their political authority. Regardless of political party affiliation, the local governments tend to represent only the narrow interests of their small communities, which are sometimes in conflict with neighboring areas. Yorkshire Forward can provide incentives for cooperation, but often does not have the political leverage to compel cooperation or influence the outcomes of difficult and contentious decisions.

- *Entrenched interests are blocking creative destruction*. An advantage to working at the cluster level is that special interests tend to be neutralized when grouped since opposing views cancel each other out. This dynamic, however, cannot be taken for granted. This is often not the case when those groups that are likely to be harmed from changing the status quo are more organized, vocal and active than those who stand to gain. Associations and other groups that purport to speak on behalf of “industry,” can in fact be promoting only narrow interests that can be in conflict with the greater good for the cluster. This situation has contributed to maintaining the status quo of two unprofitable auctions.

- *Lack of focus*. The cluster initiative is only one of many projects and support programmes for industry in Yorkshire. Although these programmes are beneficial, they reduce the need for companies to engage in cooperative efforts and weaken incentives for more ambitious cluster-level endeavors. These other programmes may be have launched without sufficiently rigorous analysis of trade-offs and unintended consequences.

## Implications for innovation in the region

Although it may not have been explicitly recognized from the outset, working with the seafood cluster made sense for Yorkshire Forward not just because of its importance for employment in the region, but also because of the potential the RDA had for catalyzing innovation.

*Lead markets*. Thirteen of the top 20 food manufacturers in Europe are based in the UK. British consumers are sophisticated and demanding buyers of convenience foods. Accordingly, their supermarkets lead Europe in developing new products and responding quickly to changing market demands. To date, most of the innovation in fresh products and convenience foods has occurred at the retailer level then has been communicated downstream to processors. By supporting the activities identified through the cluster initiative, Yorkshire Forward could encourage local seafood processors to take a stronger role in driving innovation rather than simply taking direction from retailers.

*R&D*. Prior to the cluster initiative, most research and development in the cluster was in the area of processing technology. The cluster program provided an opportunity for Yorkshire Forward to support R&D in other areas critical to the success of the seafood cluster that had not been explored in sufficient depth. Support for R&D has been largely through the development of two institutions: The Seafood Institute and Logistics Institute at the University of Hull.

*Mobility*. Even without government support, there is fair mobility in the cluster as evidenced by the substantial involvement of other European, particularly Icelandic, firms and investors. In cooperation with the EU, Yorkshire Forward is encouraging transport linkages with Norway and the Netherlands, among others, through the Northern Maritime Corridor project. Yorkshire Forward also supports the Humber Economic Partnership and Humber Trade Zone Initiative, programmes that are not limited to seafood, but support economic development, trade and other investment.

## Questions for discussion

Please prepare the answer to the following questions with your group, and be ready to discuss them with the rest of the teams:

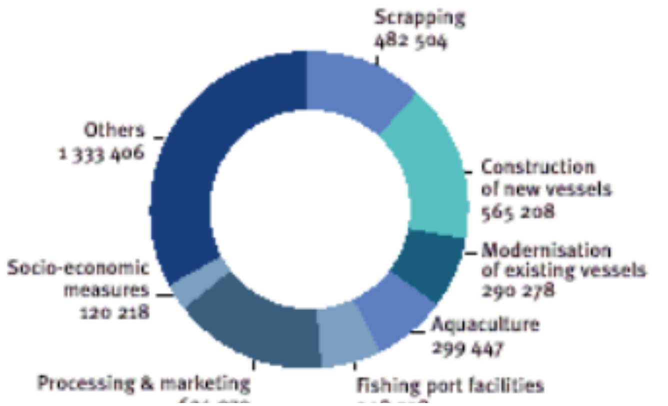
- What learning's can Yorkshire Forward derive from the Humber Seafood cluster initiative?
- What can be extended to other food clusters?
- What can be learned for the whole regional policy? What policies would be affected?
- What are the implications at UK level policy? What would you tell to the Prime Minister's Strategy Unit? (See Annex 1).
- What would you tell to the European Commission about their Common Fisheries Policy? (See Annex 1).

## Annex 1: European Union Common Fisheries Policy (CFP) Community Aid

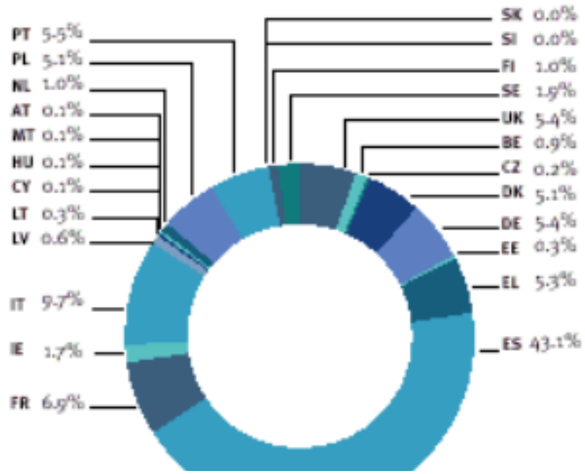
### Community aid

To achieve the objectives of the Common Fisheries Policy (CFP) the European Union provides financial support to the fishing industry via the Financial Instrument for Fisheries Guidance (FIFG, 2000-2006). The FIFG provides assistance in areas such as fleet restructuring, small-scale fisheries, fishing ports facilities, sustainable aquaculture, and the processing and marketing of fisheries and aquaculture products. The overall budget allocation for the FIFG for the period 2000-2006 is now € 4.1 billion, including funds allocated to the new Member States which joined the EU on 1 May 2004. Starting in 2007 the FIFG will be replaced by the European Fisheries Fund (EFF) whose governing principles are designed to respond to the changing needs of European fisheries in the 21st century.

**Distribution of FIFG allocations by area of assistance for the 2000-2006 programming period**
(in thousands of EUR)




**Share of total EU structural aid by Member State (2000-2006 programming period)**



## EU and national aid to the fisheries sector
## Distribution by Member State for the 2000-2006 programming period (in thousands of EUR)

| | Total | Total public aid | | Scrapping | | Construction of new vessels | | Modernisation of existing vessels | |
|---|---|---|---|---|---|---|---|---|---|
| | | EU | National | EU | National | EU | National | EU | National |
| BE | 68 927 | 37 035 | 31 892 | - | - | 3 730 | 4 973 | 6 000 | 6 000 |
| CZ | 10 331 | 7 252 | 3 080 | - | - | - | - | - | - |
| DK | 307 800 | 204 500 | 103 300 | 16 800 | 16 800 | 30 300 | 10 100 | 40 300 | 13 400 |
| DE | 289 375 | 216 478 | 72 897 | 6 700 | 6 334 | 16 239 | 2 971 | 15 817 | 2 886 |
| EE | 18 408 | 12 469 | 5 939 | 2 030 | 507 | - | - | - | - |
| EL | 286 078 | 211 100 | 74 978 | 45 175 | 15 058 | 17 093 | 2 442 | 15 195 | 2 171 |
| ES | 2 413 473 | 1 712 000 | 701 373 | 126 364 | 52 362 | 369 807 | 116 498 | 103 229 | 36 815 |
| FR | 552 060 | 274 482 | 277 578 | 11 144 | 10 381 | 35 264 | 56 910 | 21 926 | 33 557 |
| IE | 87 386 | 69 530 | 17 856 | 4 760 | 1 720 | 11 690 | 2 530 | 11 690 | 2 530 |
| IT | 757 516 | 385 923 | 371 593 | 104 513 | 104 468 | 19 190 | 8 837 | 28 785 | 13 255 |
| CY | 7 738 | 3 419 | 4 319 | 1 486 | 1 486 | - | - | 188 | 313 |
| LV | 32 187 | 24 335 | 7 852 | - | - | - | - | - | - |
| LT | 17 188 | 12 117 | 5 071 | - | - | - | - | - | - |
| HU | 5 731 | 4 390 | 1 341 | - | - | - | - | - | - |
| MT | 3 593 | 2 838 | 756 | - | - | - | - | - | - |
| NL | 86 000 | 38 100 | 47 900 | 2 068 | 2 068 | - | - | 6 850 | 6 850 |
| AT | 11 302 | 5 026 | 6 276 | - | - | - | - | - | - |
| PL | 281 945 | 201 832 | 80 113 | 80 121 | 26 707 | 4 747 | 678 | 16 276 | 2 374 |
| PT | 283 448 | 217 745 | 65 703 | 18 432 | 5 810 | 39 112 | 10 974 | 8 332 | 2 231 |
| SI | 2 375 | 1 781 | 594 | - | - | - | - | - | - |
| SK | 2 613 | 1 829 | 784 | - | - | - | - | - | - |
| FI | 89 086 | 38 953 | 50 133 | 2 500 | 2 500 | 1 035 | 1 765 | 2 040 | 3 510 |
| SE | 114 132 | 74 067 | 40 065 | 5 514 | 5 438 | 8 000 | 2 665 | 8 000 | 2 665 |
| UK | 320 269 | 216 588 | 103 681 | 54 898 | 47 794 | 9 000 | 2 900 | 5 650 | 558 |
| EU-25 | 6 048 959 | 3 973 889 | 2 075 071 | 482 504 | 299 433 | 565 208 | 224 244 | 290 278 | 129 114 |

| | Aquaculture | | Fishing port facilities | | Processing & marketing | | Socio-economic measures | | Others | |
|---|---|---|---|---|---|---|---|---|---|---|
| | EU | National | EU | National | EU | National | EU | National | EU | National |
| BE | 4 515 | 4 768 | 1 850 | 1 150 | 10 081 | 3 831 | 250 | 250 | 10 610 | 10 920 |
| CZ | - | - | - | - | - | - | - | - | 7 252 | 3 080 |
| DK | 10 600 | 3 500 | 36 200 | 27 300 | 35 300 | 11 800 | - | - | 35 000 | 20 400 |
| DE | 30 616 | 8 762 | 33 858 | 14 478 | 82 648 | 21 730 | 200 | 200 | 30 400 | 15 537 |
| EE | - | - | - | - | - | - | - | - | 10 440 | 5 432 |
| EL | 36 738 | 16 933 | 6 155 | 2 109 | 39 113 | 18 406 | 18 423 | 6 141 | 33 207 | 11 718 |
| ES | 118 083 | 57 588 | 75 011 | 28 005 | 280 993 | 156 974 | 64 324 | 23 662 | 574 287 | 229 468 |
| FR | 18 799 | 13 375 | 8 952 | 8 146 | 57 853 | 48 758 | 9 500 | 9 500 | 111 044 | 96 951 |
| IE | 25 680 | 5 010 | - | - | - | - | - | - | 15 710 | 6 066 |
| IT | 8 880 | 14 879 | 5 925 | 9 741 | 10 114 | 15 061 | 481 | 481 | 208 036 | 204 872 |
| CY | 1 026 | 1 710 | 342 | 342 | 137 | 228 | - | - | 240 | 240 |
| LV | - | - | - | - | - | - | - | - | 24 335 | 7 852 |
| LT | - | - | - | - | - | - | - | - | 12 117 | 5 071 |
| HU | - | - | - | - | - | - | - | - | 4 390 | 1 341 |
| MT | - | - | - | - | - | - | - | - | 2 838 | 756 |
| NL | 540 | 900 | - | - | - | - | 1 000 | 1 000 | 27 642 | 37 082 |
| AT | 2 478 | 3 283 | - | - | 1 745 | 2 305 | - | - | 803 | 688 |
| PL | 10 738 | 5 651 | 17 957 | 10 766 | 17 067 | 2 487 | 19 441 | 19 441 | 35 485 | 12 009 |
| PT | 630 | 3 216 | 36 279 | 8 900 | 29 686 | 9 550 | 4 998 | 1 587 | 72 276 | 23 433 |
| SI | - | - | - | - | - | - | - | - | 1 781 | 594 |
| SK | 1 097 | 470 | - | - | 732 | 314 | - | - | - | - |
| FI | 3 800 | 6 000 | 5 500 | 5 500 | 11 054 | 16 634 | 600 | 600 | 12 424 | 13 624 |
| SE | 4 000 | 1 330 | 5 000 | 4 330 | 15 000 | 5 000 | 1 000 | 1 000 | 27 553 | 17 637 |
| UK | 13 227 | 2 103 | 15 728 | 3 463 | 42 547 | 12 114 | - | - | 75 538 | 34 749 |
| EU-25 | 299 447 | 149 479 | 248 758 | 124 231 | 634 070 | 325 191 | 120 218 | 63 863 | 1 333 406 | 759 517 |