

CBI MARKET SURVEY

THE FISHERY PRODUCTS MARKET IN THE EU

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Report summary

This market survey describes and analyses the EU market for fishery products. The main features of this market and recent developments are described below.

Consumption and trends

The total market in the EU measured 10.2 million tonnes in 2006, 10% of the world consumption of fishery products. The five largest consumption markets in the EU, Spain, France, Italy, Germany and the United Kingdom (UK), accounted for more than 70% of total EU consumption in 2006. Per capita consumption amounted to 21 kg (live weight equivalent). In general, the Mediterranean and Scandinavian countries are the major fish and shellfish consumers. The Central European countries and the new EU Member States (often landlocked) do not have a strong tradition of eating marine fishery products. However, consumption is increasing due to rising incomes and increased trade.

Consumption of fishery products in the EU shows a long-term increase. Volume is growing slowly but value is growing faster. Consumers have an increased interest in speciality products and foreign culinary specialities, luxury, value-added products, fish snacks and sustainably produced fishery products. On the other hand, European consumers are switching to fishery products produced outside the EU, such as catfish, tilapia and Nile perch. They are appreciated for their neutral taste and low price. Fishery products fit in well with the consumer trends in health, convenience and indulgence.

Production of fishery products in the EU

EU catches of fishery products stood at 5.6 million tonnes live weight in 2006, down from 6.9 million tonnes in 2001. Catches have shown a declining trend for more than a decade. Although representing only 4% of world production, the EU as a whole is the third largest global producer, after Asia and the Americas. Spain, Denmark, the UK, France and the Netherlands are the main fishing countries. Fish catches in the EU largely depend on Total Allowable Catches (TAC) as agreed by the European Union. For the EU as a whole, these TAC will decrease in the future as fishing stocks in European waters are being depleted. The EU has bilateral agreements with developing countries (DCs) to expand their fishing grounds.

Aquaculture is an alternative source of production and is responsible for 19% of total EU fish and shellfish production. In 2006, aquaculture production measured 1.3 million tonnes, down from 1.4 million tonnes in 2001. Growth in aquaculture production is being impeded by high costs, technical constraints and strong competition from non-EU aquaculture producers such as Norway, Chile and China. However, technical advances are creating new opportunities. Blue mussels, rainbow trout, salmon and oysters are the main species produced in the EU. France and Spain are the major producers of mussels and oysters.

Trade channels

Importers, agents and processing companies outsourcing production are the most important business partners. Retail channels consist of super- and hypermarkets, fishmongers, street markets and convenience stores. Multiple retailers have become more popular at the expense of fishmongers and street markets, particularly in northern Europe. In the southern countries such as Italy and Spain, multiple retailers have not gained as much dominance. Retailing in Eastern European countries such as the Czech Republic and Hungary is changing rapidly with the entrance of large, often Western Europe-based, multiple retailers, who are rapidly gaining market share.

However, in Poland, the largest nation in Eastern Europe, these developments are less advanced.

The distribution channels of fishery products have been consolidating, due to increased competition and improved logistics in fish trade. Consolidation is most clear in the case of frozen, preserved and canned fishery products, but the distribution channels for fresh and chilled fishery products are also changing. Another trend is multiple retailers buying directly from producers – especially aquaculture products – or from one (or few) preferred suppliers. Demand for more service, efficiency and above all, safety is growing. The latter leads to shorter supply chains and thus to more direct relations between suppliers and retailers, as supply needs to be traceable at all times.

Imports and exports

The EU is a major net importer of fishery products, since production falls short of demand. The European fish processing industry will be increasingly dependent on other countries for its supply of raw material. Imports are growing strongly. Between 2003 and 2007, the import value increased by 26%, reaching €28.9 billion in 2007. Import volume was 8.8 million tonnes in 2007, an increase of 11% compared to 2003.

Other EU countries supplied 45% of the total EU imports. Major importers of fishery products such as the UK, Denmark and the Netherlands re-export primary and processed fishery products to other European countries. Norway is the largest supplier to the EU, especially for fresh, chilled and frozen fish. DCs had a 33% share in total EU imports in 2007. Imports from DCs grew more than total imports or imports from EU countries or other countries outside the EU. Good export opportunities lie in freshwater species from tropical waters, including (Vietnamese) catfish, Nile perch and tilapia, 'China' cod (low-priced 'double-frozen' Alaska pollack cuts and fillets produced (but not caught) by China), cuttlefish, and squid and octopus. DCs are increasingly suppliers of shrimps and prawns and the more traditional species such as salmon and hake. Prepared or preserved tuna is interesting because the market volume is large and growing, as is the market for sardines and anchovies.

Of all EU exports, 72% were to other EU countries, which illustrates the importance of trade among EU countries. Denmark, Spain and the Netherlands are the largest exporters of fishery products. The major exported product group was fresh, chilled or frozen fish, accounting for 59% of total export value in 2006.

Opportunities for exporters in developing countries

The fishery products market in the EU offers both opportunities and threats for exporters in DCs. There are major opportunities in creating or adapting products to capitalise on trends in consumption, production and trade. In particular products that fit into the current health, convenience, indulgence, and sustainability trends can benefit from current market opportunities. Exporters who commit themselves to adding value through supplying ready products or participating in the trend towards outsourcing can serve an increasing demand. There are opportunities in processed products such as de-boned and filleted fish and ready-to-use frozen products.

Threats that can make it more difficult to export to the EU market include stagnating consumption volumes in the 'old' EU countries (EU-15), strict demands for quality and food safety, increasing fuel prices and increased consolidation in buyers' markets demanding large-scale production. It is clear that these trends and market developments offer both opportunities and threats to exporters. Therefore, they should always be analysed in relation to one's own specific circumstances, which determine whether a development or trend provides an opportunity or threat.

Introduction

This CBI market survey profiles the fishery products market in the EU. The emphasis in this survey is on those products that are of importance to developing country suppliers. The role of, and opportunities for, developing countries are highlighted.

This market survey discusses the following product groups:

- fresh, chilled or frozen fish and fish fillets¹;
- fresh, chilled or frozen crustaceans;
- fresh, chilled or frozen cephalopods;
- fresh, chilled or frozen molluscs other than cephalopods
- prepared or preserved fish;
- prepared or preserved crustaceans and molluscs.

For detailed information on the selected product groups please consult Appendix A. More information about the EU can be found in Appendix B.

CBI market surveys covering the market in specific EU Member States, specific product groups and documents on market access requirements can be downloaded from the CBI website. For information on how to make optimal use of the CBI market surveys and other CBI market information, please consult 'From survey to success: export guidelines'. All information can be downloaded from <http://www.cbi.eu/marketinfo>: Go to 'Search CBI database' and select your market sector and the EU.

¹ Subsequently often abbreviated as 'fresh, chilled or frozen fish'.

1 Consumption

1.1 Market size

With an apparent consumption² of 10.2 million tonnes (live weight) in 2006 (Figure 1.1), the EU constitutes the second largest fishery products market in the world, after China and ahead of Japan and the USA. The EU consumed around 10% of all fish supplied to the world market in 2006. China alone accounted for 39% of world fishery products supply. Between 2001 and 2006, total EU consumption decreased by 6% in volume, an average annual change of -1%. Unfortunately, aggregate data on value change of consumption are not available. In view of increasing prices and data from individual countries, it can be assumed that the value of consumption in this period has increased. In 2006, Gross Domestic Product of the 27 EU countries grew by 3.1%.

The consumption of fishery products differs widely among the EU countries. Per capita consumption of fishery products is highest in Portugal (46 kg), Spain (44 kg), and Ireland (38 kg). The five largest consumption markets in the EU accounted for more than 66% of EU consumption in 2006. In general, the Mediterranean and Scandinavian countries are large consumers of fishery products. France has the largest market for fishery products, although consumption per person is not the highest. Per capita consumption in Italy and the UK are around EU average, but due to the population size, they are important markets, and so is Germany. The Central European countries do not have a strong tradition of eating fishery products. Most of these countries are landlocked and lack a significant marine fishing sector, although freshwater species are consumed. However, in these countries consumption of fishery products is increasing as trade is increasing and incomes are rising.

It is assumed that total consumption volume will increase modestly and value will increase more as prices of fishery products are expected to increase and more higher-value products are consumed. The Food and Agricultural Organisation (FAO) predicts that consumption of frozen fish will decrease and consumption of fresh, chilled, prepared or preserved fish will remain stable. Consumption of crustaceans and molluscs is expected to increase. The markets in the new EU countries Romania and Bulgaria, along with those in Latvia, Austria and Slovenia have shown the highest growth rates. Their performance was well above EU average. Germany, Portugal and Slovakia have also performed well. In contrast, the markets in Poland, Ireland and the Netherlands have performed below the EU average.

Table 1.1 Total EU apparent consumption* of fishery products (live weight) 2001-2006, thousand tonnes

	2001	2002	2003	2004	2005	2006	Kg per capita
Total	10,793	10,216	9,929	9,726	10,437	10,175	20.6
Spain	1,929	1,727	1,834	1,713	1,667	1,927	44.0
France	1,423	1,463	1,425	1,474	1,493	1,486	23.6
Italy	1,183	1,119	1,198	1,125	1,218	1,249	21.2
UK	1,148	1,100	968	1,049	1,096	1,135	18.8
Denmark	1,475	1,367	990	1,017	873	879	24.0
Germany	721	747	789	732	681	834	10.1
Portugal	435	436	461	448	1,176	490	46.3
Poland**	408	403	363	374	341	351	9.2
Netherlands	416	400	407	239	310	295	18.0

² For comparison purposes, this survey uses data from Eurostat and FAO to calculate consumption. These consumption data are also known as apparent consumption, which is calculated as production plus imports minus exports of fishery products. This results in a uniform data set, allowing comparisons between EU countries. These data include home and out-of-home consumption, and industrial demand. However, in the surveys covering the individual countries, additional national sources are used, which give a more detailed view of consumption, often based on product weight.

	2001	2002	2003	2004	2005	2006	Kg per capita
Sweden	263	258	285	271	256	231	44.2
Greece	221	209	206	193	213	202	18.2
Finland	192	187	176	185	172	192	36.4
Ireland	218	126	115	136	176	162	38.4
Belgium	141	152	158	161	158	152	14.5
Lithuania	185	166	164	168	142	151	44.4
Romania	62	67	78	79	93	94	4.4
Czech Republic	71	69	70	74	74	71	6.9
Latvia	43	32	40	61	75	64	27.7
Austria	45	44	46	53	60	58	7.0
Hungary	31	31	33	31	38	38	3.7
Bulgaria	24	30	34	29	29	35	4.6
Slovakia	23	22	21	24	22	25	4.7
Cyprus	91	12	13	16	25	16	21.0
Slovenia	11	12	12	13	13	14	7.0
Malta	16	12	26	24	14	10	25.9
Luxembourg	7	6	7	7	7	7	16.3
Estonia	11	19	9	28	15	5	4.0

* Apparent consumption is calculated by adding production to imports and subtracting exports. It has to be noted that fishery products used for the Danish fishmeal industry (i.e. not used for human consumption) are included in consumption volume. As a result, apparent EU consumption volume is higher than real consumption volume.

**Import and export figures older than 2004 are unavailable. Therefore, data of 2004 have been used for the years 2001-2003, to avoid large fluctuations in total apparent EU consumption.

Sources: Food and Agriculture Organization 2007 and Eurostat 2008a.

1.2 Market segmentation

The European fishery products market can be divided roughly into three major regions: Northern Europe including the UK, Ireland, the Scandinavian countries and the Netherlands, Central Europe including Germany, Austria, Poland and the Czech Republic and the Mediterranean countries. In Northern Europe, the most consumed species are the cold-water species such as cod, herring, mackerel, pollack, flatfish and trout. In these countries, ready meals are more popular than in southern European countries and, in general, processed fishery products have a higher market share. In the Mediterranean region, species such as hake, sardines, squid, octopus, and various molluscs are more popular. In those countries, a larger part of consumption consists of fresh, unprocessed fish, which is prepared further at home. France has a middle position, with high demand for both unprocessed and value-added products. Some species are popular throughout Europe, e.g. tuna, salmon and shrimps. The Central-European countries have a weak tradition of eating fishery products and the lowest EU consumption levels.

When looking at the importance of branding in fishery products, large differences can be noticed in EU countries. Brands are especially important in the canned, prepared, and frozen segments of the market. Brands therefore have a strong position in countries where much of the fishery products are purchased in frozen or preserved form (e.g. Germany). Fish that is sold over the counter or in the refrigerated display of supermarkets does not carry a brand. Thus, in countries where most of the fishery products are sold fresh (for example Spain), brands have a smaller share of the consumer market.

The age of the consumer is another way of segmenting the market. In many European countries, the consumption level of fishery products is highest among people who are aged above 50. These consumers also buy more fresh fish and whole fish compared to younger consumers. However, all age groups eat fishery products. Young people and especially children often prefer fish fingers and canned fish to fresh fish, molluscs and cephalopods.

1.3 Trends

General

The general trend in the EU since the 1980s has been increasing consumption volumes. Although data are not available, consumption value of fishery products has increased more than volume due to increased sales of convenience and luxury fishery products. It is expected that prices keep rising because sales of these products are growing in almost all EU countries and supply is increasingly scarce.

Over the past decades, the following fishery products have clearly added to the increasing consumption levels:

- Salmon, with consumption increasing substantially in both fresh and smoked forms, building upon the availability of more affordable farmed salmon;
- Shrimps and prawns, with tropical shrimps providing additional supply and succeeding in shelf space;
- Smoked fillets in general; besides salmon also trout, mackerel and eel;
- Value-added products, e.g. surimi, sushi and ready-made meals;
- Fish fillets and portioned fish, responding to the call for convenience;
- Exotic fishes such as tilapia, Nile perch and (Vietnamese) catfish (pangasius), which owe their popularity primarily to their neutral taste and low price.

The fish market is clearly driven by the demands for health, convenience and indulgence or 'experience'. Many fishery products that have been successful in the EU the last years, combine several trends in consumption and therefore appeal to a large group of consumers. Sustainably produced fishery products are an increasingly important trend in countries such as the UK, Germany and the Netherlands. The availability of fishery products has increased dramatically due to the increasing role of supermarkets in retail sales. Fishery products are now easily available to all consumers. The major trends, drivers and constraints for the fishery products market will be discussed in detail below.

Health

Fish has a healthy image. It thus fits well in the health food trend. Many consumers try to adapt to a more healthy diet with little fat and high nutritional value. Fish fits this demand since it is generally low in calories and high in protein, vitamins and minerals. Fish has qualities that can play a role in combating health problems. For instance, the omega-3 fatty acids present in fatty fishes have a positive influence on the prevention of heart diseases. In numerous countries, large campaigns are aiming at increasing awareness of the health benefits of fishery products and getting people to eat more fish. Unfortunately, there is also negative publicity about toxicity levels in fish. For example, there have been official warnings to limit the consumption of certain wild-catch species such as tuna and swordfish because these contain excessive levels of mercury. The high contents of antibiotics in farmed fish and shrimps have also damaged the image of fishery products.

Convenience and value-added products

Due to time constraints, people spend less and less time on shopping and preparing meals. This trend is related to the increasing participation of women in the labour market and the increase in the number of single-person households. Therefore, consumers often shop only once a week in super- or hypermarkets where they buy all their necessities at once, the so-called 'one-stop shopping'. To respond to the demand for convenient products, supermarkets offer conveniently packed and easy to prepare fishery products such as fresh (chilled) or frozen fish fillets or ready-prepared fishery products. This way of offering fishery products is likely to increase consumption levels. Fishery products are also made more convenient to fit other consumer trends.

New, value-added and convenience products are designed to:

- Expand the opportunities when fishery products can be consumed, by offering fish salads and spreads for lunch, fish snacks for eating on-the-go, and fish products for starters or party snacks (for instance tapas, hors d'oeuvres, sushi, and dim sum);
- Expand to new distribution channels by offering fishery products that can be consumed for lunch, dinner or on-the-go;
- Attract new consumers that find fish difficult to prepare or are not familiar with eating fishery products;
- Attract high-income consumers with luxury fishery products;
- Attract low-income consumers by introducing lower-priced species;
- Attract new fish eaters by introducing species with a more neutral taste.

Increased interest in speciality products and foreign culinary specialities

Increasing international holiday travel, the growing numbers of international and ethnic food restaurants and special cooking programmes have stimulated northern European consumers to adopt more non-traditional fishery products in their menus. Examples are deep-fried cuttlefish (calamari), king prawns (gambas) and other tapas dishes. Sushi, dim sum and surimi are other examples. The growing ethnic population also introduces culinary traditions. In general, new, tropical species that are expected to be included in the menu are tilapia, pangasius and tiger prawns. On the other hand, it has to be noted that not all consumers are familiar with fish eating. In addition, lack of knowledge on how to prepare fish, the taste and smell of fish and the presence of bones are constraints to consumption. Nevertheless, examples from France and Spain indicate that penetration of fishery products in 90% of the households is possible. In the UK and the Netherlands, a penetration of more than 80% was achieved.

Price-conscious consumers

Several countries such as the Netherlands, the UK and France have price-sensitive markets where retailers keep prices low to target price-sensitive consumers and increase their market share. Germany has always been a very price-conscious market with strong positioning of hard-discount retail stores. In this competitive environment, there is a clear need for low-priced, simple products. The success of 'exotic' species such as Nile perch, tilapia and Vietnamese catfish is partly related to this trend. These are cheaper than the scarce and more expensive EU products. For some market segments, taste may even be of secondary importance, which explains the success of low-priced 'double-frozen' Alaska pollack cuts and fillets produced (but not caught) by China (sometimes misleadingly named 'China cod').

Sustainably produced fishery products

European consumers increasingly express their concerns about social and environmental issues in food production. Citizens and consumer groups regularly press both governments and companies to address these issues, and some adapt their purchasing behaviour. There are several major consumer concerns with regard to the fishery products market:

- over-exploitation of fishing grounds, depletion of wild-catch fish stocks and competition between fishing activities and nature conservation;
- environmental and sanitary aspects of fish farming (e.g. use of antibiotics, contamination of freshwater, use of fish as feed);
- social aspects in aquaculture and in capture fisheries, such as child labour (for example on Lake Volta or prawn farms in Bangladesh), gender issues and the position of local producers;
- concern about animal welfare and biodiversity - too many small fishes, dolphins and turtles are caught as side catches;
- organic fishery products: this is a small but growing trend especially in Germany and the UK. Currently, only farmed fish can be certified organic. Captured fish cannot easily be certified organic because the history of the product is not known.

These consumer concerns are often channelled through major retailers, who persuade suppliers to source more sustainably produced fishery products. Several supermarket chains have started to provide information about sustainability on the fishery products they sell. For instance, retailer Albert Heijn in the Netherlands has introduced a label. As a result, the supply of sustainably produced fishery products is growing, with the Northern European countries (particularly the UK, the Netherlands, Germany and the Scandinavian countries) taking the lead in this. A well-known certification is the Marine Stewardship Council (MSC), a seafood eco-label which recognises and rewards sustainable fishing. MSC is a global organisation working with fisheries, seafood companies, scientists, conservation groups and the public to promote the best environmental choice in seafood (<http://www.msc.org>). The label is present on retail packages and therefore visible to the consumer. Another certification initiative for fishery products is GlobalGAP. It applies to retail suppliers only and therefore no trade mark is visible on the retail pack.

1.4 Opportunities and threats

The most important opportunities and threats in consumption are:

- + Consumption in the EU is growing in value.
- + Consumption in the new EU countries is growing strongly, where trade is increasing and disposable incomes of consumers are rising.
- + Growing demand for value-added, luxury and speciality fishery products.
- + A gradual acceptance of new fish species as alternatives to traditional species.
- + Fishery products have a positive health image and fit in with the health trend present in almost all EU countries.
- ± Consumer concerns increasingly require sustainably produced fishery products.
- Retail prices of traditional fishery products are high, which may hinder growth in consumption volume. Alternative, low-priced species may mitigate this development.

1.5 Useful sources

- Fish Information & Services, website with information on international trade of fishery products - <http://www.fis.com>;
- IntraFish, website with information on international trade of fishery products - <http://www.intrafish.com>;
- Seafood Norway, website with information on international seafood business - <http://www.seafood-norway.com>;
- United States Department of Agriculture – USDA GAIN reports about markets for fishery products in EU countries:
<http://www.fas.usda.gov/scriptsw/attacherep/default.asp>
→ select in 'commodities' fishery products
→ select in 'countries' the target country;
- Seaweb, report on the European marketplace for sustainable seafood - <http://www.seaweb.org>.

2 Production

2.1 Size of production

Total production

Worldwide, Europe is the third largest producer of fishery products, after Asia and the Americas. Large fish-producing nations are Russia, Norway, and Iceland. Within Europe, the EU is responsible for 43% of total production. According to the Food and Agriculture Organization (FAO), total production (captures and aquaculture together) amounted to almost 6.9 million tonnes in 2006 (Table 2.1). This is 4% of the total world production of 160 million tonnes.

China is by far the largest fishing nation with a production of nearly 63 million tonnes in 2006 (39% of world production). Between 2001 and 2006, China increased its production by 23%. Chinese production was mostly in aquaculture (72% of total production in 2006). Capture production is only 28% of total Chinese production, but the country is still the largest producer of fish catch worldwide. Peru is the second largest producer in the world and accounted for 4.4% of world production. Its fish catch is almost exclusively used for the fish meal industry. Other large fishing nations are Indonesia and India (each 4% of world production), and Japan and the USA (each 3%).

Marine and inland catches made up 81% of total EU production in 2006; the remaining 19% was from aquaculture. Between 2001 and 2006, total EU production volume decreased by 16%. Explanations must be sought in the EU Common Fisheries Policy (CFP) (see below). Catches are expected to decrease even more in the coming years.

Table 2.1 Total EU production of fishery products 2001-2006, volume in thousand tonnes

	2001	2002	2003	2004	2005	2006
Total EU	8,239	7,562	7,209	7,179	6,962	6,886
Spain	1,400	1,145	1,163	1,101	1,065	1,242
Denmark	1,552	1,474	1,074	1,133	950	905
France	866	883	878	861	833	812
United Kingdom	912	869	817	861	843	796
Italy	529	454	488	406	478	489
Netherlands	575	518	593	600	621	479
Germany	265	274	335	319	330	333
Sweden	319	301	293	276	262	277
Ireland	417	345	329	339	323	264
Portugal	201	211	220	228	218	236
Greece	192	184	195	191	199	212
Poland	261	256	216	227	193	180
Finland	166	157	135	148	146	162
Lithuania	153	152	160	165	142	157
Latvia	129	114	115	126	151	141
Estonia	106	102	79	88	99	87
Czech Republic	25	24	25	24	25	25
Belgium	32	31	28	28	26	24
Hungary	20	18	18	20	21	22
Romania	18	16	19	13	13	15
Bulgaria	9	17	17	11	9	11
Cyprus	83	4	4	4	4	5
Malta	2	2	2	2	2	4
Slovakia	3	3	3	3	3	3
Austria	3	3	3	3	3	3
Slovenia	3	3	3	3	3	3
Luxembourg	0	0	0	0	0	0

Source: FAO (Fishstat), 2008

Capture production

EU's capture production was 5.6 million tonnes in 2006, a decrease of 18% compared to 2001 (Table 2.2). Spain is the largest fishing nation in the EU, accounting for 17% of all EU captures in 2006. Unlike other large fish-producing countries, Spain has increased its production by 16% from 2005. Most captured fish is for human consumption. Denmark is the second largest fishing nation and a large part of the catch is used by the Danish fish meal industry. Other countries with large fishing fleets are the UK, France and the Netherlands, all supplying fish for human consumption; all these countries experienced a decrease in production. Countries with large and increasing capture volumes were Italy, Germany, Sweden and Portugal. The small fish-producing nations of Slovakia, Cyprus, Malta, and Czech Republic increased their production, but their contribution to the EU total is very small.

EU Fishing grounds

The most important fishing ground for the EU is the Northeast Atlantic Ocean, with 72% of all captures. However, captures from this area are decreasing due to restrictions set by the Common Fisheries Policy (CFP). The CFP sets quotas for Member States, specifying which fish species and what amounts they are allowed to catch. This is done to ensure sustainable exploitation of living aquatic resources (European Commission, 2008). Between 2001 and 2006, 19% less fish was caught in this part of the ocean.

Other important fishing grounds are the Mediterranean and the Black Sea (10% of fish captures in 2006), the Eastern Central Atlantic Ocean (7%) and the Western Indian Ocean (6%). The latter, just off the African coast, is growing in importance as a source of fishery products. Between 2001 and 2006, captures from this area increased by 47%. This was mainly due to a shift of skipjack and yellow fin fishing from the Northeast Atlantic to this region. The Spanish and French fishery fleets catch most of these tuna species.

Capture species

The main species caught are the Atlantic herring (13% of total captures in 2006), European sprat (9%), blue whiting (8%), Atlantic mackerel (5%) and European pilchard (4%). The captures of blue whiting increased by 46% between 2001 and 2006. Catches of herring and European pilchard also increased (both by 3%), while those of European sprat and mackerel decreased (by 6% and 35% respectively). The Northeast Atlantic Ocean is the most important fishing ground for these species.

Blue whiting has seen a remarkable increase in popularity. This species has a neutral flavour, is amply available in the Northeast Atlantic Ocean and is cheap. Traditionally, Blue whiting was used by the fishmeal industry, but the fish processing industry has now discovered its suitability in products such as fish fingers and fish snacks. It is a viable alternative to traditional white species such as cod and pollack, whose availability has become limited.

Table 2.2 EU capture production of fishery products, 2001-2006, volume in thousand tonnes

	2001	2002	2003	2004	2005	2006
TOTAL	6,854	6,289	5,866	5,847	5,686	5,603
Spain	1,091	890	895	807	846	949
Denmark	1,511	1,442	1,036	1,091	911	868
United Kingdom	741	690	635	653	670	624
France	615	631	638	599	575	573
Netherlands	518	464	526	522	549	435
Italy	310	270	296	287	297	315
Germany	211	224	261	262	286	298
Sweden	312	295	287	270	256	269
Portugal	193	203	212	221	212	229
Ireland	356	283	266	281	263	211
Lithuania	151	150	157	162	140	155
Finland	150	142	122	135	132	149
Poland	225	223	180	192	155	144
Latvia	128	114	115	125	151	140
Greece	94	96	93	94	92	98
Estonia	105	101	79	88	99	86
Belgium	30	29	27	27	25	23
Hungary	7	7	7	7	8	8
Bulgaria	7	15	12	8	5	8
Romania	8	7	10	5	6	7
Czech Republic	5	5	5	5	4	5
Malta	1	1	1	1	1	2
Cyprus	81	2	2	2	2	2
Slovakia	2	2	2	2	2	2
Slovenia	2	2	1	1	1	1
Austria	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0

Source: FAO (Fishstat), 2008

Aquaculture

Aquaculture production worldwide is increasing rapidly. In the EU, this method of production has been fluctuating in volume between 2001 and 2006. In 2006, aquaculture production amounted to 1.3 million tonnes (Table 2.3), an increase of 5% compared to 2005, but an overall decrease since 2001 (-7%). Production of sea bass, sea bream and turbot has been growing compared to 2001.

Aquaculture production in the EU largely is based on four species: sea mussels (18% of total aquaculture production in 2006), rainbow trout (16%), blue mussel (11%), Atlantic salmon (11%), and oysters (10%). Between 2001 and 2006, production of all these species decreased except oysters, production of which increased by 9%. Spain is the largest producer (23% of total EU aquaculture production) and produces mainly blue mussels. The second largest producer, France (19%), produces oysters, mussels and trout. Italy (13%), the UK (13%) and Greece (9%) are other large producers. The UK is the main supplier of Atlantic salmon.

Aquaculture is an increasingly important alternative to capture fisheries. Fish supply from aquaculture is more stable throughout the year and can also more easily meet the changing demands of customers.

Table 2.3 EU aquaculture production of fishery products, 2001-2006, volume in thousand tonnes

	EU aquaculture production					
	2001	2002	2003	2004	2005	2006
TOTAL	1,386	1,273	1,344	1,331	1,276	1,283
Spain	309	255	269	294	220	293
France	252	252	240	261	259	239
Italy	218	184	192	118	181	173
United Kingdom	171	179	182	207	173	172
Greece	98	88	101	97	106	113
Ireland	61	63	63	58	60	53
Netherlands	57	54	67	79	71	44
Denmark	42	32	38	43	39	37
Poland	35	33	35	35	38	36
Germany	53	50	74	57	45	35
Czech Republic	20	19	20	19	20	20
Hungary	13	12	12	13	14	15
Finland	16	15	13	13	14	13
Romania	11	9	9	8	7	8
Sweden	7	6	6	6	6	8
Portugal	8	8	8	7	7	7
Bulgaria	3	2	4	2	3	3
Cyprus	2	2	2	2	3	3
Austria	2	2	2	2	2	3
Lithuania	2	2	2	3	2	2
Slovenia	1	1	1	2	1	1
Slovakia	1	1	1	1	1	1
Belgium	2	2	1	1	1	1
Malta	1	1	1	1	1	1
Estonia	0	0	0	0	1	1
Latvia	0	0	1	1	1	1

: FAO (Fishstat), 2008

The fish processing industry

The European fish processing sector is small. It accounted for only 2% of the EU food and drink industry in 2006 (Confederation of the Food and Drink Industry in the EU, 2006). But it is an important employer, especially in those regions that are heavily dependent on income from fishery. The sector produces processed fishery products with a value of around €18 billion a year. This is almost twice the value of landings and aquaculture production together. The most important types of products are canned fish (€6.7 billion) followed by fresh, chilled, frozen, smoked or dried fish (€5.2 billion). Production has continued to grow in recent years while employment in the sector has been decreasing, largely because smaller processing companies and companies that cannot adjust quickly to new food safety standards and techniques are either closing down or merging with larger companies. Companies in the fish-processing sector are very vulnerable to fluctuations in supply. To ensure a regular supply of fishery products, EU companies have to rely on imports. The countries with the largest fish-processing industries are Spain, the UK, France and Denmark. Typically, the first three countries produce mainly for human consumption, while the Danish fish-processing industry is largely dedicated to producing fishmeal.

Processing is defined as any activity that adds value to raw products, for example filleting, cooking, breading, canning or smoking. The most important processed products are fillets and breaded, cooked fish, but ready-to-eat and easy-to-prepare products are increasingly becoming important.

An emerging trend is the outsourcing of some or all of the processing activities to the country of origin. An increasing amount of fish caught by the EU fleet is outsourced to low labour cost countries for processing.

For example, shrimps from EU territorial waters are transported to Morocco or Poland for cleaning and peeling and then imported into and traded within the EU.

The main reason is that coldwater shrimps are unsuitable for processing by machinery due to their small size. This has to be carried out manually, a very labour-intensive task. Marine fish, notably cod, is increasingly transported to DCs too, for filleting and import into the EU. Another clear trend is the shift of labour-intensive tuna processing from Spain to Latin American countries where production costs are considerably lower.

2.2 Trends

According to FAO, worldwide production of fishery products will increase to 179 million tonnes by 2015. Production growth is expected predominantly in aquaculture, especially in Asian and African countries. Capture production is stagnating at around 95 million tonnes (albeit with yearly fluctuations). Fish stocks in the Atlantic Ocean are under severe pressure. The most endangered species are cod, hake, plaice, anchovies and bluefin tuna. The EU policy aims at transforming the EU fishery sector into a more sustainable one, in order to safeguard the future of aquatic resources. Consequently, the total allowable catches (TAC) of species that have suffered most from over-exploitation have been reduced substantially to ensure sufficient recuperation of the fish stocks. If and when this policy is successful, it may result in increasing levels of sustainable catches in the future.

The fish-processing industry in particular is faced with a growing shortage of raw materials. The industry is searching for alternatives, for example by importing traditional species or by introducing new species to replace traditional ones. Alternative supply will have to be imported from countries outside the EU. DCs especially supply 'replacement species', as the traditional species are generally not found there. One of the ways in which the EU aims to secure fish supply is by making bilateral agreements with DCs on the exploitation of their fishing grounds. The disadvantage is the reduced availability of fish for the local fishing sector. However, the EU invests in the local development of the fishery sector. The long-term effects of these agreements on the fish stocks and the environment are unknown.

The European Commission (EC) has been trying to facilitate imports from third countries by lowering the import tariffs of raw and semi-processed fishery products. However, there is some resistance to these measures as they may lower the anticipated price of EU landed fish. Some small adjustments in tariffs have been made and the negotiations continue.

Another constraining factor in EU production is the recent fuel crisis. Since 2002, prices of marine fuel prices have increased by some 240%. This has led to a severe economic crisis in segments of the fishing fleet where fuel costs make up an extremely high proportion of revenues. This is the case, for example, in vessels using towing gear (trawlers). The EU has adopted emergency measures to mitigate this. For more information, please refer to the website of the EC on fisheries, <http://ec.europa.eu/fisheries>.

Aquaculture production cannot compensate for the decrease in catches. Production from aquaculture in the EU is facing technical constraints and inefficiencies. EU aquaculture production also faces strong competition from Chile and Norway, countries that are producing relatively low-cost products in large volumes. New opportunities in aquaculture can arise from the current technical advances that are being made that will allow traditional wild-catch species such as cod and plaice to be produced in aquaculture. However, aquaculture is highly dependent on the availability of fish feed. The conversion factor of fish feed is low – a lot of fish feed is needed to produce one kilo of farmed fish – and captures of fish for producing fish feed is a limiting factor.

Until recently, it was not possible to farm commercial species such as cod. But due to technological developments in aquaculture, small volumes of cod are now farmed in the UK. Further improvements in farming techniques may lead to an increase in farmed cod in the future. Although there are many wild species that potentially can be produced in aquaculture systems, only a few of them are suitable for commercial aquaculture as production costs can be very high.

2.3 Opportunities and threats

The most important opportunities and threats in production are:

- + Reduction of captures of many fish species in the Northeast Atlantic and subsequent reduced supply of fishery products in the EU, due to quota restrictions set by the EU.
- + Inefficient aquaculture production in the EU due to high costs, technical difficulties and increased competition from other non-EU aquaculture producers.
- + Growing demand for alternative fish species by the food-processing industry.
- + Growing competition between fish used for fish meal and fish for human consumption due to increasing aquaculture production worldwide.
- + Increased outsourcing of fish processing activities. Next to degutting and filleting, cutting, breaching and battering are increasingly being outsourced.
- + Bilateral agreements between EU and DCs on the exploitation of fishing grounds, which decreases export opportunities for local businesses and local fish supply, although conditions are included for the protection of the local fish industry.
- New developments in aquaculture production may lead to more cost-efficient production of traditional and other species in the EU, if constraints are overcome. An example of a potential, alternative, growth market is offshore aquaculture for the production of marine fish in coastal waters.

2.4 Useful sources

- European Commission, Directorate General Fisheries - http://ec.europa.eu/fisheries/index_en.htm;
- Fishstat Plus, software for statistical time series on fisheries, by the Food and Agriculture Organization (FAO)- <http://www.fao.org/fi/website/FIRetrieveAction.do?dom=topic&fid=16073&lang=en>
- FAO Fisheries and Aquaculture Department - <http://www.fao.org/fi/website/FIRetrieveAction.do?dom=topic&fid=16000>;
- Globefish, FAO unit responsible for information on international fish trade - <http://www.globefish.org>;
- Fish Information & Services, website with information on international trade in fishery products - <http://www.fis.com>;
- IntraFish, website with information on international trade in fishery products - <http://www.intrafish.com>;
- European Aquaculture Society - <http://www.easonline.org>;
- Fisheries and Aquaculture in Europe Magazine <http://ec.europa.eu/fisheries> > Publications;
- Eurofish Magazine - <http://www.eurofish.dk> > publications.

3 Trade channels for market entry

3.1 Trade channels

The European fish and shellfish market is characterised by many small and medium suppliers, processors and distributors. The structure of the trade channels has been changing. The number of links in the supply chain, including importers, distributors, wholesalers, food brokers, agents and retailers (each with their own expertise and tasks) has been decreasing. This consolidation of distribution channels is the result of increased competition and improved logistics in the fish trade. While consolidation is most clear in the case of frozen, preserved and canned fishery products, the distribution channels for fresh and chilled fishery products are also changing. Fresh fish is often not branded and retailers can therefore easily substitute one supplier with another. In this segment, buyers increasingly skip the traditional fish auctions and buy their raw materials directly from fishing companies.

The following types of business partners are the most important importers of fishery products (see also Figure 3.1).

Importers

Importers buy and sell fishery products, mainly to the fish processing industry, multiple retailers and wholesalers. Often, they handle import formalities and obtain ownership of the goods. In most cases, they have long-standing contacts with their suppliers and can advise exporters on quality requirements, preferred size and degree of processing, and kind of packaging.

Processing industry (processing importers)

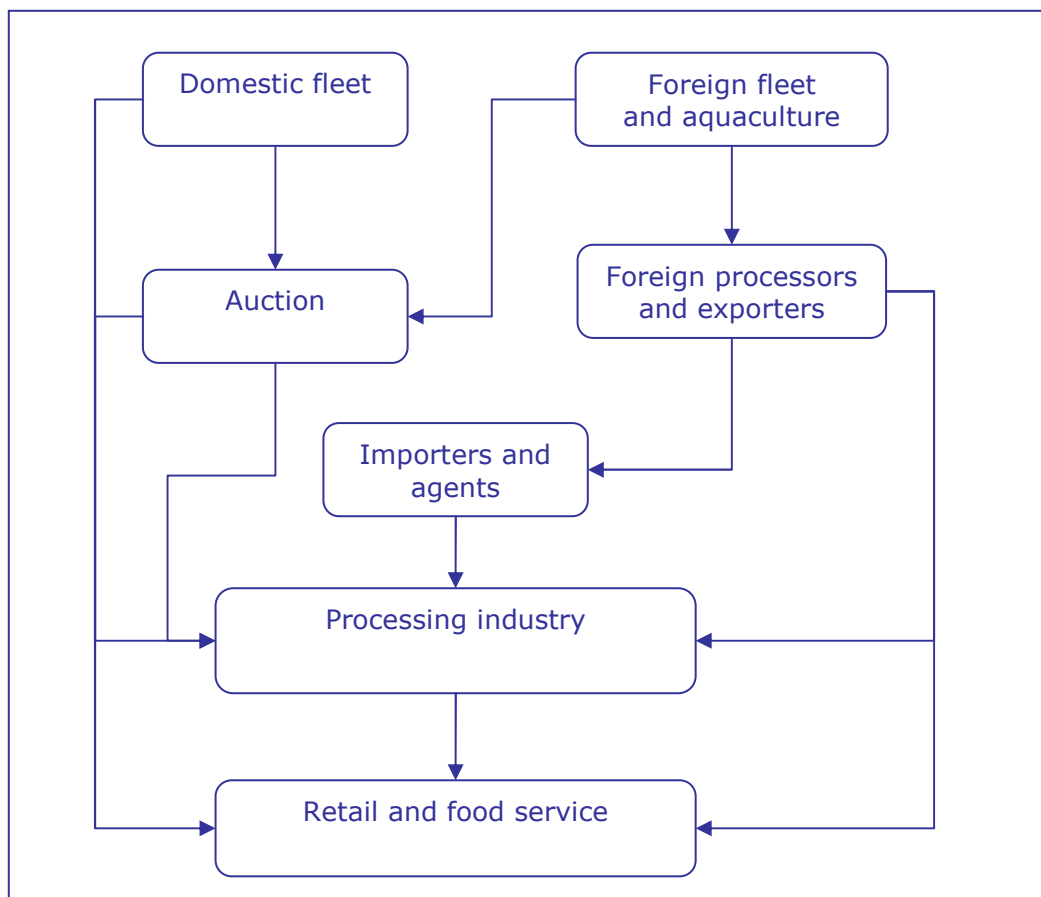
Importers may also be the processors of finished products. For example, an importer of shrimps and prawns sometimes also manufactures and packs consumer products. The supply chain of these products can be very short. Processing manufacturers/ importers may also transform raw materials into semi-finished products such as fillets or blocks, which are then sold to other processing companies.

Agents

Agents are intermediaries that establish contacts between exporters and importers and facilitate in buying or selling orders. They often do not buy or acquire ownership of a shipment. Most agents work on a commission basis, which is paid by the seller. This is generally between 2% and 5% of the purchase price (rates may vary). There are two types of agents: agents that represent the buyers, such as the fish processing industry or re-exporters, and agents that represent sellers, mainly exporters. Agents are well informed about the current market trends, prices and users.

In many EU countries, the role of the agent is changing. Improved logistics and modern ways of communications facilitate more direct contact between supplier and importer, diminishing the need for agents. However, increased specialisation and outsourcing of services may create a new role for agents specialising in searching for new products and markets. These agents could be helpful in entering a new market.

Figure 3.1 Distribution channels of fishery products



There are considerable differences in the supply chains of particular products, also in terms of importance of each channel in each country. Auctions, for instance, are more important in some countries (the Netherlands and Spain), but less so in others. Fresh, frozen, canned, or otherwise preserved and value-added products reach the consumer in different ways. The next section distinguishes between fishery products in consumer and catering packs, which are ready for use by the consumer, products sold as such, largely unaltered, either loose or after retail and catering packing on the one hand and products for industrial use on the other.

Fishery products for industrial processing

These are caught domestically and imported from overseas and are often re-packed and branded for a particular destination by the importing company. In other cases, additional preparation or cooking is required, for example by producers of ready meals and snacks. Because the demand for more convenience food is growing, the processing industry is gaining importance. Processors and exporters in DCs who are well placed to compete with European companies may benefit from increased competition, the trend towards outsourcing, and improved logistics and international communication. There is a growing importance of value-added products from DCs.

Fishery products sold loose or after retail and catering packing

An important share of fishery products reaches consumers without packing. They are sold either fresh (chilled, often on ice) or frozen by the traditional wet counters of fishmongers and market stalls. But many supermarkets, especially in southern Europe, also offer products like this. In northern Europe, it is common to offer fresh or frozen fishery products in retail or catering packs. Packers typically purchase the fishery products at fish auctions, directly from the ship or from importers and then pack and process the fish as required by their customers.

Such processing may involve cleaning, filleting, deboning and even flavouring. The distinction with industrial processing, however, is that the fishery products remain largely unaltered.

Fishery products in consumer or catering packs

The most suitable business partners for these products are importers or wholesalers. In this channel, a major distinction has to be made between retail and foodservice channels as each of them has different distribution channels. Currently, most retail and catering organisations buy from European wholesalers and importers. However, they are increasingly purchasing directly abroad. Large chains interested in purchasing directly abroad will have high demands on quality and logistics.

Branded fishery products

Over the last years, many food companies have been restructuring their operations and have sold off brands that were not regarded as their core business. As a result, many of the fishery products brands in the EU have been transferred to new owners. Some brands are even owned by more than one company, each active in a different geographic area. Major brands in the consumer segment are:

Frozen fish and shellfish

- Iglo –present in many Western European countries – <http://www.iglo.com>;
- Findus –present in Scandinavian countries and Italy and France – <http://www.findus.com>;
- Bird's Eye - <http://www.birdseye.co.uk>.

Preserved fish and shellfish

- John West – <http://www.johnwest.com.au>;
- Princess - <http://www.princes.co.uk/>;
- Saupiquet –a leading brand of canned tuna in France and Germany - <http://www.saupiquet.com>;
- Rio Mare –market leader in Italy and some Central European countries – <http://www.riomare.com>.

Fresh and chilled fish

Fresh and chilled fish are generally not branded. In some EU countries (particularly UK and Germany), branded products have been introduced in retail to increase consumer confidence, a response to the increased demand for food safety and traceability. There are two large fishing and trading companies:

- Icelandic Group, <http://www.icelandic.is>. This is an Iceland-based international holding of independent companies engaged in the manufacture and sale of frozen fishery products, one of the largest in the EU. They are present in many European countries and supply to the fish processing industry, retail and food service.
- Danish Royal Greenland, <http://www.royalgreenland.com>. This is a leading group within the fishing, processing, production, marketing and distribution of seafood products.

Retail channels

Retail channels consist of super- and hypermarkets, fishmongers, public markets and other food stores. Supermarkets are demanding more service, efficiency and above all, safety in fish supply. The latter leads to shorter supply chains and thus to more direct relations between suppliers and retailers, as supply needs to be traceable at all times.

Multiple retailers

Multiple retailers have become more popular at the expense of traditional fishmongers and street markets. This is partly a consequence of the demand for convenience foods and the trend in one-stop shopping. Particularly in northern Europe, sales volumes of fishmongers and market stalls have declined considerably.

Multiple retailers continuously look for products that can complement traditional North Sea species (due to their scarcity). Interesting examples are tilapia fillet, Nile perch, pangasius and skin-on hake fillets. An upcoming trend is an increasing number of multiple retailers buying directly from producers – especially aquaculture products – or from one (or few) wholesalers. While the traditional strength of multiple retailers is in frozen and canned products, they have started to offer a wider assortment of fresh, pre-packed products, such as fish fillets, shrimps and prawns. They use new packaging techniques such as Modified Atmosphere Packaging (MAP) to prolong the shelf life of fresh fish.

Fishmongers

The assortment offered by fishmongers and street markets is different from that of multiple retailers. Fishmongers and street markets offer especially fresh, chilled, smoked and deep-fried products.

Food service channel

The foodservice channel (also called the catering market) supplies the hotel, restaurant and institutional market (HRI market). An increasing number of middle-class and top restaurants are looking for special fish and shellfish. Imports consist mainly of frozen products, for example red fish such as mullet and red snapper, sea bass, Dover sole substitutes, lobster tails and prawns. They are distributed either in bulk or in catering packs. There is a small but increasing market for fresh, high-value species imported by air such as tuna, crab and lobster. The institutional sector (nursing homes, hospitals and homes for the elderly) often buys from importers that specialise in the supply of high-safety products. The foodservice channel purchases few fishery products directly from overseas. Most is imported through European wholesalers or importers.

Regional differences

There are large differences among the EU countries in terms of food sales per retail channels. While in northern European countries such as France, the UK, Germany, Scandinavia and the Netherlands, multiple retailers typically dominate the sales of fishery products, in the southern countries such as Italy and Spain, multiple retailers have not gained as much dominance. This leaves more room for smaller retailers, fishmongers and street markets. Retailing in Eastern European countries such as the Czech Republic and Hungary is changing rapidly. Large, often Western Europe-based, multiple retailers have entered the market and are rapidly gaining market share to the disadvantage of small, independent retailers. However, in Poland, the largest nation in Eastern Europe, these developments are less advanced.

Choice of distribution channel

Exporters of fishery products will generally deal with European importers, who have long-established links with their customers and are usually in a better position than foreign processors to know the requirements of the local market and of individual end users. They supply directly to supermarket chains, the processing industry or end-product manufacturers and are financially able to support exclusive contracts and advertising campaigns, as well as to service special requirements. European importers increasingly supply to supermarkets. Their demands for the supply of fishery products are high and include a constant delivery, constant (low) price and constant high quality. In addition, it may be possible for some exporters to work directly with other parties in the chain. For instance, an exporter-processor may be able to tap in to the demand for outsourcing, supplying fishery products that are already (partly or completely) processed or retail packed.

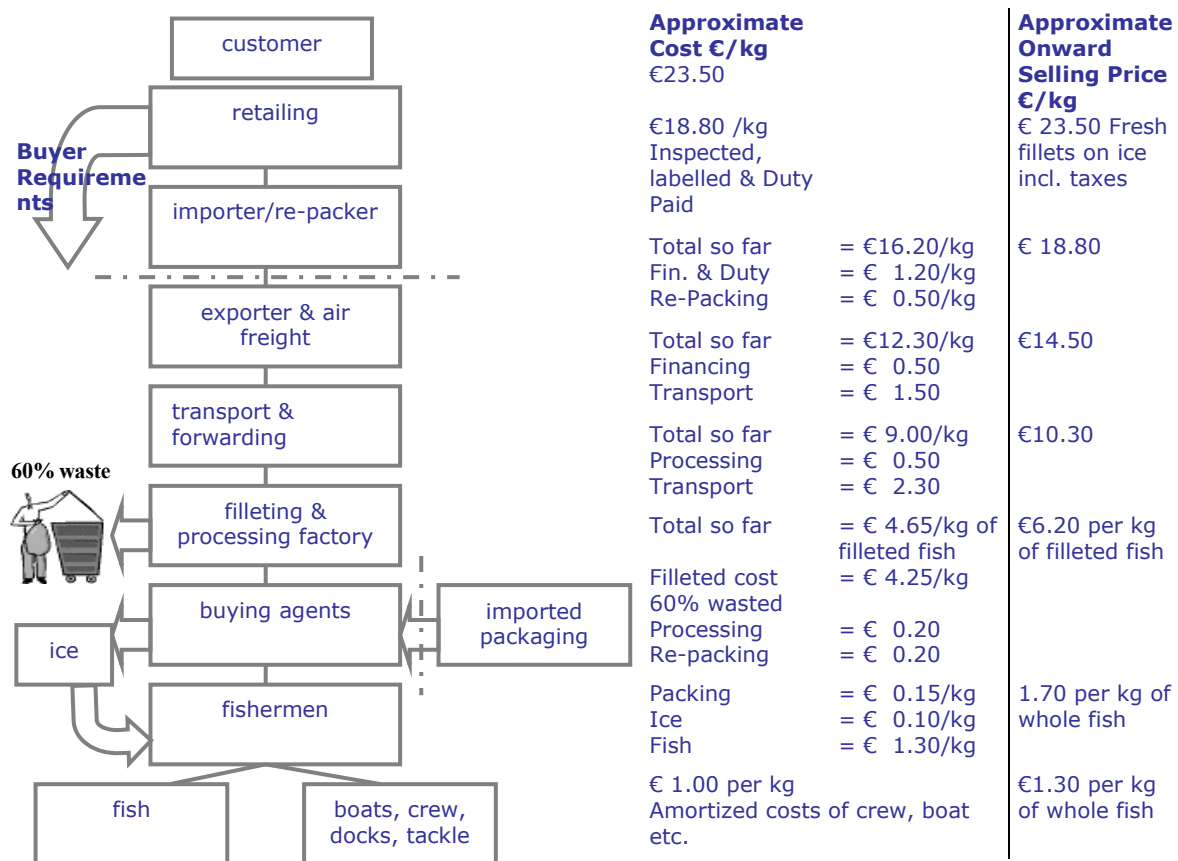
3.2 Price structure

Margins vary strongly depending on the type of product, the distribution channel, the continual changes in supply and demand and the resulting price fluctuations. It is impossible to draw up a schedule of actual margins for every product/market combination. Margins for importers are generally low. It is estimated that the importers take a trade margin of 5 to 10% to cover business costs and risks. Competition in the EU market prevents excessive trade margins, although in some cases the gross margins may rise to 25%.

Retail margins of fishery products vary across EU countries. Western European retailers tend to have higher operational cost and therefore apply higher margins. The retail margins for frozen and canned fishery products are lower than for fresh fishery products. In general, retail margins for frozen and canned fishery products are around 10%, where retail margins for fresh products may be as high as 30-50%. Adding to this margin the value added tax (VAT), consumer prices of fresh fishery products will generally be more than 50% higher than the CIF price (Cost, Insurance and Freight).

The following figure is an example of a value chain for fresh fish, which gives an overview of the supply chain and indicates costs and margins relevant to each party (adapted from ITC).

Example of a Fresh Fish Sector Value Chain



Source: Sayers 2005.

This example illustrates how much value is added approximately at each stage in the value chain. It provides information about profits and possible cost inefficiencies, which subsequently can be addressed. The value chain analysis shows that the largest inefficiency is produced at the stage of filleting and processing. Waste recycling would improve the competitive position of the whole chain. Different actors of the chain may need to work together in order to achieve this.

In determining the export price of fishery products, it is important to take the EU tariffs and duties to be paid into account. Import tariffs for fish species range from 0% for species such as eel up to 23% for sardines of the *sardina pilchardus* genus.

For molluscs and crustaceans, tariffs range from 0% for oysters of the *ostrea* genus to 18% for shrimp of the *Crangon* genus. The highest tariffs are for preserved fish such as canned mackerel, bonito and anchovy (25%). Many canneries in the EU are facing declining supply of raw materials from within the EU. Therefore, customs duties for products destined for the canning industry (frozen and fresh tuna, bonito and striped bonito), have been suspended for an indefinite period.

The tariffs can be found at the EU Export Helpdesk for Developing Countries, <http://exporthelp.europa.eu>.

3.3 Useful sources

News websites:

- Globefish, FAO unit responsible for information on international fish trade - <http://www.globefish.org>;
- Fish Information & Services, website with information on international trade of fishery products - <http://www.fis.com>;
- IntraFish, website with information on international trade in fishery products - <http://www.intrafish.com>;
- Seafood Norway, website with information on industry and trade in fishery products - <http://www.seafood-norway.com>.

Trade associations

- SIPA, Seafood Importers and Producers Alliance, European branch organisation: <http://www.seafoodalliance.org>.

Business-to-Business websites:

- SEA-EX, seafood trading - <http://www.sea-ex.com/trading>;
- World Seafood Directory - <http://www.worldseafooddirectory.com>.

Information on importers, wholesalers, important players and trade associations in the individual member countries of the EU are given in the CBI market surveys covering the market for fishery product in those countries. These documents can be downloaded from <http://www.cbi.eu/marketinfo>.

4 Trade: imports and exports

4.1 Total EU imports

The EU as a whole is the largest importer of fishery products in the world. Imports in 2007 amounted to 8.8 million tonnes with a value of €29 billion. Between 2003 and 2007, total imports increased by 26% in value. The average annual change in value was 6%. Volume grew by 11% (2.6% annually). The import value of all EU member countries increased in this period, except for Luxembourg. The import volume decreased only in Bulgaria, Hungary, Luxembourg and Estonia.

Table 4.1 Total imports of fishery products by the EU and leading suppliers to the UK, 2003 - 2007, share in % of value

	2003		2005		2007		Average annual % change in value
	Value	Volume	Value	Volume	Value	Volume	
Total EU, of which from	22,922	7,893	25,609	9,055	28,903	8,800	6%
Intra-EU	10,672	3,604	11,953	4,533	13,078	3,827	6%
Extra-EU ex. , DC*	5,198	1,911	5,739	1,871	6,325	1,921	5%
DC*	7,051	2,377	7,917	2,651	9,500	3,052	8%

Source: Eurostat 2007 and 2008

*Developing Countries

The five countries with the largest imports accounted for more than 60% of the total EU import value in 2007. These countries are Spain, accounting for 17% of the import value in 2006, France (13%), Italy (13%), Germany (10%) and the UK (10%). EU countries supplied 45% of the imports and leading suppliers are the Netherlands, Denmark, Spain and Germany. Norway is the largest supplier from developed countries outside the EU with a 10% share in import value in 2007. It is an important supplier of fresh, chilled or frozen fish, the largest product group in imports (see section 4.2).

DCs supplied 33% of total imports and imports are growing strongly: imports increased by 35% in value and 28% in volume, which is higher than overall import growth and also relative to the annual average change. China is the main supplier among the developing countries especially for fresh, chilled or frozen fish. A large number of DCs have a small share in imports and some are specialised in certain product groups (see section 4.2). Imports for all product groups are increasing.

The bulk of trade within the EU flows from north to south, although there is also east and northbound trade. Major producers and importers of fishery products such as the UK, Denmark and the Netherlands export primary and processed fishery products to southern European countries where demand for these products is very strong. France acts as an intermediary where it imports raw material from north European countries and exports processed products to southern European countries such as Spain. The new EU member countries of eastern Europe are increasingly an export market for western European countries. As incomes in these countries are gradually rising, demand for fishery products is increasing. Some countries that have a tradition of fishery and aquaculture production such as Poland may also develop into important suppliers to other EU countries. Trade relations amongst adjacent countries are generally strong.

The imports by product group of the individual EU member countries are provided in the CBI market surveys covering the fishery products market in each country. These documents can be downloaded from <http://www.cbi.eu/marketinfo>.

4.2 EU imports per product group

Fresh, chilled or frozen fish is by far the largest product group in imports, accounting for 57% of import value in 2007. It is also one of the fastest growing product groups. Their imports increased by 41% in value and 23% in volume (Table 4.2). Many different species of fish are imported into the EU. The major species (based on import value) are salmon, cod, hake, pollack and tuna.

Salmon is one of the fastest growing products in imports. Between 2003 and 2007, imports of salmon increased by 70% in value and 37% in volume. Most imported salmon was from Norway (41% of import value in 2007), followed by Sweden and Denmark. DCs supplied only 8% of all import value of salmon but imports are increasing rapidly. Chile supplied 5% of the import value and China 3%. Typically, EU countries supply most of the fresh or chilled salmon, while DCs supply frozen salmon fillets.

Imports of cod and pollack are also increasing, but at a much lower rate than salmon. Freshwater species such as tilapia, Nile perch and pangasius are among the fastest growing products in imports. The import value of these species in 2007 reached €1.1 billion and volume 370 thousand tonnes. Between 2003 and 2007, value increased by 119% and volume by 166%. DCs are the main suppliers with strongly growing imports. The main markets for fresh, chilled or frozen fish are Spain, Germany, France, Italy and the UK.

Table 4.2 EU imports and leading suppliers for fresh, chilled or frozen fish and fish fillets, 2003 - 2007, in million €, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	12,257 6,055	14,186 6,994	16,394 7,581	Denmark (8%), The Netherlands (7%), Sweden (6%), Spain (5%), Germany (4%)	46%
Extra EU ex. DC*	3,956	4,393	5,058	Norway (16%), Iceland (5%), USA (3.3%), Russia (2.1%), Faroe Isles (2%)	31%
DC*	2,246	2,799	3,756	China (6%), Vietnam (2.5%), Chile (2.2%), Namibia (1.4%), Argentina (1.3%), South Africa (1%), Turkey (0.8%), Morocco (0.8%), Tanzania (0.7%), Senegal (0.6%)	23%

Source: Eurostat 2008a

*Developing countries

Fresh, chilled or frozen crustaceans accounted for 14% of all imports. Between 2003 and 2007, imports grew by 9% in value and 15% in volume (Table 4.3). More than half of the imports were from DCs. Of total import value, 75% consisted of shrimps and prawns and 20% consisted of crabs and lobsters. DCs are the main suppliers of shrimps and prawns: Ecuador, India and Argentina had the largest share in import value in 2007 (8% each). Crabs and lobsters were mostly supplied by the UK, the USA and Canada. Only 12% of all crabs and lobsters were imported from DCs, but these imports are growing. Between 2003 and 2007, imports from DCs increased by 25% in value and 30% in volume, which was higher than the increase in imports from other EU countries. However, other countries outside the EU showed higher growth rates. The main markets for fresh, chilled or frozen crustaceans are Spain, France, Italy and Belgium.

Table 4.3 EU imports and leading suppliers for fresh, chilled or frozen crustaceans, 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	3,839 1,412	3,907 1,514	4,166 1,569	UK (8%), The Netherlands (6%), Denmark (5%), Spain (4.4%), France (3.4%)	38%
Extra EU ex. DC*	455	456	483	Canada (3.7%), USA (2.9%), Greenland (2.2%), Norway (0.8%), Bahamas (0.8%)	11%
DC*	1,972	1,937	2,115	India (6%), Ecuador (6%), Argentina (6%), Bangladesh (4.1%), China (3.1%), Indonesia (2.4%), Madagascar (2.2%), Vietnam (2%), Thailand (2%), Morocco (2%)	51%

Source: Eurostat 2008a

*Developing countries

Prepared or preserved fish accounted for 14% of EU import value in 2007. Between 2003 and 2007, imports increased by 28% in value and 18% in volume (Table 4.4). Half of the import value in 2006 was imported from other EU countries and 43% from DCs. The most important prepared or preserved fish product was tuna, accounting for 49% of the import value in 2007. It was mainly imported from Spain (15% of import value in 2007), Ecuador (15%), Thailand (9%) and the Seychelles (7%). Prepared or preserved sardines were the second largest product and accounted for 5% of imports. They were imported from Morocco (41%), Portugal (19%), Germany and the Netherlands (each 6%). Between 2003 and 2007, imports from DCs increased less than imports from other EU countries. The main markets for prepared or preserved fish are Italy, the UK, France and Germany.

Table 4.4 EU imports and leading suppliers for prepared or preserved fish, 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	3,180 1,607	3,434 1,735	4,073 2,119	Germany (12%), Spain (9%), Denmark (5%), The Netherlands (4.8%), Poland (4.3%)	52%
Extra EU ex. DC*	198	193	187	USA (2.2%), Norway (0.9%), Canada (0.7%), Iceland (0.4%), Faroe Isles (0.1%)	5%
DC*	1,375	1,505	1,766	Ecuador (7%), Thailand (6%), Morocco (4.9%), Seychelles (3.4%), Mauritius (3.4%), Ivory Coast (2.8%), Philippines (2.4%), Ghana (1.9%), Colombia (1.7%), El Salvador (1.5%)	43%

Source: Eurostat 2008a

*Developing countries

Prepared or preserved crustaceans and molluscs accounted for 5% of the EU import value in 2007. Between 2003 and 2007, import value increased by 25% and volume by 23% (Table 4.6). Prepared shrimps and prawns are the most important products, accounting for 64% of the import value in 2007, of which DCs supplied 28%. Their import value grew much more than the imports from other countries. Mussels and snails accounted for 19% of imports in this product group. More than half (52%) was imported from other EU countries, whereas DCs accounted for 47%. Chile is the main DC supplier, followed by Turkey and Thailand. The import value of prepared mussels and snails from EU countries decreased, while the import value from DCs increased by over 100%. The main markets for prepared or preserved crustaceans and molluscs are the UK, Denmark, France, Germany and Belgium.

Table 4.5 EU imports and leading suppliers for prepared or preserved crustaceans and molluscs, 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	1,244 581	1,380 628	1,556 694	The Netherlands (14%), Denmark (10%), Belgium (4.3%), UK (3.3%), Spain (3.1%)	45%
Extra EU ex. DC*	354	355	332	Canada (8%), Greenland (6%), Iceland (4.1%), Norway (3.3%), USA (0.2%)	21%
DC*	309	398	530	Thailand (7%), Chile (6%), China (5%), Vietnam (3.6%), Morocco (3.6%), Indonesia (2.7%), Malaysia (1.2%), Turkey (1.1%), India (1%), Honduras (0.6%)	33%

Source: Eurostat 2008a

*Developing countries

Fresh, chilled or frozen cephalopods accounted for 5% of the value of imports in 2007. Between 2003 and 2007, imports of cephalopods increased by 5% in value and 2% in volume (Table 4.5). Of total imports, 65% consisted of squid and cuttlefish, while octopus accounted for 35% of imports. DCs are the main suppliers of cephalopods. Between 2003 and 2007, imports from DCs increased by 8% in value and 6% in volume. The main suppliers of squid and cuttlefish are India (15%), Thailand (9%) and Morocco (6%), for octopus, Morocco (36%), Mauritania (8%) and Mexico (6%) are most important. The main markets for fresh, chilled or frozen cephalopods are Spain and Italy.

Table 4.6 EU imports and leading suppliers for fresh, chilled or frozen cephalopods, 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	1,468 421	1,462 419	1,543 430	Spain (15%), France (5%), Italy (2%), Portugal (1.5%), UK (1.5%)	28%
Extra EU ex. DC*	126	147	117	Falkland Is. (5%), USA (0.8%), New Zealand (0.8%), Taiwan (0.5%)	8%
DC*	922	896	996	Morocco (16%), India (10%), Thailand (6%), Mauritania (3.8%), China (3.7%), South Africa (3.5%), Vietnam (3.5%), Senegal (2.7%), Malaysia (2.5%), Tunisia (2.2%)	64%

Source: Eurostat 2008a

*Developing countries

Fresh, chilled or frozen molluscs other than cephalopods is the smallest product group in imports but still accounted for 4% of the import value in 2007 (Table 4.7). Between 2003 and 2007, imports increased by 26% in value and 11% in volume. Of total import value, 29% was from DCs. The main suppliers were the Netherlands, UK and France. Between 2003 and 2007, imports from DCs increased by 49% in value and 57% in volume. The main markets are Spain, France, Italy and Belgium.

Table 4.7 EU imports and leading suppliers for fresh, chilled or frozen molluscs other than cephalopods, 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from Intra EU	933 597	1,149 633	1,171 685	The Netherlands (13%), UK (9%), France (9%), Spain (7%), Italy (6%)	58%
Extra EU ex. DC*	109	157	148	USA (6%), New Zealand (2.2%), Canada (2%), Japan (0.9%), Norway (0.4%)	13%
DC*	227	359	338	Argentina (8%), Peru (5%), India (2.6%), Vietnam (2.2%), Chile (2%), Morocco (1.7%), South Korea (1.4%), Thailand (1.1%), Malaysia (0.9%), Tunisia (0.8%)	29%

Source: Eurostat 2008a

*Developing countries

4.3 The role of developing countries

Production in the EU is increasingly unable to meet demand and therefore increasing volumes of fishery products are imported from DCs. The importance of DCs as suppliers is growing, and the imports from DCs are growing faster than total imports. DCs are strong in the supply of shrimps and prawns, prepared or preserved tuna, and freshwater species. In fact, the latter is one of the best performing products. They are popular as they are an attractive alternative to traditional species or as new products to be added to the diversity of fishery products offered in European supermarkets.

Besides, DCs are gradually evolving from exporters of raw materials for the processing industry in developed countries to exporters of value-added products. Some countries also import raw materials for further processing and re-export. The EU imports of value-added fishery products from DCs are expected to continue to increase. The growing demand for food safety and traceability will impose more rules and regulations on DCs, which is a burden, particularly for small and medium exporters. However, once requirements are met, suppliers from DCs can serve a larger part of the market.

Spain is by far the largest importer of fishery products from DCs, accounting for 30% of EU imports. Imports from DCs accounted for 56% of Spain's imports and they have been increasing since 2003. The seven largest importers of fishery products from DCs are responsible for 90% of all imports. More detailed information is available in the CBI market surveys covering the fishery markets in individual countries. They are available at CBI's website: <http://www.cbi.eu/marketinfo>.

Table 4.8 Imports of fishery products from developing countries 2003-2007, million € / thousand tonnes

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Total imports	7,051	2,377	7,917	2,651	9,500	3,052	7.7%
Spain	2,285	827	2,421	870	2,817	979	5.4%
Italy	1,104	334	1,212	379	1,460	433	7.2%
France	948	262	1,054	301	1,212	340	6.4%
Germany	452	188	648	238	921	309	19.5%
UK	713	233	807	261	916	280	6.5%
The Netherlands	492	157	546	185	609	186	5.4%
Belgium	389	93	434	108	551	132	9.1%
Greece	157	43	156	44	196	54	5.7%
Poland	76	49	101	58	181	101	24.4%

Source: CBI Market Information Database • URL: www.cbi.eu • Contact: marketinfo@cbi.eu • www.cbi.eu/disclaimer

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Portugal	138	47	144	48	172	57	5.7%
Denmark	69	23	147	41	157	43	22.9%
Sweden	49	17	66	21	98	27	19%
Lithuania	19	15	20	13	39	19	20%
Czech Republic	31	20	24	16	24	13	-6.1%
Cyprus	11	4	15	5	22	8	18.1%
Finland	13	8	15	8	21	9	11.5%
Austria	33	11	18	6	19	7	-12.7%
Romania	8	8	18	16	19	15	24.1%
Ireland	4	1	7	3	16	5	41.9%
Slovenia	11	4	17	6	9	5	-3%
Malta	5	3	5	3	8	7	10.4%
Hungary	12	8	20	8	7	4	-12%
Bulgaria	2	4	4	5	6	7	27%
Slovakia	12	8	6	3	6	4	-15.6%
Latvia	2	3	3	2	6	4	25.6%
Estonia	5	4	5	3	4	3	-5%
Luxembourg	11	3	3	1	2	0	-33.6%

Source: Eurostat 2008a

4.4 Exports

In 2007, the EU exports of fishery products amounted to €16.2 billion and 5.5 million tonnes. The EU accounts for approximately 22% of world export volume. Between 2003 and 2007, exports increased by 22% in value and 6% in volume. Of total import value, 72% of the value was exported to other EU countries. The main destinations were France (14% of export value in 2007), Italy (13%), Germany (11%), Spain (10%), and the UK (6%). These five countries are also the largest consumers and importers of fishery products. This illustrates the large trade flows among the major EU Member States. All product groups experienced growth in exports between 2003 and 2007, except for fresh, chilled or frozen molluscs other than cephalopods, which decreased by 5% in volume. Fresh, chilled or frozen fish and prepared or preserved fish grew fastest in value, while prepared or preserved crustaceans and molluscs and fresh, chilled or frozen crustaceans grew most in volume.

Table 4.9 EU exports of fishery products 2003-2007, million € / thousand tonnes

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU exports	13,244	5,173	14,770	5,580	16,205	5,489	5.1%
of which to:							
Intra-EU	11,158	3,543	12,592	3,939	13,775	3,961	5.4%
Extra-EU	1,188	487	1,215	471	1,326	471	2.8%
DCs	899	1,143	962	1,170	1,104	1,058	5.3%
Product groups							
Fresh, chilled or frozen fish	7,700	3,523	8,945	3,898	9,491	3,677	5.3%
Prepared or preserved fish	1,929	719	2,071	747	2,483	801	6.5%
Fresh, chilled or frozen crustaceans	1,677	332	1,751	355	1,981	389	4.3%
Preserved or prepared crustaceans and molluscs	816	141	861	153	1,001	172	5.3%
Fresh, chilled or frozen molluscs, other than cephalopods	634	307	659	279	737	292	3.8%

Source: CBI Market Information Database • URL: www.cbi.eu • Contact: marketinfo@cbi.eu • www.cbi.eu/disclaimer

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Fresh, chilled or frozen cephalopods	489	151	484	148	511	157	1.2%

Source: Eurostat 2008a

The largest product group of EU exports is **fresh, chilled or frozen fish**, with 59% of total export value. In 2007, EU countries imported 85% of the total export value. The main destinations were France, Italy, Germany, Spain and Portugal. Between 2003 and 2007, exports increased by 23% in value and 4% in volume.

Exports of **prepared or preserved fish** in 2007 were mainly destined for other EU countries, 87% of total export value. The main destinations were Italy, Germany, the UK and France. Between 2003 and 2007, exports increased by 29% in value and 12% in volume.

In 2007, exports of **fresh, chilled or frozen crustaceans and molluscs** had increased by 18% in value and 17% in volume compared to 2003. These exports were mostly destined for EU countries (85% of export value in 2006), primarily Spain, France and Italy.

Between 2003 and 2007, exports of **prepared or preserved crustaceans and molluscs** increased by 23% in value and 22% in volume. Of all imports, 91% were destined for other EU countries, mainly Germany, France, the UK and Belgium.

Fresh, chilled or frozen molluscs other than cephalopods accounted for 5% of the total value of EU exports. This product group experienced a growth of 16% in value but a decrease of 5% in volume between 2003 and 2007. EU countries are the main destination (94% of export value in 2007), with Spain, France, Italy and Belgium being the main destinations.

The smallest export product group was **fresh, chilled or frozen cephalopods**. In 2007, exports increased by 5% in value and 4% in volume compared to 2003. Italy is the main destination, followed by Spain and Portugal.

Intra-EU trade and re-exports

Import and export data are somewhat inflated due to extensive intra-EU trade in fishery products. Intra-EU trade amounted to €13.1 billion in 2007. In general, major producers are located in northern Europe whereas some of the largest markets are located in the south, although some products work the other way around (canned tuna, for example). In descending order, Denmark, Spain and the Netherlands are the top three exporters in intra-EU trade. These exporters are among the largest producers (catches) of fishery products. On the import side, France and Italy are major players in the intra-EU trade in fishery products, while imports from other parts of the world are relatively small. In contrast, the UK and Spain import more from outside the EU than from other EU countries. Trade relations between neighbouring countries are often strong as well. Trade flows are large between the Netherlands and Germany, between Spain and France, and among the Scandinavian countries. The major exporters are also important re-exporters of fishery products coming from developing countries. Intra-EU trade will remain important in the future.

4.5 Opportunities and threats

- + The EU relies heavily on imports of fishery products to meet demand. This is structural because domestic production is in long-term decline and consumption will continue to grow.
- + Imports from DCs are increasing strongly (+35% in value between 2003 and 2007).
- + New, tropical species are becoming more popular and can replace more scarcely available traditional species and supplement the supply of fish.
- + Demand for crustaceans and molluscs will remain strong especially in the southern European countries.
- + Demand for value-added products from DCs will increase, as they are often competitively priced compared to products from the EU.
- ± Competition among suppliers from DCs will increase as production of fishery products in those countries is growing fast.
- ± Growing demand for food safety and traceability will impose more rules and regulations on exporters from DCs.
- Growing demand for sustainably produced fishery products can raise trade barriers for small and medium exporters who lack resources to have their products certified.

4.6 Useful sources

- EU Expanding Exports Helpdesk -
→ <http://exporthelp.europa.eu/>
→ go to: trade statistics;
- Eurostat – official statistical office of the EU -
→ <http://epp.eurostat.ec.europa.eu/>
→ go to 'themes' on the left side of the home page
→ go to 'external trade'
→ go to 'data – full view'
→ go to 'external trade - detailed data';
- Understanding Eurostat: Quick guide to easy comext (in pdf-format)
→ <http://epp.eurostat.ec.europa.eu/newxtweb/assets/>;
- Globefish, unit of the FAO responsible for information on international fish trade -
<http://www.globefish.org> (go to Price reports);
- Fish Information & Services, website with information on international trade of fishery products, including market prices - <http://www.fis.com/>.

5 Price developments

5.1 Price developments

Factors influencing trade prices

For many fishery products, global markets exist. This is particularly the case for internationally well-known and imperishable products, for example canned tuna, frozen pollack and frozen shrimps and prawns. Such products are in effect commodities. For fresh and lesser known products, regional markets exist. Examples include fresh plaice from the North Sea, which cannot easily be distributed outside Europe or Chinese carp or American catfish, which are virtually unknown in Europe. But even regional markets are influenced by global developments. Supply and demand at global level are major factors in price setting of fishery products, while regional markets are obviously influenced by regional developments as well. These statements hold, even when many importers do not buy fishery products on the spot market, but rather engage in long-term commitments. Prices may fluctuate strongly and reflect seasonal, annual and long-term trends. In addition, type, quality and origin of the products explain some of the price differences. Price differences between EU countries may be explained by differences in market structure and the competitive environment, although on the whole, the EU is a very competitive environment.

Supply may be directly related to pollution of or damage to fishing grounds or climatic circumstances that influence the reproduction of fish and shellfish. A well-known example of the latter is the El Niño phenomenon in the Pacific Ocean, which reduces the upwelling of cold nutrient-rich water, and reduces fish stocks, and consequently the volume of catches. In the first half of 2007, climatic circumstances lowered tuna catches and the tuna market experienced a shortage of supply. The strong demand for tuna resulted in rising prices.

Oversupply of certain species has a negative effect on their prices. An example is the case of shrimps: prices dropped dramatically in 2002 due to an oversupply of farmed shrimps and prawns from DCs. Apparently, too many producers had started to supply this market, which was very promising at the time. As a result, the prices for shrimp remained weak for years.

On the demand side, high demand can cause prices to rise. For instance, prices for tilapia and pangasius are relatively high because in the main markets (USA, Russia and Europe) demand is growing strongly. Many large aquaculture producers are currently investing in production sites in Latin America and Asia. This will lead to an increase in supply, which, in the longer term, may have a negative effect on prices (Globefish, 2007). In 2008, prices of shrimps and prawns were again depressed globally, following a weakening demand from the US after the mortgage and credit crisis, which affected the spending power of American consumers.

The overall long-term picture appears to be one of increasing prices and margins, making fishery products an interesting export category. Due to the fact that production has not been able to meet increasing global demand, prices of fishery products have tended to increase for the last few decades. This is especially the case in the European market, where domestic production of many species has decreased due to catch quota restrictions, thus considerably raising their market prices. On the other hand, increasing prices of raw materials, especially fuel, currently pose a threat to the margins of producers. Modern fishing boats typically use large quantities of diesel fuel and cooling and freezing facilities are also energy dependent.

Aquaculture species are playing an increasingly important role as a price regulator for other aquaculture products as well as captured fish. For instance, prices of farmed salmon go down with each efficiency improvement in production and feeding technology. This affects the price of wild-catch salmon and other fish species that can be seen as substitutes for salmon. Their prices tend to go down accordingly (FAO, 2007).

In addition to market forces, there is active government intervention in most markets. In this regard, the EU market is regulated by a system of intervention prices for EU caught fishery products and duties (tariffs) for fishery products imported from outside the EU, while supply is regulated by catch quota. However, since the EU market is so dependent on imports, many DCs have preferential tariffs or even free access to the market under the General System of Preferences (see also section 3.2 and Chapter 6). In some cases, import tariffs may be waived.

Retail prices

Retail prices not only reflect the price of raw materials, but also the pricing policy of retailers in relation to competition and their negotiating position in the supply chain. Prices vary across the EU: the lowest price levels are recorded in Bulgaria, the Baltic States and central European countries where income levels are lower than in the rest of the EU and more low-value fishery products are sold. The highest price levels are found in north-western European countries where most of the high-value fishery products are sold (Eurostat 2007b).

Consumers consider that quality and freshness of fishery products are important factors when purchasing fishery products, but they are influenced by price as well, especially when prices are considered to be high. The sensitivity of consumers to prices and price increases depends on the product. Canned products are often regarded as cheap staple products and the sensitivity to price increases is high. Prices for such products can only be raised to a certain point, beyond which consumers perceive it as too expensive. This 'window of price acceptance' is higher for fresh products.

Import prices

Import prices of fishery products from DCs increased between 2003 and 2007. While between 2003 and 2005, the difference was only small, between 2005 and 2007 prices increased substantially. The import prices of fresh, chilled and frozen fish and those of prepared or preserved fish increased steadily between 2003 and 2007. The performance of individual fishery products may show a different pattern. Import prices of fishery products from DCs follow the same pattern as the overall market. Table 5.1 gives an overview of import prices of some fishery products imported from DCs. These prices are for April 2008. The FAO Globefish European Price Report is updated regularly (<http://www.globefish.org>).

Table 5.1 Import prices of some of the main species imported from DCs. Prices are for April 2008.

Species	Product from	Grading	Price per kg	Reference area	Origin
Tuna <i>Thunnus</i> <i>spp.</i>	Yellowfin - whole		1.55	Italy wholesale cif	Atlantic ocean
	Yellowfin – cooked & cleaned loins	double cleaned	4.75		s. America/ Kenya/ Solomon Isl.
	Skipjack – cooked & cleaned loins	double cleaned	3.42		Kenya/Ecuador
	Skipjack	>1.8 kg	1.23	Spain exw	Ghana
Pangasius <i>Pangasius</i> <i>spp.</i>	Fillets – intervld, 10% glaze, skinless, boneless, belly-off	120-170-220 gr/pc	1.93	Spain cfr	Vietnam

Species	Product from	Grading	Price per kg	Reference area	Origin
	Fillets – IQF, white, 20% glaze, 1kg poly bag	120-170-220 gr/pc	1.80		
	Fillets – vacuum packed, no glaze and additives, farmed		2.63	Europe cfr	
Squid <i>Loligo spp.</i>	Block frozen tubes - cleaned	20-40 pc/kg	4.56	Italy wholesale cfr	India
	Whole – cleaned	< 5pc/kg	1.08		China
		< 10 pc/kg	1.11		
Cuttlefish <i>Sepiidae</i>	Frozen – whole cleaned clock, 100% net weight	20-40 pc/kg	2.47	Italy wholesale cfr	Thailand
		40-60 pc/kg	2.47		
		> 60 pc/kg	2.22		
Whiteleg shrimp <i>Penaeus vannamei</i>	Headless, shell-on block 6*1.8kg	31-40 pc/lb	5.19	Germany cfr	Indonesia
		41-50	4.56		
	Wild, head-on, shell-on 80% net weight semi IQF	6-8 pc/lb	8.86	Spain cfr	Indonesia
		8-12	7.72		
		13-15	6.01		
		16-20	4.56		
	Farmed 12% glazing	51-60 pc/lb	4.75	Europe cfr	Vietnam
6.00			Thailand		

Source: FAO Globefish European Price Report, issue April 2008.

5.2 Useful sources

- Globefish, unit of the FAO responsible for information on international fish trade. They regularly publish market report of many fishery products on their website - <http://www.globefish.org>;
- Fish Information & Services, website with information on international trade of fishery products - <http://www.fis.com>;
- IntraFish, website with information on international trade of fishery products - <http://www.intrafish.no/global>;
- Pan European Federation of Auctions (PEFA) - <http://www.pefa.com/pefaportal/en/index.htm>.

6 Market access requirements

Manufacturers in a developing country preparing to access EU markets should be aware of the market access requirements of their trading partners and the EU governments. Requirements are specified through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. Manufacturers need to comply with EU legislation and have to be aware of the additional non-legislative requirements that trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select fishery products and the EU in the category search, click on the search button and click on market access requirements.

Adequate controls by the country of origin on food safety of fishery products.

The EU applies a specific set of rules and regulations on animal products, since these are more susceptible to food safety hazards than vegetable products. In addition, specific rules apply to fishery products, since these are subject to various health hazards specific to this category. Against this background, the EU requires the country of origin of fishery products to control and monitor the fishery production and processing. To verify this, the EU monitors the effectiveness of the food safety controls affected by the food safety authorities in the country of origin. Only when the EU accepts the authority, are exports allowed. One of the main requirements is that the competent authority in the country of origin controls and monitors the establishments where fishery products are handled and processed. A positive list is published of establishments that qualify. Exporters of fishery products who want to export to the EU therefore need to be on this positive list. Prior to that, their country should also be on the list of countries from which exports of fishery products are allowed.

Labelling of fishery products marketed in the EU

As of January 2002, fishery products that are retailed in the EU must carry information on the package specifying the name of the product, its origin (catch area) and the production method (caught at sea, caught in inland waters, farmed). This information must be available at each marketing stage of the product and be provided by labelling, packaging or an accompanying commercial document such as the invoice. These requirements are formulated in Commission Regulation (EC) No [2065/2001](#). For non-EU products marketed in the EU (except those landed by vessels flying the flag of a non-EU country, see Council Regulation [1093/94](#)), the accompanying information required is: country of origin, scientific name and commercial designation of product, mode of presentation, freshness category, size category, product weight contained in the packaging, date of classification, date of dispatch, name and address of consignor. The products to which Regulation (EC) No [2065/2001](#) applies are fishery and aquaculture products marketed on EU territory that are included in the lists of the Combined Nomenclature for Customs Duties (see Appendix A), irrespective of their origin and whether or not they are pre-packaged.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>.

Food safety and quality

Increasingly, consumers expect not only safe and high-quality food but also the ability to trace its origin, and the environmental and social conditions of production, processing and distribution.

Multiple retailers in the EU are facing a growing responsibility to control safety and quality to prevent any risk of damage to their reputation. Retailers have passed on these issues and demands to producers and processors by developing standards. The most important market-based quality scheme in fishery production and aquaculture production is GlobalGAP Integrated Aquaculture Assurance Standard. Originally developed for fruit and vegetables, the standard has expanded to integrated quality assurance schemes for aquaculture. The GlobalGAP partnership collaborates with both multiple retailers and producers and consults regularly with consumer groups, NGOs and governments in the development of its protocols. GlobalGAP is a quality and safety management system designed to apply best practices in a systematic and consistent way. Additional information on GlobalGAP for fishery products can be found at <http://www.cbi.eu/marketinfo> → non-legislative requirements.

In addition, several schemes for sustainable fishery production and aquaculture production have been developed. The most important ones are:

- Marine Stewardship Council (MSC). MSC is a global standard for sustainable and environmentally friendly capture fisheries. It is based on the principles of controlling the condition of the fish stock, reducing the impact of the fishery on the marine ecosystem and implementation of fishery management systems to promote sustainability. More information on MSC is available at <http://www.cbi.eu/marketinfo>.
- Global Aquaculture Alliance (GAA) - <http://www.gaalliance.org>. The GAA has developed the Responsible Aquaculture Program to promote best management practices for aquaculture. This programme promotes safe, wholesome production in an environmentally and socially responsible manner, with a view to improving the efficiency and long-term sustainability of the aquaculture industry.
- Friend of the Sea - <http://www.friendofthesea.org>.
- International 'Dolphin safe' standards for tuna - http://www.earthisland.org/immp/Dol_Safe_Standard.html.

Organic fish

Fishery products that are produced according to organic standards represent only a very small share of the market. In general, organic labelling is used for food that has been farmed without artificial inputs and with the use of environmentally sound farming techniques. Organic labelling is available for aquaculture products only. There are no general EU standards yet for organic fish farming. However, several EU countries including the largest markets for organic products, UK and Germany, have developed standards. Please refer to Naturland (http://www.naturland.de/naturland_fish.html) for Germany. For the UK, please refer to the Organic Food Federation at <http://www.orgfoodfed.com>.

FAO has developed guidelines for setting standards for sustainable fisheries and eco-labelling, which are used by other organisations to develop certification schemes. The FAO 'Guidelines for the Setting of Standards of Sustainable Fisheries' can be found at <ftp://ftp.fao.org/docrep/fao/008/a0116t/a0116t00.pdf#page=18>.

Import tariffs of fishery products from DCs

The extra-EU import of fishery products is not restricted by import quota but there are import duties (an import tariff) to be paid. To facilitate and promote trade with DCs, the EU developed a Generalised System of Preferences (GSP). Products originating from these countries benefit from preferential tariffs which are substantially lower than normal tariffs. The GSP system identifies three groups:

- GSPA (special arrangement for least developed countries),
- GSPE (special incentive arrangement for sustainable development and good governance)
- GSPL (general arrangement).

The preferential tariffs can only be obtained when the necessary documentation can be handed over by the exporter. This includes a Certificate of Origin Form A and, in some cases, an Invoice Declaration. There is also a preferential tariff for exporters from ACP countries. DCs that do not fall in the GSP may be part of ACP and therefore have tariff preferences. The tariffs for fishery products are highly diverse and may differ per developing country.

The current system of preferences will remain in force for a preparatory period up to 2008 with a transitional period of at least 12 years thereafter. The tariff preferences for GSP and other ACP countries can be found at the EU Export Helpdesk for Developing Countries, <http://exporthelp.europa.eu>.

7 Opportunity or threat?

The fishery products market in the EU offers both opportunities and threats for exporters in DCs. There are major opportunities in creating or adapting products that serve market segments and capitalise on trends in consumption, production and trade.

Current developments in the EU fishery market are favourable for exporters from DCs. Production of fishery products in the EU is in long-term decline. The same goes for the aquaculture industry. In the EU, this industry cannot develop sufficiently to replace caught species by farmed ones. It is expensive and heavily dependent on new technological advances to reduce production costs. Hence, neither catches nor aquaculture production will be able to satisfy domestic demand. The European fish processing industry will be increasingly dependent on other countries for its supply of raw material. DCs can benefit from this. They can also benefit from the gradual elimination of trade barriers and increased access to European markets. Import trends provide further opportunities for DC exporters, as imports of fishery products from DCs are growing. Most of the new EU Member States are showing high growth rates in imports. New transport methods (by air, sea and road) and links to the new EU Member States enable direct delivery instead of going through importers in western Europe.

Value-added products offer good opportunities. Exporters who commit themselves to adding value through supplying ready products or participating in the outsourcing trend can serve an increasing demand. Exporters, who manage to secure a contract with importers in new EU Member States, will profit from increasing consumption levels in these countries. In general, producers whose products fit into the health, convenience, pleasure, and sustainability trends can benefit from current market opportunities.

Some threats can make it more difficult to export to the EU market. These include: stagnating consumption volumes in the old EU countries, strict demands for quality, food safety requirements, increasing fuel prices, increased consolidation in buyers' markets demanding large-scale production and small import volumes from DCs by the new EU Member States.

It is clear that these trends and market developments offer both opportunities and threats to exporters. A trend can be a threat to some but an opportunity to others. Therefore, they should always be analysed in relation to specific circumstances the exporter's specific situation determines whether a development or trend provides an opportunity or threat.

For example, an important trend in the sector is the consolidation of buying power, which forces exporters to focus more on quality, cost and efficiency. Major retailers prefer to work with a limited number of suppliers, which favours large exporters who can serve them efficiently. If small-scale exporters can increase their supply by joining forces with other small-scale exporters they can benefit from this trend and work with these large buyers. Exporters who do not manage to increase their supply or who refuse to do so will increasingly be excluded by importers and their export opportunities will be limited to a declining number of small-scale buyers.

Appendix A Product characteristics

Statistical product classification

Combined nomenclature (CN) and Harmonised System (HS)

In this survey, trade data based on the Combined Nomenclature are used. These data are provided by Eurostat, which is the statistical body of the EU. The CN contains the goods classification prescribed by the EU for international trade statistics. It is an 8-digit classification that includes a further specification of the 6-digit Harmonised System (HS). HS was developed by the World Customs Organisation (WCO). It covers about 5,000 commodity groups, each identified by a six-digit code. More than 179 countries and economies use the system.

Statistical data: limitations

Trade figures quoted in CBI market surveys must be interpreted and used with extreme caution. In the case of intra-EU trade, statistical surveying is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade between countries in the EU is generally underestimated.

Furthermore, the information used in CBI market surveys is obtained from a variety of sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, recognising the limitations of in-depth interpretation of relations between consumption, production and trade figures within one country and between different countries.

The term fishery products includes both wild-catch fisheries from marine or inland waters and aquaculture products. The term is used for fish, molluscs and crustaceans, which are three major groups of aquatic animals used commercially as food. This definition excludes aquatic mammals, frogs and other aquatic animals that are subject to specific protective measures, restricting or prohibiting their commercial use. It also excludes ornamental fish, since these are not used as food and traded in a different market. Fish oils are not included since the volumes imported from developing countries are small compared to other fishery products. Since this report focuses on human consumption, fishmeal and fishery products used as animal feed are also excluded, although it is recognised that part of the fishmeal is used in aquaculture.

The table below lists the HS codes of the product groups and products that are identified in this study. Fishery products are divided in six product groups:

- fresh, chilled or frozen fish and fish fillets (HS codes 0302, 0303, 0304, 0305);
- fresh, chilled or frozen crustaceans (HS code 0306);
- fresh, chilled or frozen cephalopods (HS codes 03074, 03075);
- fresh, chilled or frozen molluscs other than cephalopods (HS codes 03071, 03072, 03073, 03076, 03079);
- prepared or preserved fish (HS code 1604);
- prepared or preserved crustaceans and molluscs (HS code 1605).

Individual products that are highlighted are considered to have particular relevance to developing countries or to import and consumption in EU countries. These include products traditionally imported in substantial volumes from DCs such as shrimps and prawns, and squid and cuttlefish, traditional European species that are increasingly imported from DCs such as cod and salmon, but also tropical species that have recently been introduced in the EU market, such as freshwater species.

Table 1 HS Codes used for the product groups and highlighted products.

1 Fresh, chilled or frozen fish				HS Codes
Fish, fresh or chilled, excluding fish fillets and other fish meat				0302
Fish, frozen, excluding fish fillets and other fish meat				0303
Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen				0304
Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; flours, meals and pellets of fish				0305
<i>Individual products</i>				
<i>Individual products</i>		<i>HS codes</i>		
Tuna	030231	030341	03042045	
	030232	030342	03042945	
	030233	030343		
	030234	030344		
	030435	030345		
	030236	030346		
	030239	030349		
Hake	03026965	030378	03042055	
	03026966	030378	03042056	
	03026967		03042058	
	03026968		03042059	
	03026969		03042955	
			03042956	
			03042958	
			03042959	
			03049047	
			03049048	
		03049049		
		03049951		
Salmon	030212	030310	03041013	03053030
		030311	03041913	03054100
		030319	03042013	03056950
		030322	03042913	
Pollack	03026951	03037955	03042085	
			03042985	
			03049061	
			03049975	
Cod	03025010	03035210	03041031	03053011
	03025090	03035230	03041931	03053019
		03035290	03042021	03055110
		03033011	03042029	03055190
		03036019	03042921	03056200
		03036090	03042929	
			03049035	
			03049038	
			03049039	
			03049931	
		03049933		
		04049939		
Haddock	03026200	03037200	03042033	
			03042933	
			03049045	
			03049945	
Freshwater species	03026919	03037919	03041019	
			03041919	
			03041991	
			03042019	
			03042919	
			03049010	
		03049921		
Sardines	030261	03037110		
	03026130	03037130		

2 Fresh, chilled or frozen crustaceans	HS codes
Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans	0306
<i>Individual products</i>	<i>HS codes</i>
Shrimps and Prawns	030613 030623
3 Fresh, chilled or frozen cephalopods	HS codes
	030741 030749 030751 030759
<i>Individual products</i>	<i>HS codes</i>
Cuttlefish and squid	030741 030749
Octopus	030751 030759
4 Fresh, chilled or frozen molluscs other than cephalopods	HS codes
Molluscs, other than cephalopods, including clams, scallops, oysters, mussels, snails, slugs and limpets.	030710 030721 030729 030731 030739 030760 030791 030799
<i>Individual products: no individual products identified</i>	
5 Prepared or preserved fish	HS codes
Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	1604
<i>Individual products</i>	<i>HS codes</i>
Tuna	160414 16041931 16041939 16042070
Sardines	16041311 16041319 16041390 16042050
Anchovies	16041600 16042040
6 Prepared or preserved crustaceans and molluscs	HS codes
Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	1605
<i>Individual products</i>	<i>HS codes</i>
Shrimps and prawns, prepared or preserved	160520

Appendix B Introduction to the EU market

The European Union (EU) is the current name for the former European Community. In January 1995, the EU consisted of 15 Member States. Ten new countries joined the EU in May 2004. In January 2007 two more countries – Bulgaria and Romania - joined the EU, it now totals a number of 27 Member States. Negotiations are in progress with a number of other candidate Member States. In this survey, reference to the EU means the 27 Member States, unless otherwise stated.

Cultural awareness is a critical skill in securing success as an exporter. The EU enlargement significantly increases the complexity of cultural matters. With more people from culturally diverse backgrounds, effective communication (i.e. communication which fits the cultural habits of the target group) has become ever more necessary. Awareness of differences in terms of meeting and greeting people (use of names, body language etc.) and of building relationships is crucial. There are also differences in dealings with hierarchy, presentations, negotiating, decision-making and handling conflicts. More information on cultural differences can be found in Chapter 3 of CBI's export manual 'Exporting to the EU (2006)'. This document can be downloaded from <http://www.cbi.eu/marketinfo>.

General information on the EU can also be found at the official EU website - http://europa.eu/abc/governments/index_en.htm - or the free encyclopaedia Wikipedia - <http://en.wikipedia.org/wiki/Portal:Europe>.

Monetary unit: the Euro

On 1 January 1999, the Euro became the legal currency in eleven EU Member States: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. Since 2002, Euro coins and banknotes have replaced the national currency in these countries. Slovenia adopted the Euro in 2007 and Cyprus and Malta from January 1, 2008. As from January 1, 2009, the Czech Republic will adopt the Euro as the official coin. Denmark, the UK and Sweden have decided not to participate in the Euro monetary system.

In CBI market surveys, the Euro (€) is the basic currency unit used to indicate value.

Table 1 Exchange rates of EU currencies in €, average Interbank rate

Country	Name	Code	2007	August 2008
Bulgaria	Lev	BGN	0.5126	0.5122
Cyprus	Pound	CYP	1.7213	Euro
Czech Republic	Crown	CZK	0.0360	0.0412
Denmark	Crown	DKK	0.1342	0.1340
Estonia	Crown	EEK	0.0640	0.0640
Hungary	Forint	HUF	0.0039	0.0042
Latvia	Lats	LVL	1.4356	1.4331
Lithuania	Litas	LTL	0.2904	0.2916
Malta	Lira	MTL	2.3353	Euro
Poland	Zloty	PLN	0.2652	0.3053
Romania	Lei	ROL	0.00003	0.00003*
Slovakia	Crown	SKK	0.0296	0.0330
Sweden	Crown	SEK	0.1081	0.1064
United Kingdom	Pound	GBP	1.4620	1.2656

Source: Oanda <http://www.oanda.com/> September 2008.

* the exchange rate of the New Romanian Lei is 0.2846

Appendix C List of developing countries

OECD DAC list - January 2006

When referring to developing countries in the CBI market surveys, reference is made to the group of countries on this OECD DAC list of January 2006.

Afghanistan	Gabon	Nepal	Uruguay
Albania	Gambia	Nicaragua	Uzbekistan
Algeria	Georgia	Niger	Vanuatu
Angola	Ghana	Nigeria	Venezuela
Anguilla	Grenada	Niue	Vietnam
Antigua and Barbuda	Guatemala	Oman	Wallis & Futuna
Argentina	Guinea	Pakistan	Yemen
Armenia	Guinea-Bissau	Palau	Zambia
Azerbaijan	Guyana	Palestinian Admin. Areas	Zimbabwe
Bangladesh	Haiti	Panama	
Barbados	Honduras	Papua New Guinea	
Belarus	India	Paraguay	
Belize	Indonesia	Peru	
Benin	Iran	Philippines	
Bhutan	Iraq	Rwanda	
Bolivia	Jamaica	Samoa	
Bosnia & Herzegovina	Jordan	Sao Tome & Principe	
Botswana	Kazakhstan	Saudi Arabia	
Brazil	Kenya	Senegal	
Burkina Faso	Kiribati	Serbia	
Burundi	Korea Rep. of	Seychelles	
Cambodia	Kyrgyz Rep.	Sierra Leone	
Cameroon	Laos	Solomon Islands	
Cape Verde	Lebanon	Somalia	
Central African Rep.	Liberia	South Africa	
Chad	Libya	Sri Lanka	
Chile	Macedonia	St. Helena	
China	Madagascar	St. Kitts Nevis	
Colombia	Malawi	St. Lucia	
Comoros	Malaysia	St. Vincent & Grenadines	
Congo Democratic Rep.	Maldives	Sudan	
Congo Rep.	Mali	Suriname	
Cook Islands	Marshall Islands	Swaziland	
Costa Rica	Mauritania	Syria	
Cote d'Ivoire	Mauritius	Tajikistan	
Croatia	Mayotte	Tanzania	
Cuba	Mexico	Thailand	
Djibouti	Micronesia, Fed. States	Timor-Leste	
Dominica	Moldova	Togo	
Dominican Republic	Mongolia	Trinidad & Tobago	
Ecuador	Montenegro	Tunisia	
Egypt	Montserrat	Turkey	
El Salvador	Morocco	Turkmenistan	
Equatorial Guinea	Mozambique	Turks & Caicos Islands	
Eritrea	Myanmar	Tuvalu	
Ethiopia	Namibia	Uganda	
Fiji	Nauru	Ukraine	

CBI countries – January 2008:

CBI supports exporters in the following Asian, African, Latin American and European (Balkan) countries:

Afghanistan
Albania
Armenia
Bangladesh
Benin
Bolivia
Bosnia-Herzegovina
Burkina Faso
Colombia
Ecuador
Egypt
El Salvador
Ethiopia
Georgia
Ghana
Guatemala
Honduras
India
Indonesia
Jordan
Kenya
Kosovo
Macedonia
Madagascar
Mali
Moldavia
Montenegro
Morocco
Mozambique
Nepal
Nicaragua
Pakistan
Peru
Philippines
Rwanda
Senegal
Serbia
South Africa
Sri Lanka
Suriname
Tanzania
Thailand
Tunisia
Uganda
Vietnam
Zambia

Appendix D References

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