SITUATION, TRENDS AND PROSPECTS OF THE SUPPLY OF FISHERIES AND AQUACULTURE PRODUCTS TO THE EU MARKET

- NACEE
- Russia August 2010
- Audun Lem, FAO

Outline

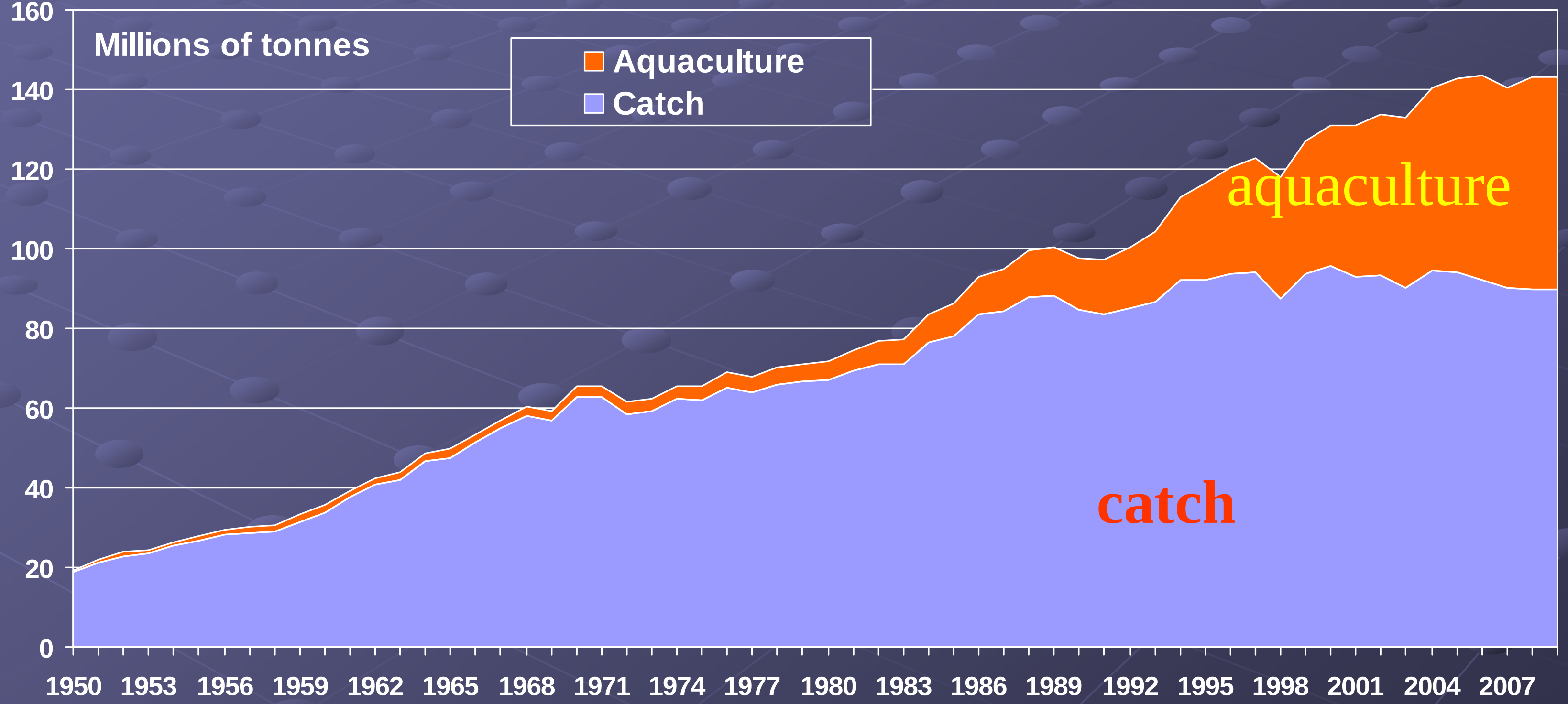
- World fish supply and demand
  - production and consumption
  - trade
  - outsourcing of production and processing
  - distribution trends
  - fish prices
- Rise of aquaculture
- Conclusions

WORLD FISH SUPPLY

World fish production

Million t	2007	2008	2009e	2009/ 2008
Capture	90	90	90	0
Farmed	50	53	54	1.8%
Total	140	143	144	0.7%

World Fish Production



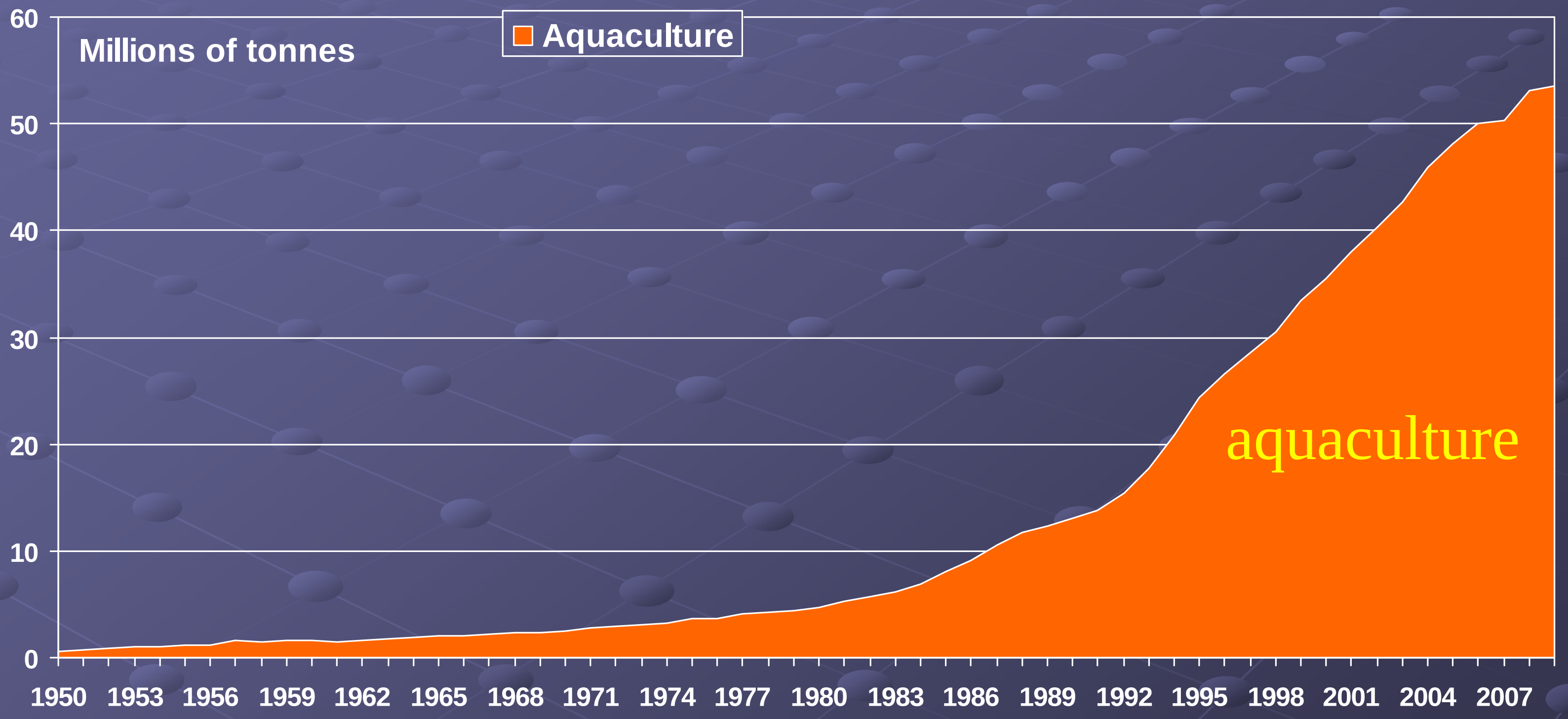
FISHSTAT 2007

Per caput food supply

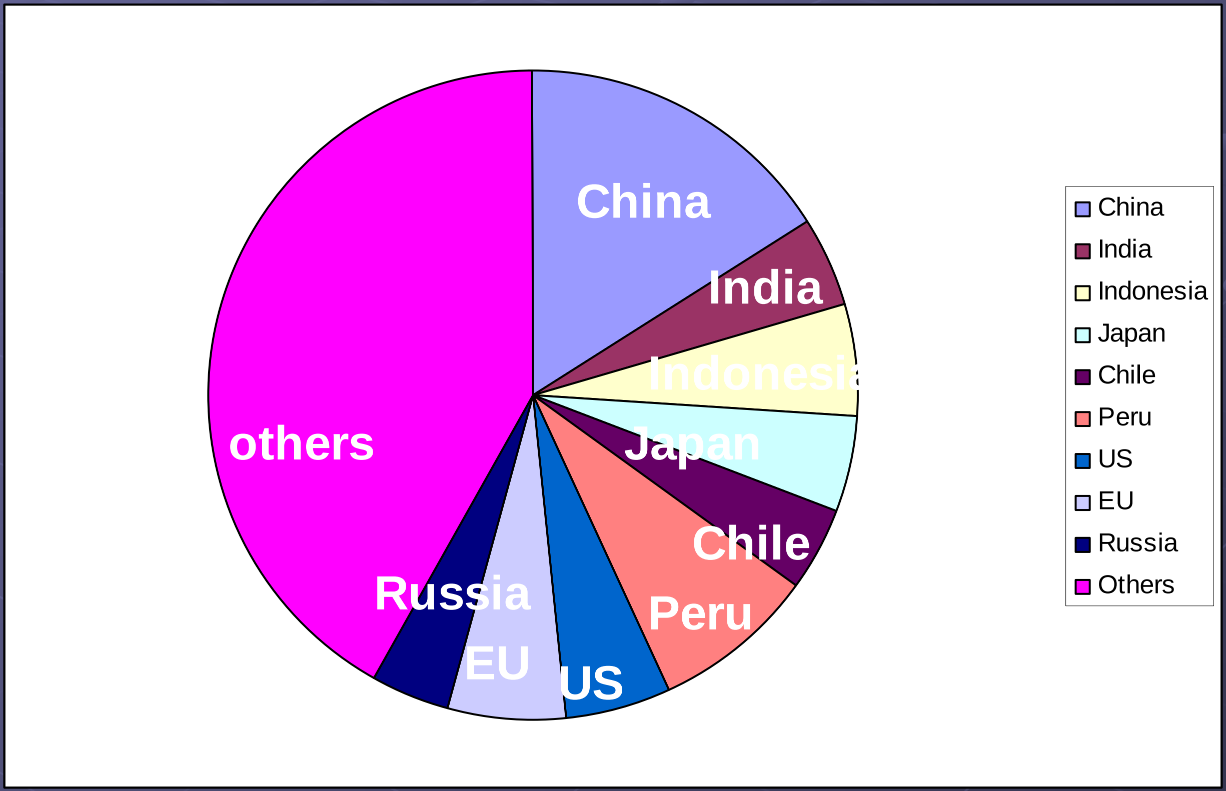
Kg/year	2007	2008	2009	2009/08
Food fish	17.0	17.1	17.1	-0.3%
Capture	9.5	9.3	9.1	-1.5%
Farmed	7.5	7.9	8.0	1.1%

World aquaculture production: growing quickly 1950-2008,

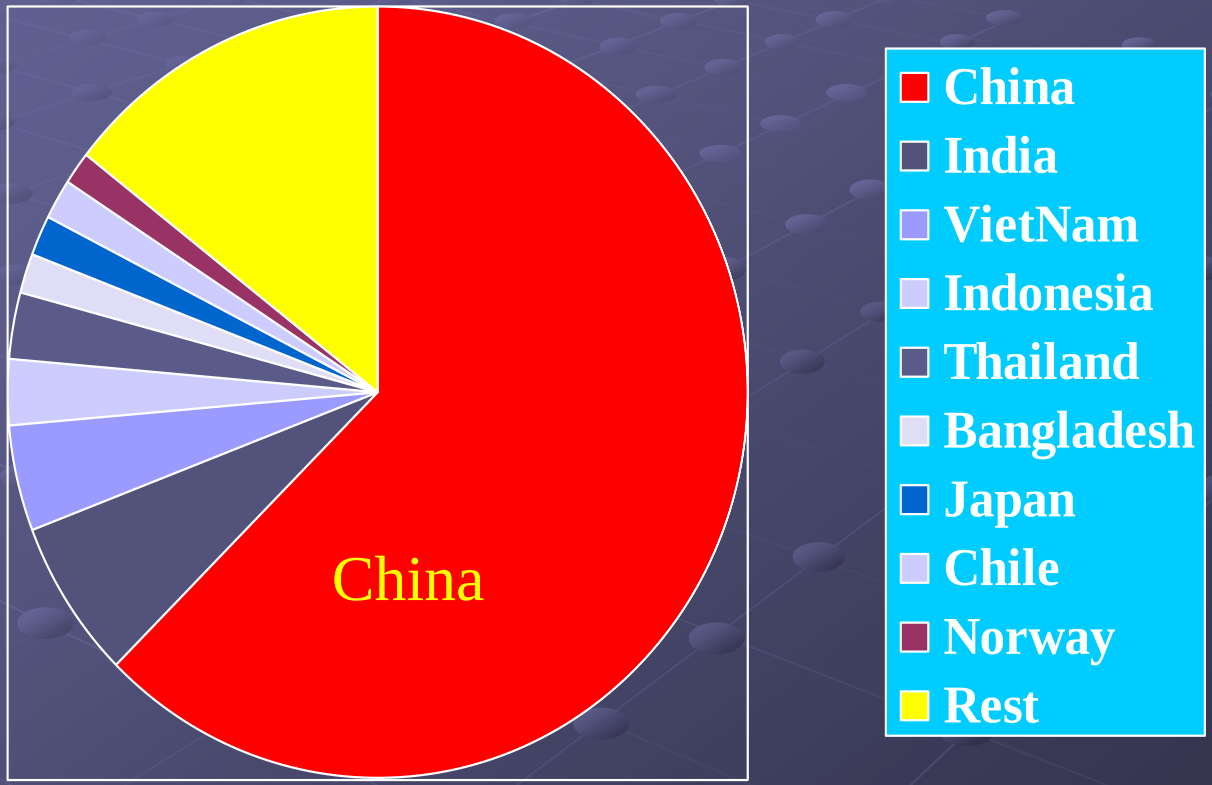
but slowing down



Capture fisheries producers 2007



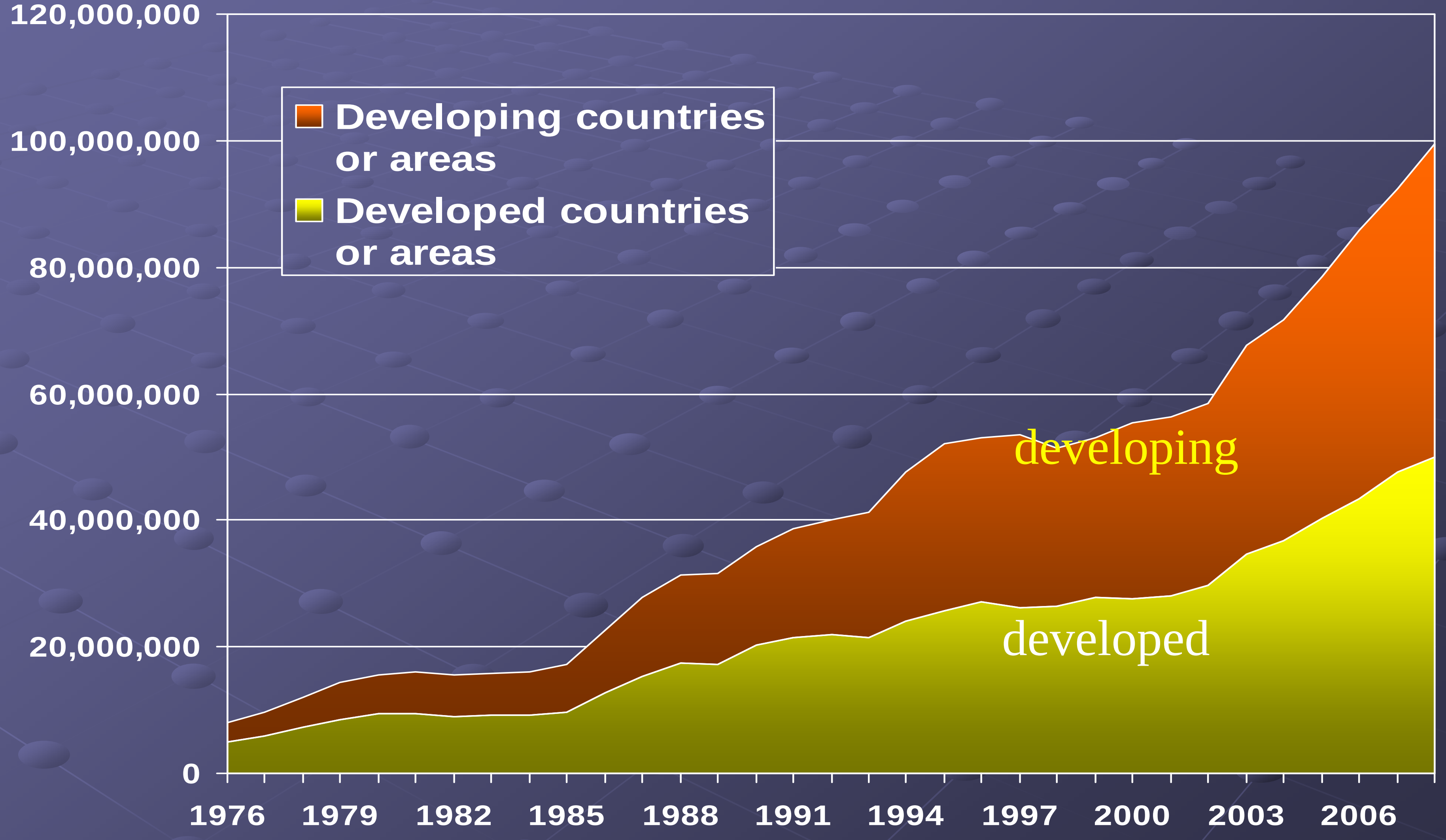
Aquaculture producers 2008



WORLD TRADE

World Fish Trade: Export Value

- in 1000 US$ -



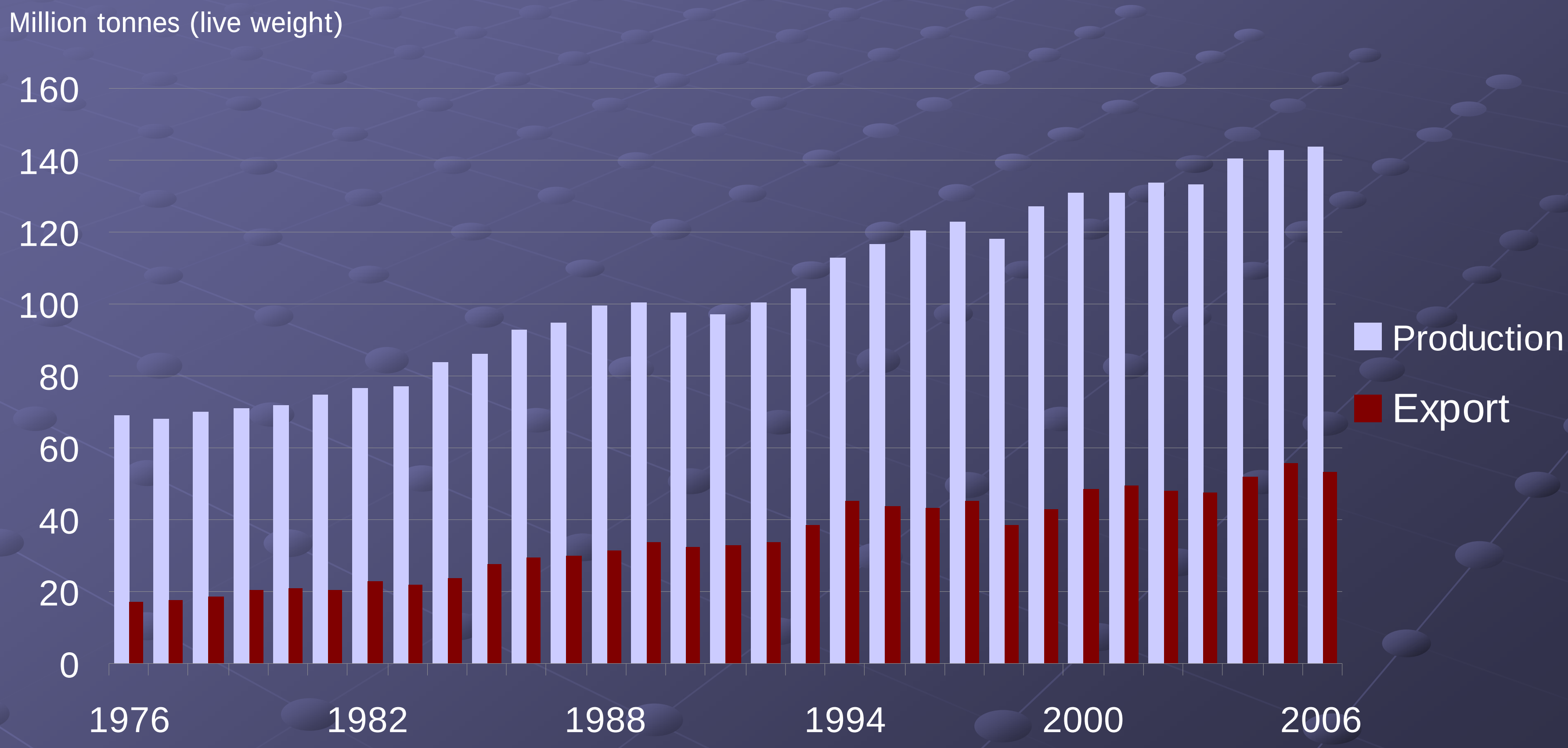
WORLD FISH EXPORTS US$ 101.6 BILLION (2008)

- TRADE GROWING UNTIL ‘08
  - + 9 % (2008/2007)
- 2008 EXPORTS & IMPORTS > USD 100 BILL for 1st time
- DEVELOPING COUNTRIES
  - 50 % OF WORLD EXPORTS
- NET EXPORT REVENUES FROM FISHERIES CRUCIAL FOR MANY DEVELOPING COUNTRIES
  - USD$ 26 bill. (2008)

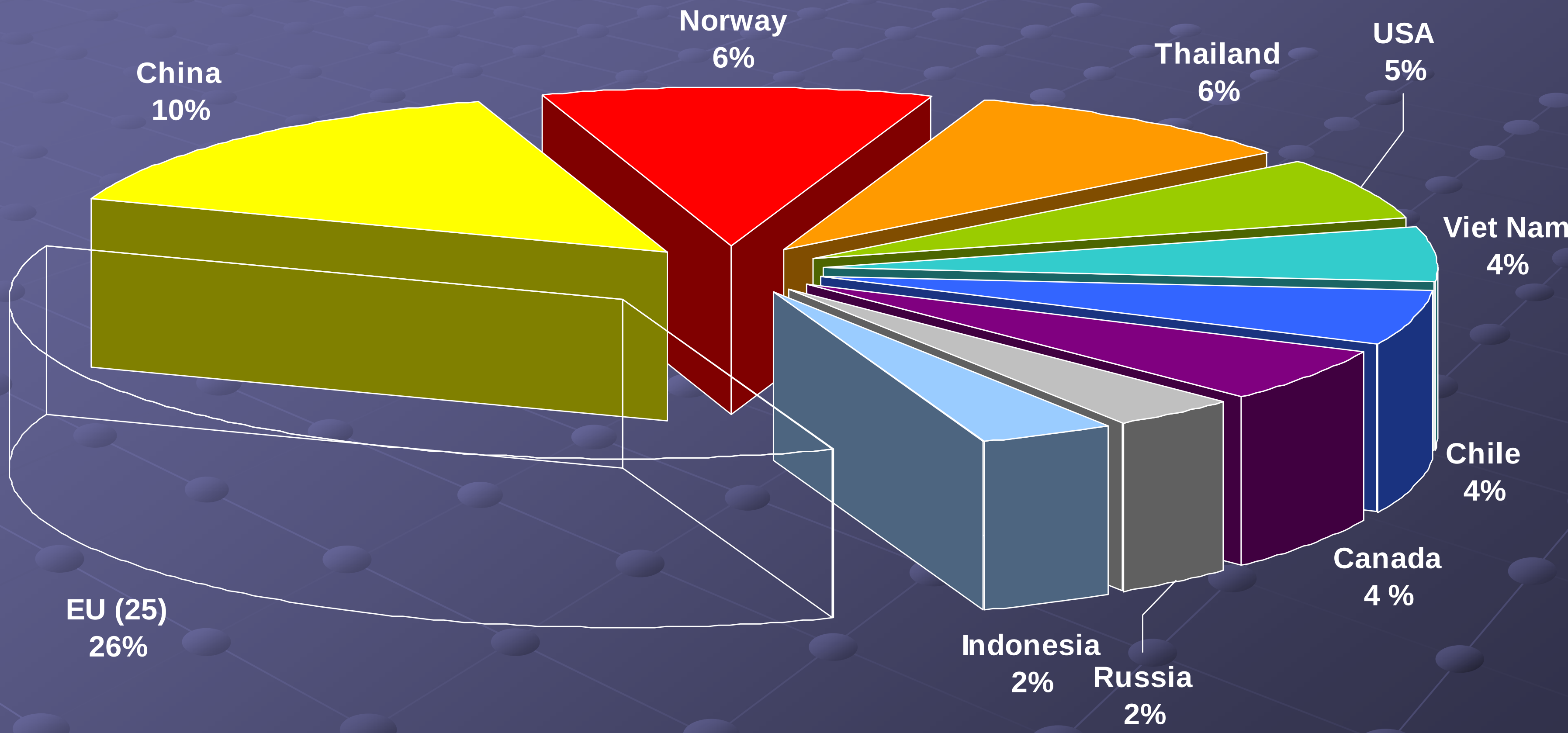
WORLD FISH EXPORTS US$ 93.4 BILLION (2009est)

- TRADE CRASHED IN 2009 (est 12 months)
  - - 8.1 % values
  - - 0.6 % volume (live weight conversion)
- est. 2009 EXPORTS USD 93.4 BILLION
- est. 2009 IMPORTS USD 98.5 BILLION
- DEVELOPING COUNTRIES
  - 50.7 % OF WORLD EXPORTS

Share of world fisheries production destined to exports



Main fish exporters 2008 (value)



Main fish importers (2008)

Japan	USD 14.5 bill.	13.4 %
US	USD 14.1 bill.	13.1 %
EU	USD 45.0 bill.	41.7 %
Total big 3	USD 73.6 bill.	68.2 %
Total world	**USD 108 bill.**	**100 %**

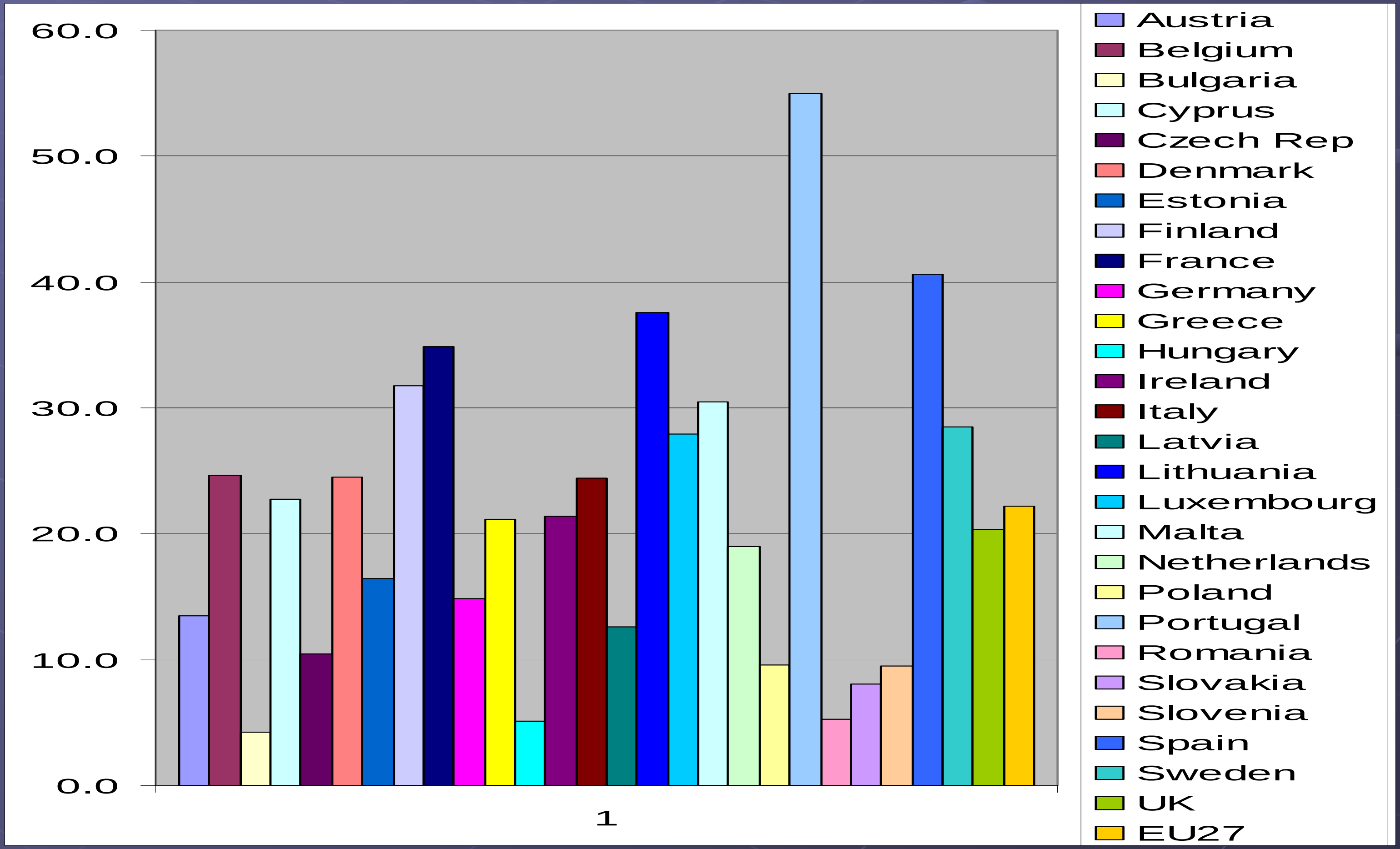
Main fish importers (2009)

Japan	USD 13.2 bill.	- 9 %
US	USD 13.1 bill.	- 7 %
EU	USD 39.5 bill.	-13 %
Total big 3	USD 65.8 bill.	- 11 %
Total world	USD 98.5 bill.	-8.8%

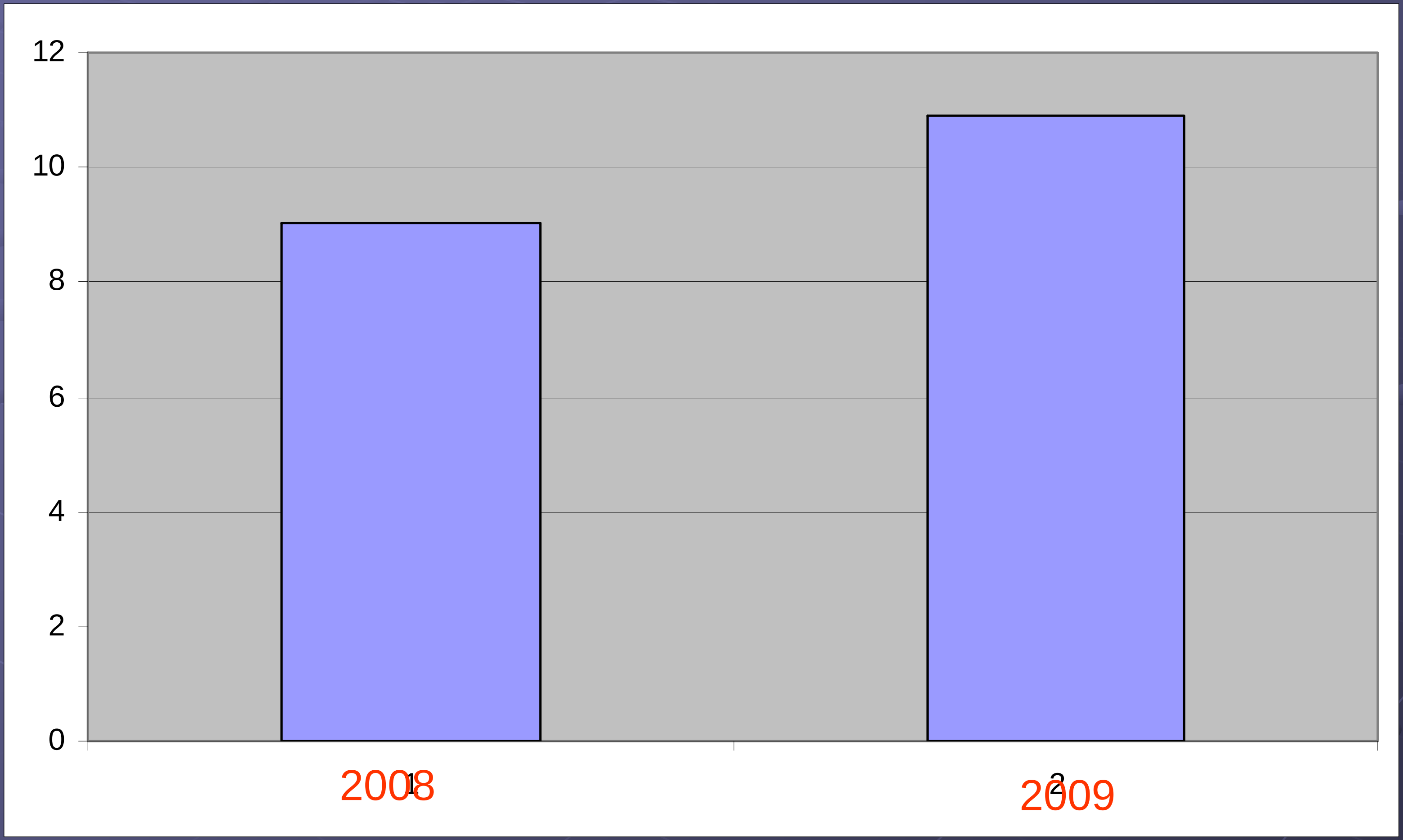
Fish market trends

- Japan: long-term decline but small rebound 2008, decline in 2009
  - high consumption but falling: 65 kg/kaput
  - imports below 3 million tons in 2007
- USA: long-term growth, will overtake Japan as # 1 country
  - rising population and consumption /kaput 24 kg
    - consumer confidence falling late 2008 and 2009
    - 2010 turn-around
- EU: long-term growth: # 1 market
  - expanding population, stable consumption at ca 22 kg
  - rising imports: e.g. catfish from Viet Nam, mussels from Chile, salmon from Norway and Chile, shrimp, groundfish etc

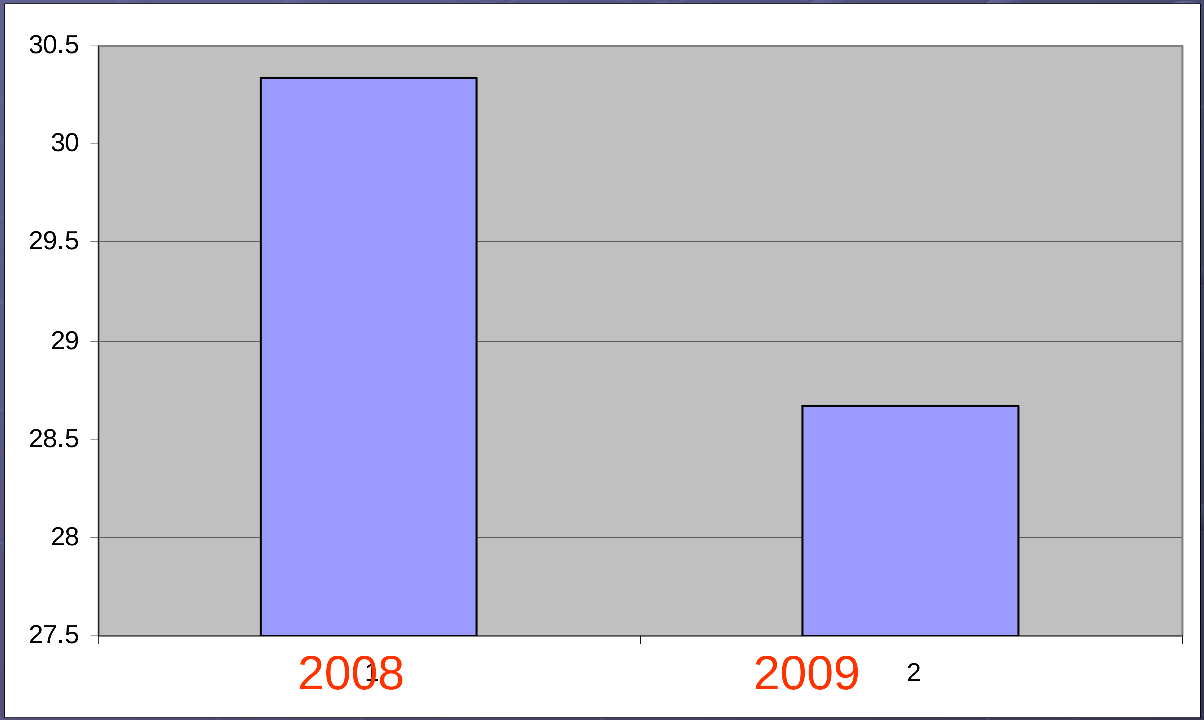
EU CONSUMPTION KG/CAPITA



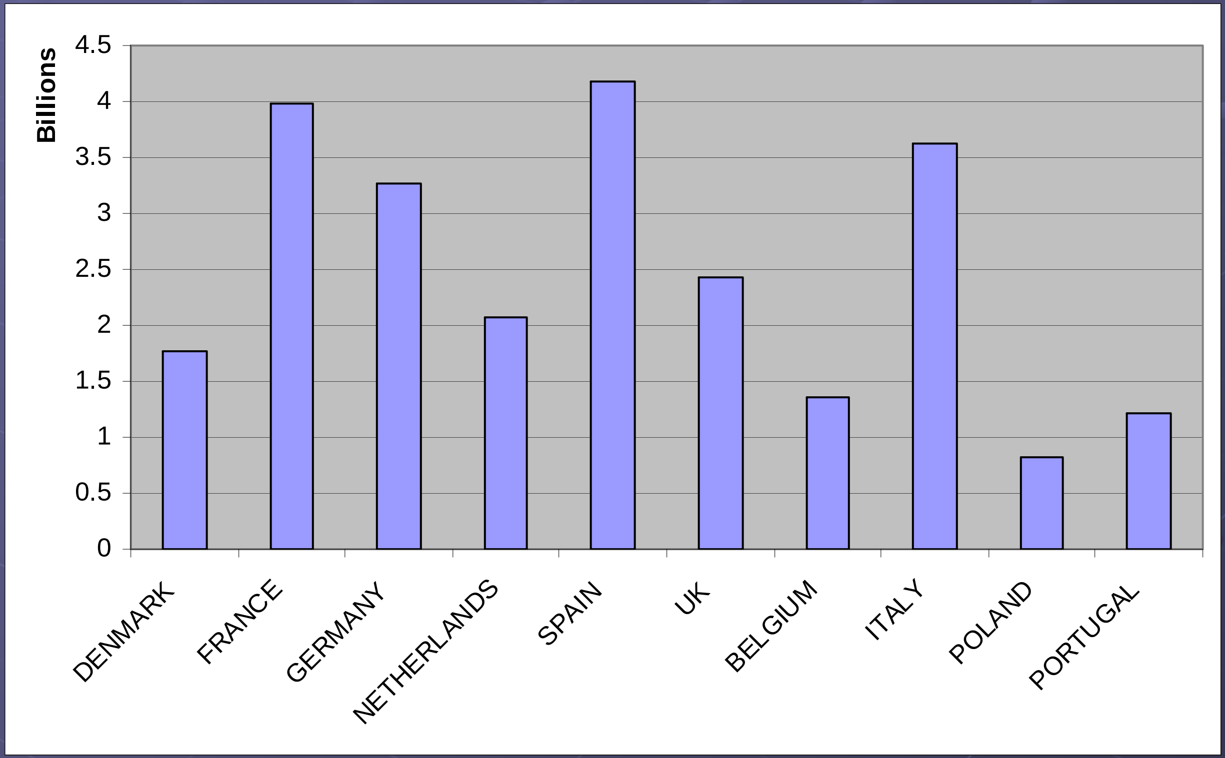
EU IMPORT VOLUMES 2008 – 2009 in million tons



EU IMPORT VALUES IN € 2008-2009



EU 10 LARGEST IMPORTERS BY VALUE (€) IN 2009 (86% OF TOTAL)



EU TRENDS

- wide variety in consumption: 4-55 kg !
- trend towards more common food habits and less extremes
- fish availability and distribution plays a role
- increasing import dependency
- prospects for capture and aquaculture ?
  - capture: stable or long term decline
  - aquaculture: not only a question of competitiveness, but a societal choice

EU

- Not one market, but 27 national markets with numerous sub-markets
- Large differences among countries; e.g.
  - Mediterranean vs Northern Europe
  - freshwater vs marine species
  - attitude towards aquaculture and wild
  - whole fish, gutted, value-added
  - fresh vs frozen
- Distribution issues also different
- Difference in economic situation
  - growth vs stagnation

World Distribution

- 67 % of world imports by three markets
- within these markets: supermarkets represent 50-85 % of retail sales
- concentration of sales whereas industry remains fragmented
- tendency in developing countries: urbanization
- at the same time: seafood retail net margins reportedly low compared to other food products

Future ?

- Supply side: more concentration in aquaculture for some species (salmon, European bass/bream. Shrimp ?)
  - focus on costs, economies of scale
  - focus on marketing and distribution
  - market and product segmentation

- Demand: retail concentration in developed <u>and</u> developing

- Aquaculture has some advantages over wild:
  - standardized product, size
  - traceability
  - predictability
  - contracts on price and volumes

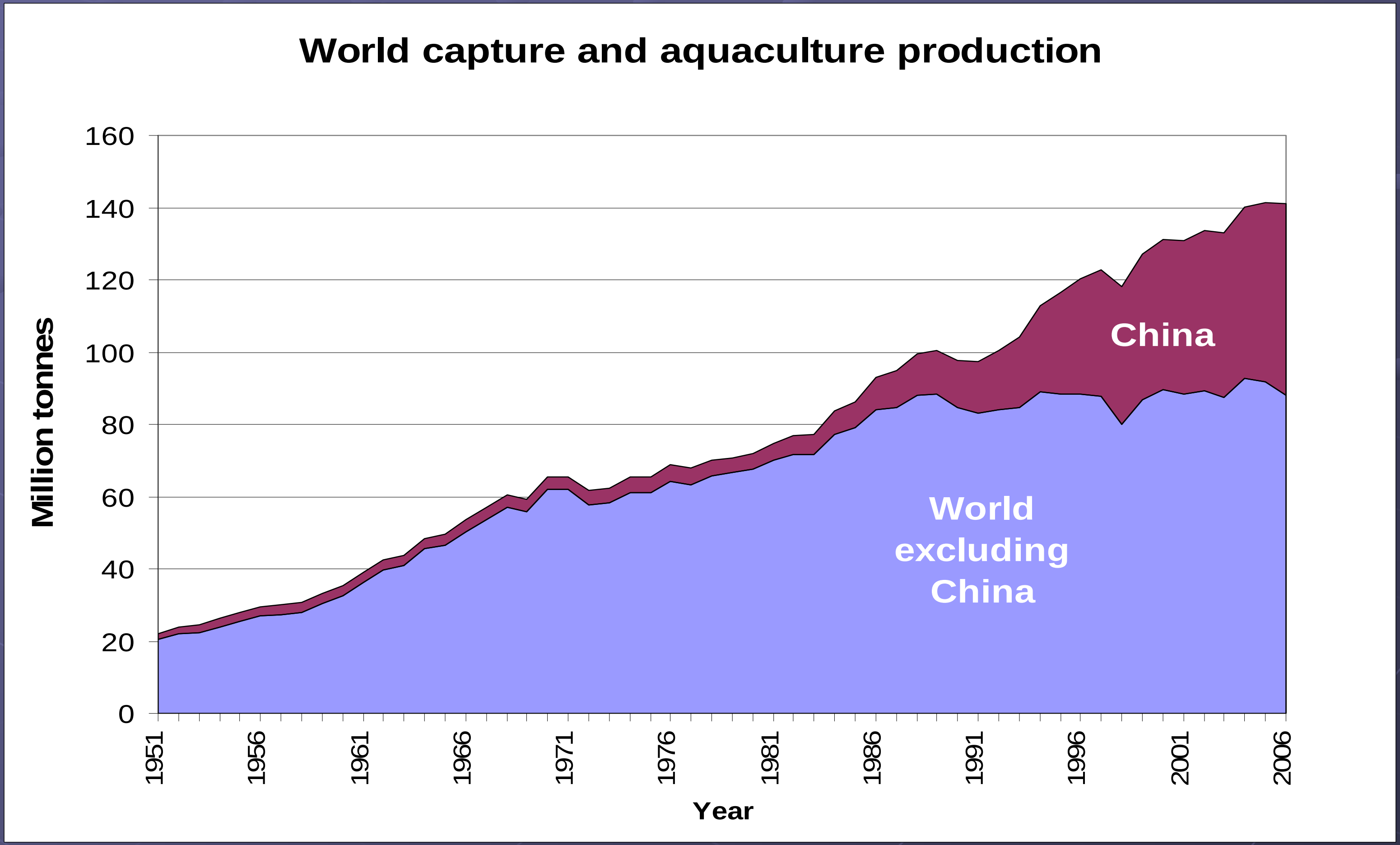
ISSUES OF IMPACT

Global trend of outsourcing of both production and processing

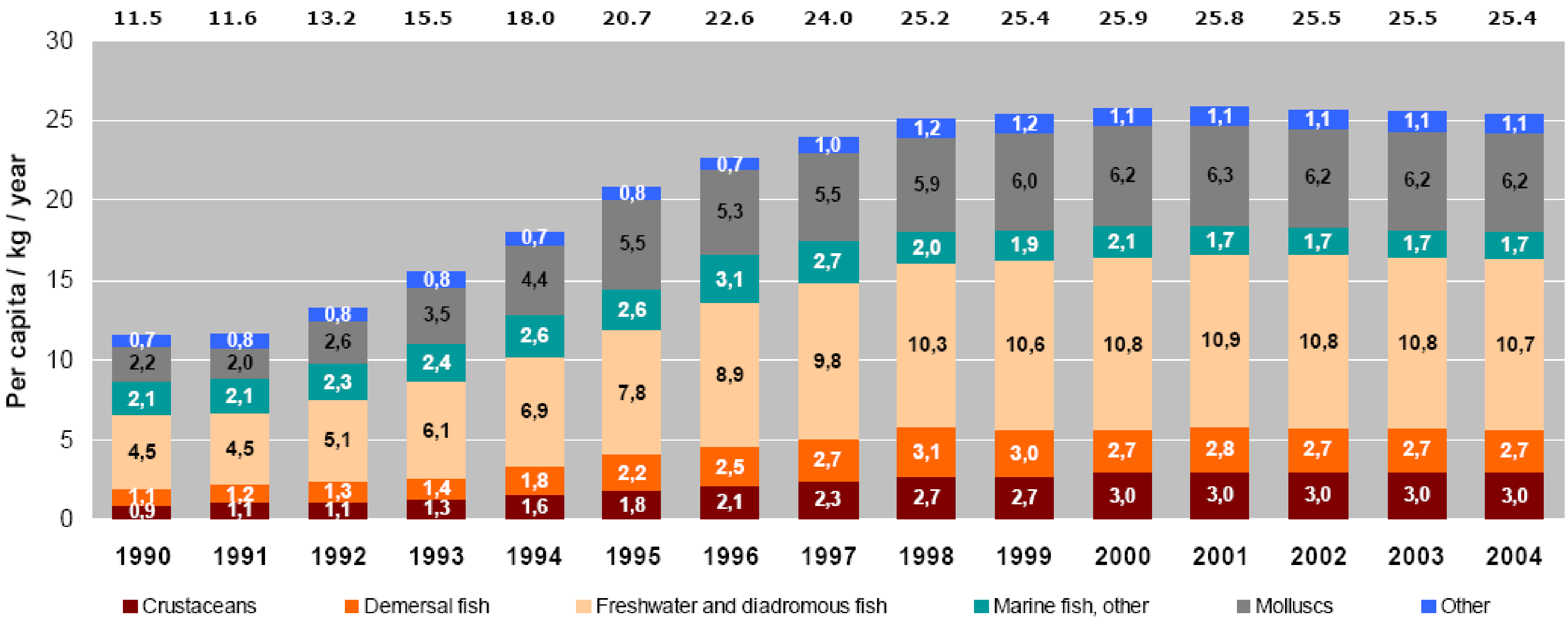
- Asia (China, Thailand, Viet Nam)
- but also
  - Morocco (canning)
  - Poland/Baltic countries (marinades, smoking)

- Growing share of production in developing countries, esp. of aquaculture

Role of China in production

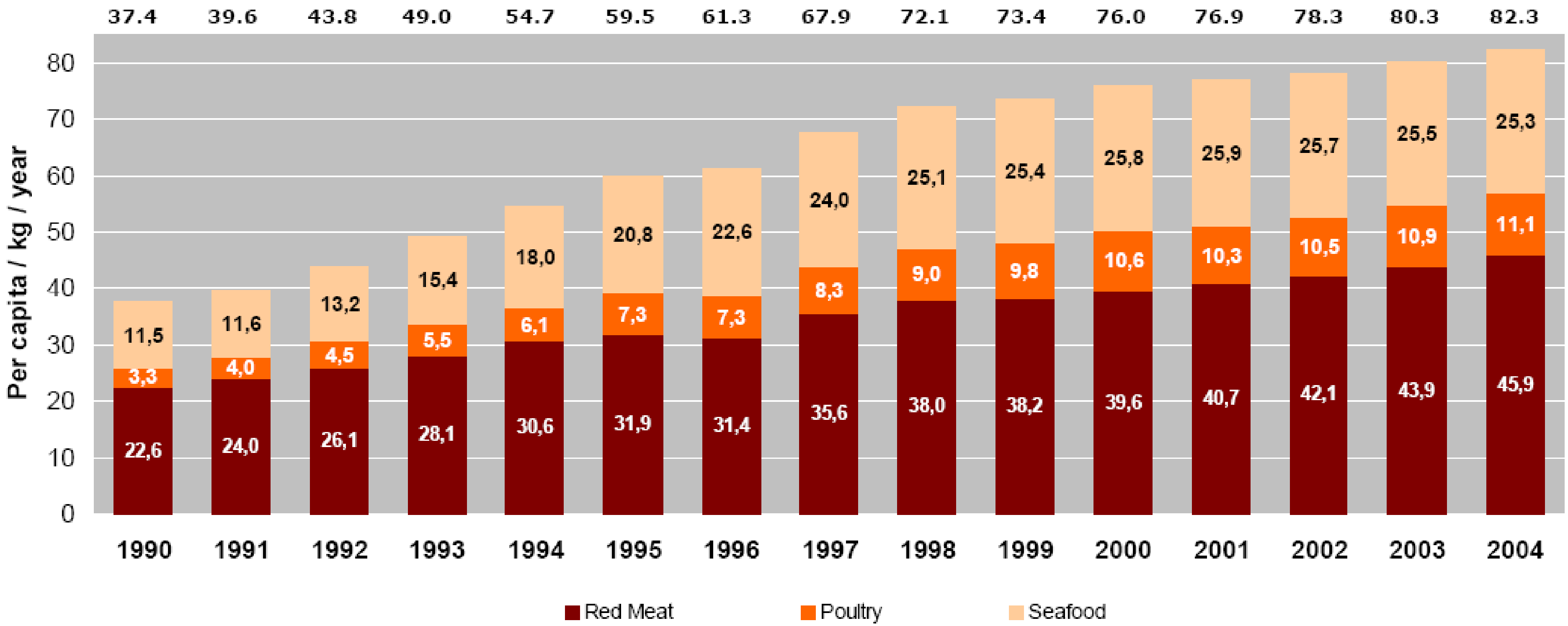


Seafood Consumption - China



Source: FAO, FAOSTAT, Rabobank

Protein Consumption - China



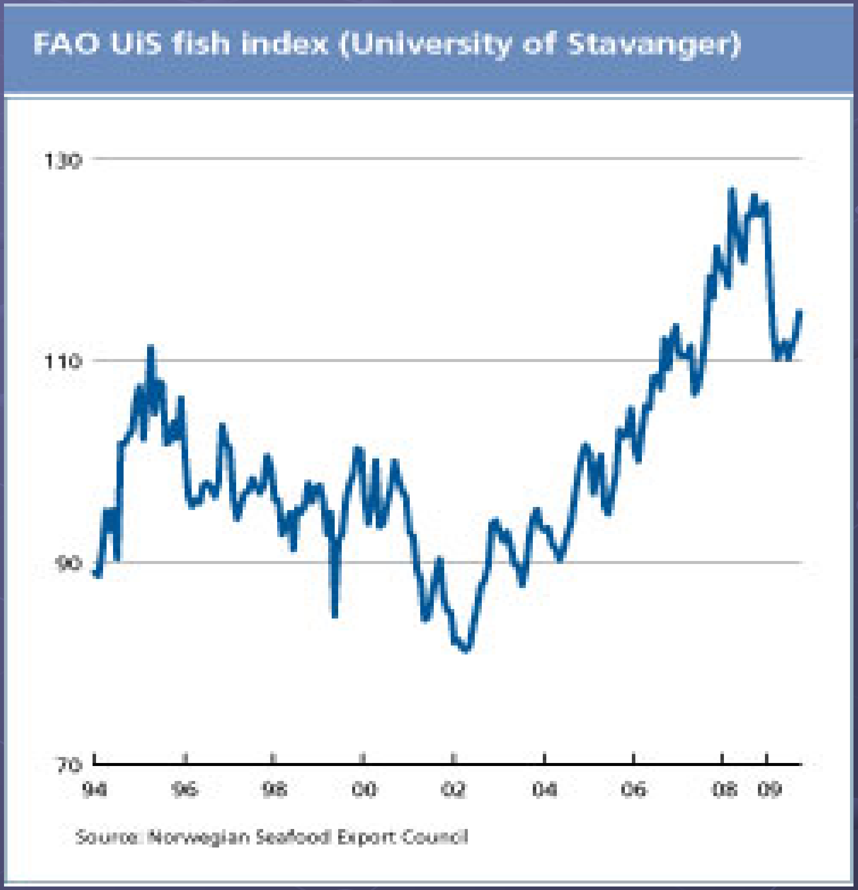
Source: FAO, FAOSTAT

The next China: Viet Nam

- 2008: Nr 5 among world exporters
  - 200,000+ tons of pangasius to EU alone
  - but a growing fish importer as well
    - reprocessing
    - domestic consumption
- Future: India ?

Fish prices

The FAO Fish price index; (2005 = 100)



FUTURE FISH PRICES ?

- **DEMAND: slowly rising**
  - because of population growth
  - small underlying increase in per kaput consumption
- **SUPPLY**
  - capture: stable, not increasing
  - aquaculture: increasing but declining growth
  - unknowns: climate change, disease, but also technology improvements
- **PRICE IMPACT ?**
  - most probably slightly higher fish prices but not much
  - price cycles in commodity markets
  - industry profitability through product development, technological innovation and cost reduction, targeted marketing

AQUACULTURE FUTURE

- fastest growing food producing sector in the world
- accounts for almost 50% of global food fish supply
- 53 million tons of fish produced worth US$ 98 billion (2008)
- given the projected population growth, an additional 40 million tons of aquatic food needed by 2030 to maintain current per caput consumption

Aquaculture development

- many countries prioritize an export driven aquaculture development
  - export markets, economic activities
- but other elements are essential as well
  - social issues
  - environmental issues
- for long-term sustainable growth, all three elements must be included
  - an ecosystem based development

CONCLUSIONS

- Fish has always been a globalized commodity
  - but of higher importance for developing countries than most other commodities
- Fish production is increasing, but only thanks to aquaculture: 47% share in 2009 in food fish
- Fish trade trend is positive: USD 100 billion in 2008, but drop in 2009
- New growth in 2010
- Fish trade: big 3 import 68 % but in decline
- Outsourcing of production and processing
  - Rise of China and Viet Nam, and Russia
  - Future: India ?
- Aquaculture will determine overall future supply
  - but sustainable aquaculture developments must build on inclusion of <u>economic</u>, <u>social</u> and <u>environmental</u> criteria
- EU: # 1 import market with continued dependence on imports

THANK YOU