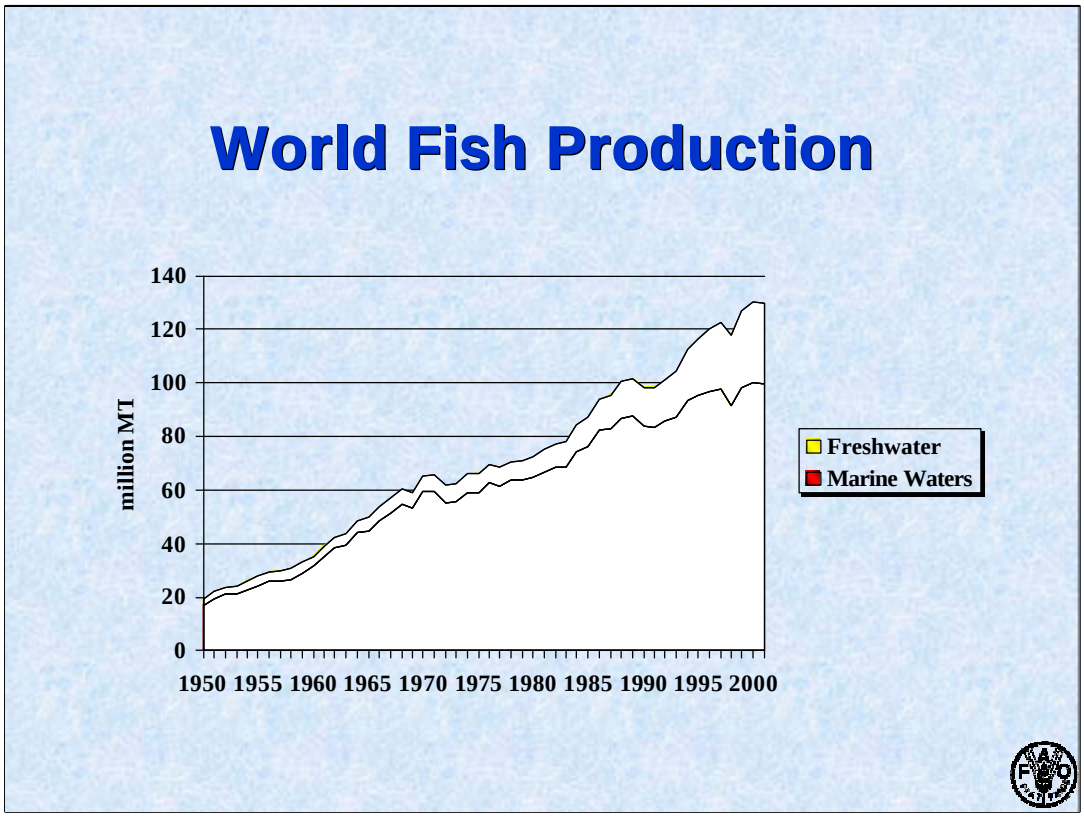
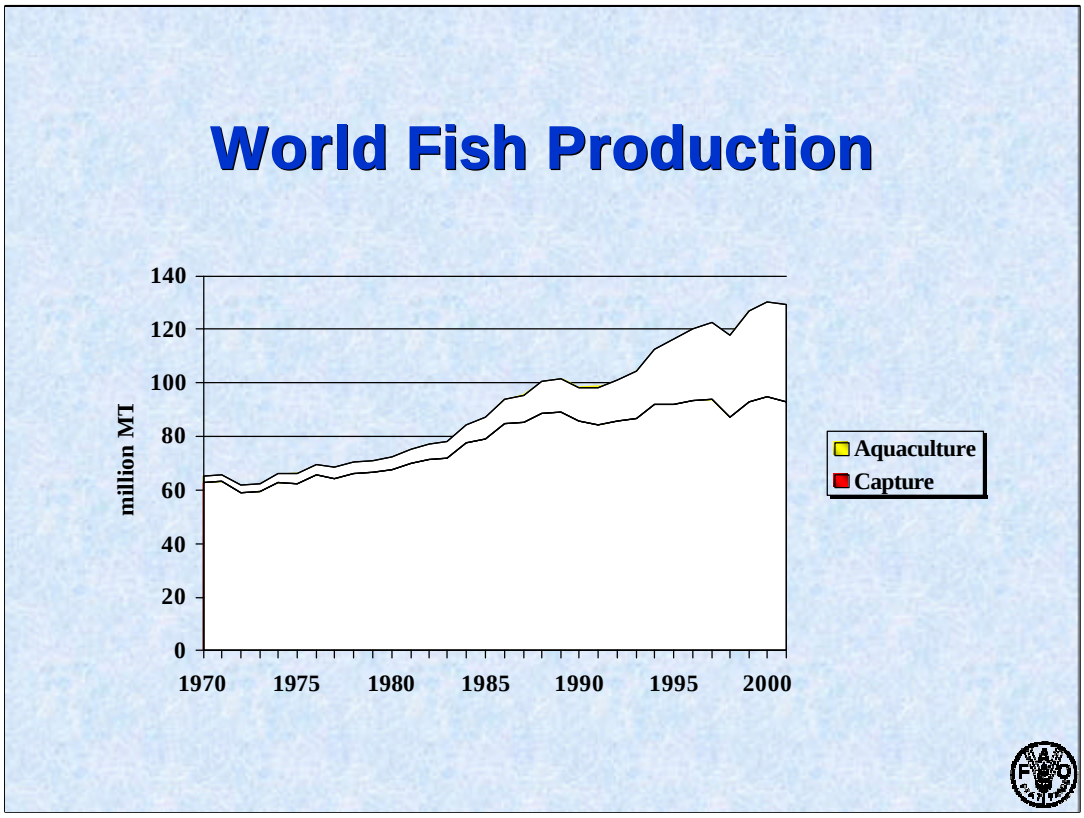
World Fish Trade

Helga Josupeit
FAO-GLOBEFISH
Rome, June 2003



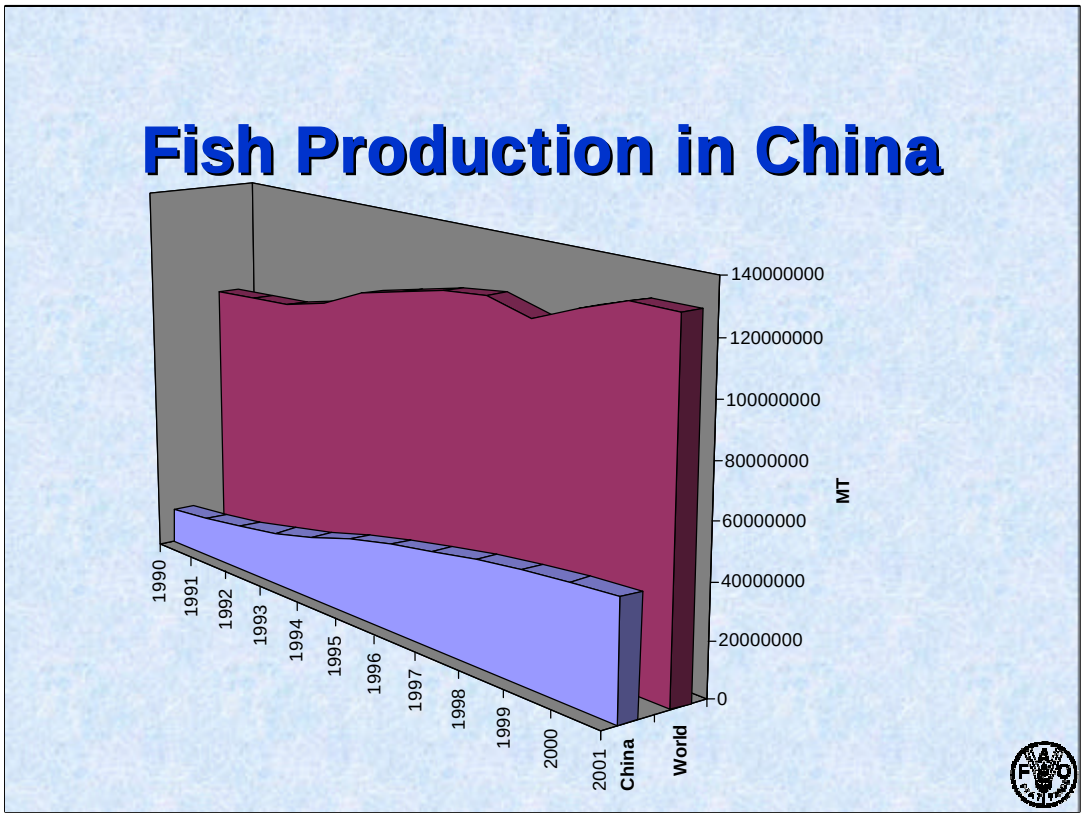
Total world fish production (capture plus aquaculture) in 2001 is estimated at 129.3 million tonnes, slightly below previous year's production of 130.4 million tonnes. The decline in 2001 was due primarily to decreased catches of small pelagics fisheries in South America, particularly in Peru. Of the total world production in 2001, fish capture accounted for 91.8 million tonnes. This is

3 million tonnes short of the 2000 record capture. Aquaculture production continued to expand in 2001, reaching 37.5 million tonnes, or 29 percent of total fisheries production, compared to a share of just 15 percent in 1990.

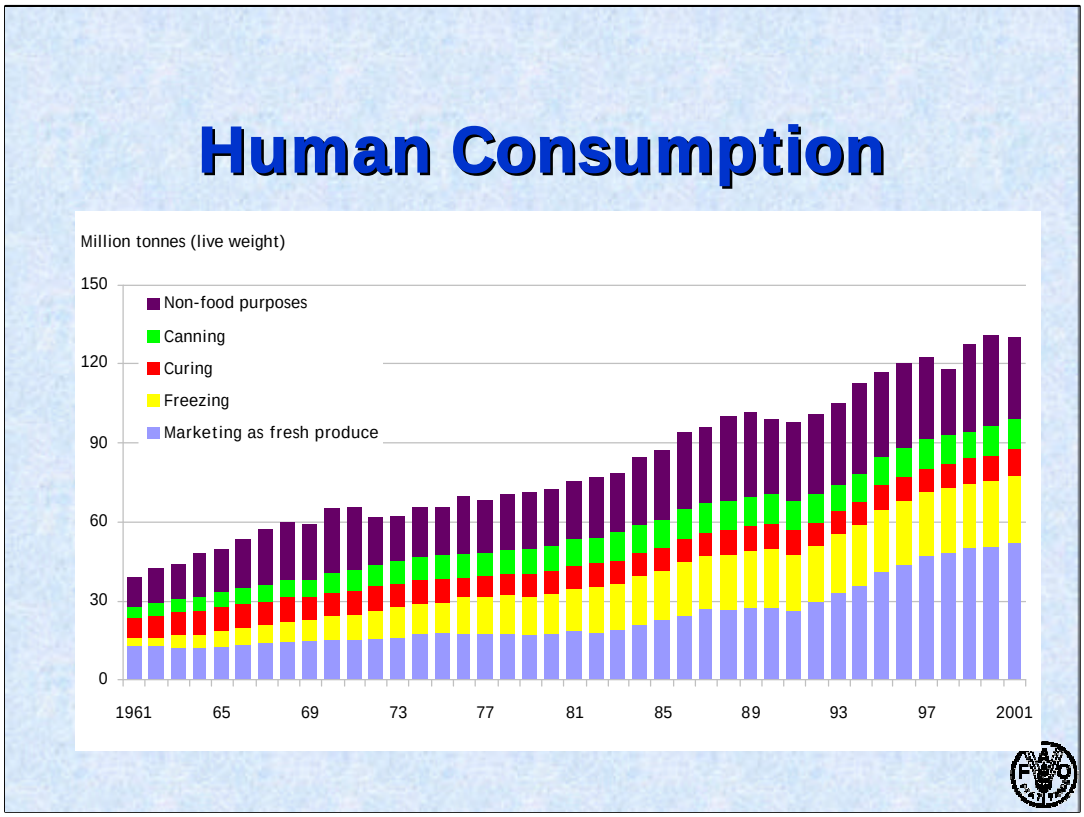


The importance of aquaculture production continues to expand, with 35.3 million tonnes in 1999, or 26% of total fisheries production. Back in 1990, this share was 15%.

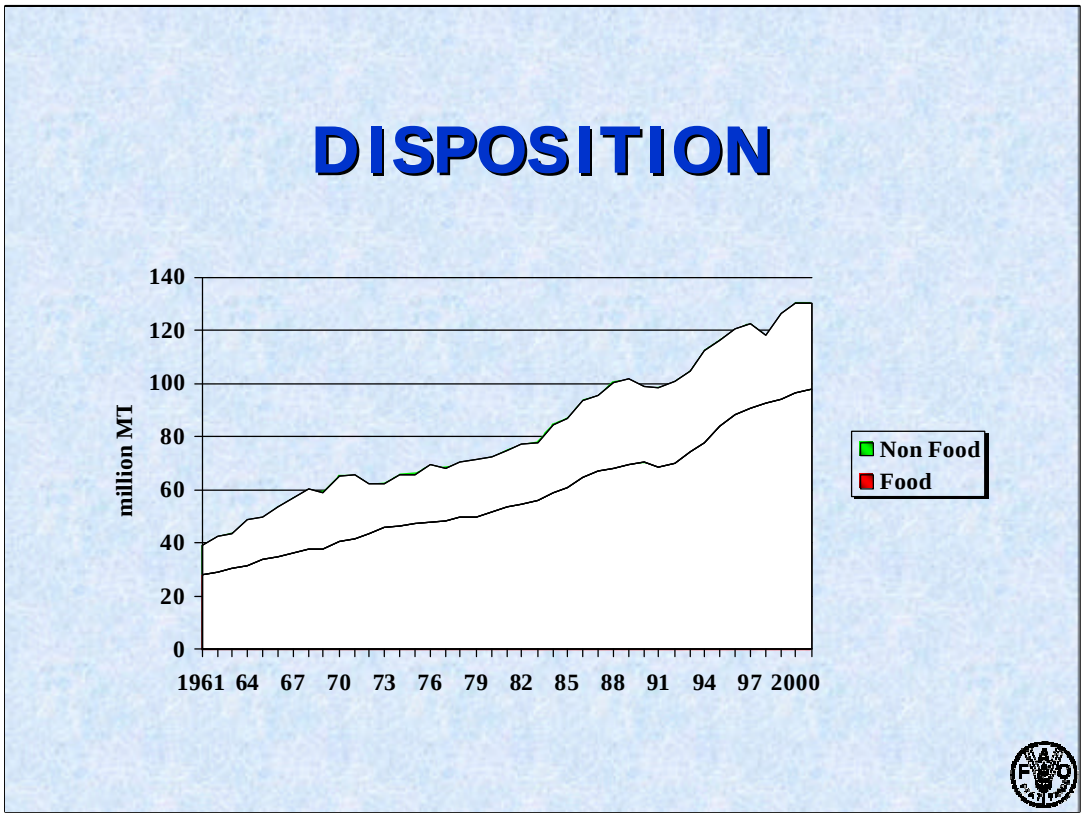
China is the top producer with some 42 million tonnes in 2000. Peru recovered its second position among the main producing countries with a 90% increase of catches between 1998 and 1999. Japan was the third major fishing nation with catches of 5.9 million tonnes.



This slide shows the impressive growth of Chinese Fish Production compared with world fish production

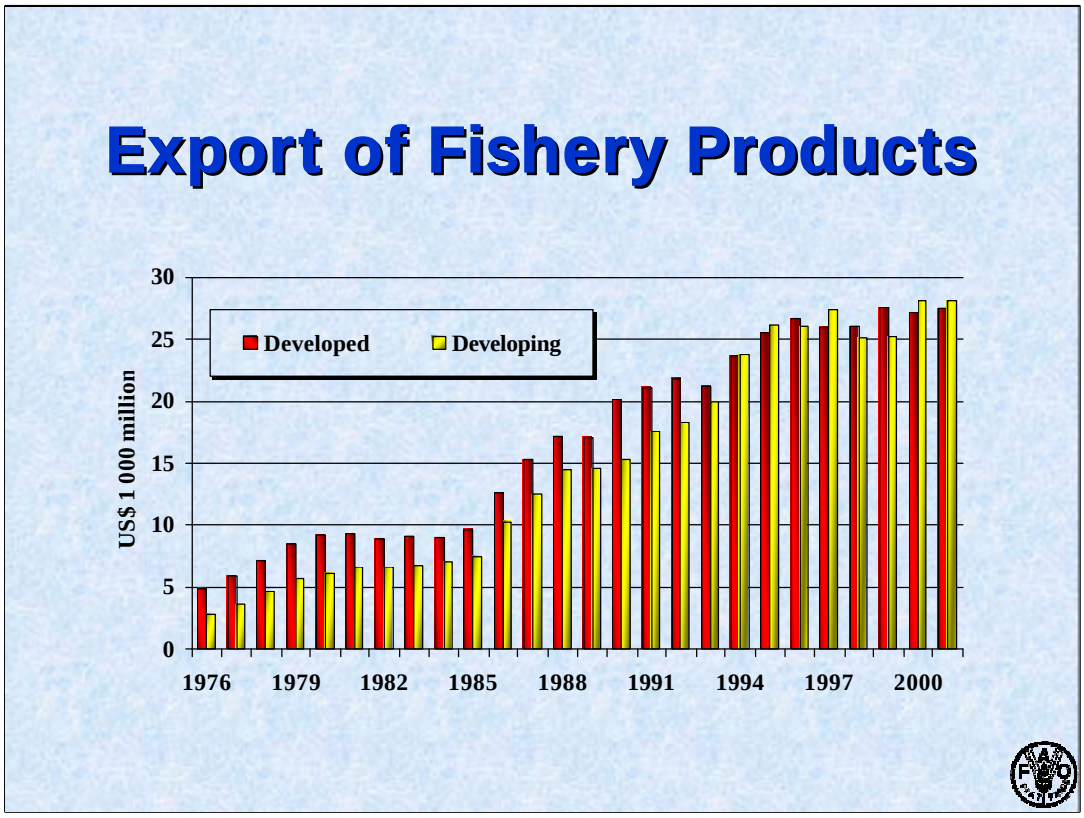


This graph shows the disposition of the world fishery production for human consumption and the main forms of processing. The figure shows the live weight equivalent, not the processed fish actually consumed. Unlike many other food products, processing of fish does not generally increase the price of the final product, and fresh fish has still the most favourable reception on the market when compared to processed fish. The processing of fish, especially the freezing of fish, is a requirement for the transport of this very perishable food commodity to the markets. Fresh fish has increased in volume from 24.9 million MT in 1988 to 52 million MT in 1998. Processed fish (frozen, cured and canned) has increased from 46 million MT live-weight equivalent in 1988 to more than 50 million MT live-weight equivalent in 2000. The main growth was experienced by frozen fishery products (incl. fillets and shellfish), which increased from 24 million MT in 1988 to 27 million MT in 2000. It has to be noticed, however, that during the past three years there has been no increase in frozen fish production. Canning also reported a limited progress, expanding from 12.0 million MT to 13 million MT. Cured fish (including the traditional fish processing methods such as fish smoking, fish salting, fish drying, etc.) production declined during the years under survey.



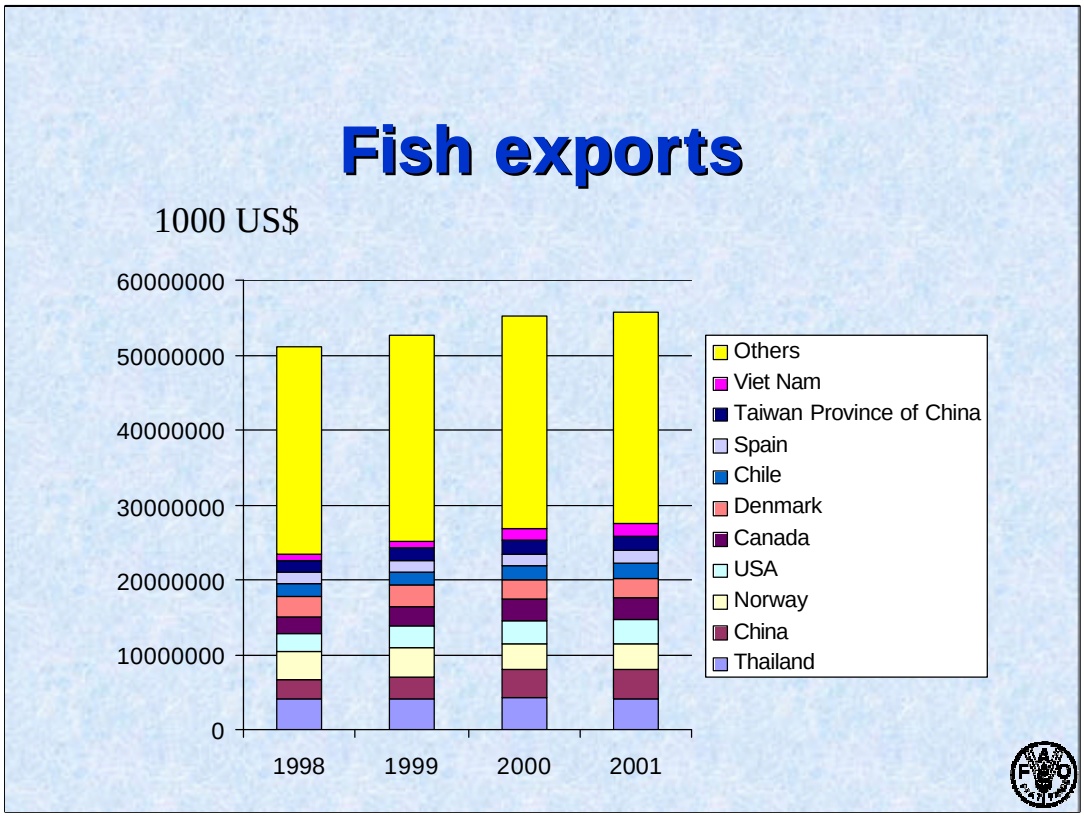
Fish is a product with an extremely wide range of product forms and flavours. Together with the now traditional preparations such as fish fillets, smoked fish fillets, salted and dried fish, canned tuna, smoked sprats, salted anchovy fillets, frozen lobster tails, etc. developments in food science and technology, coupled with better refrigeration chains and the use of the microwave oven are making convenience foods, ready meals, coated fish products and the other value-added items a fast growing industry. The possibilities of fish processing give an incredible range of tastes, appeals, and presentations to make it one of the most versatile food commodities.

Fish is a commodity with a significant capacity for processing. As concerns the disposition of world catches, only 25% of the fish is marketed in fresh form, while the remaining 75% experiences some form of processing. Out of the 75% of total quantity of fish processed per year, 40% goes to fishmeal and fish oil production, while 60% is processed for human consumption. The share of fishmeal production has remained surprisingly stable over the years (30% of total landings). The highest share of the global catch for fishmeal was reached in 1970 at 38%, but dropped sharply down to 27% in 1973 due to the El Niño phenomenon off the coast of South America and never recovered to its former share.

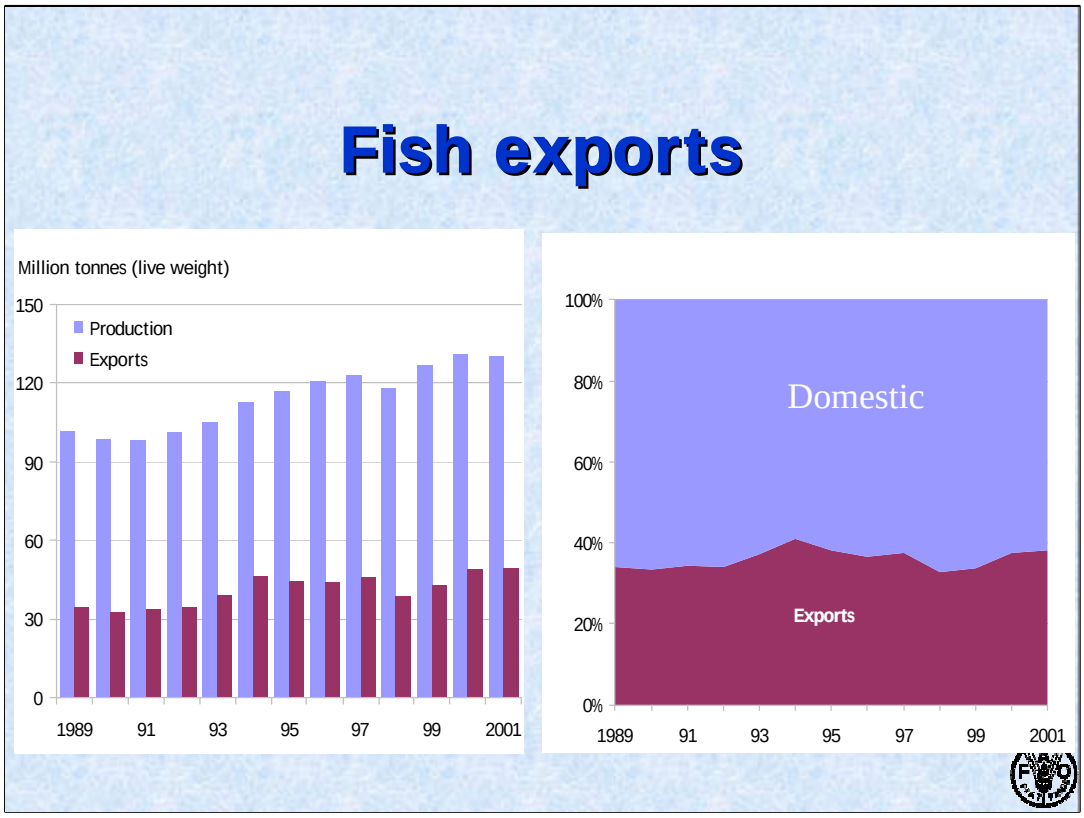


This graph shows the world exports of fish and fishery products (incl. fish meal and fish oil) by developed and developing countries or areas from 1976 to 2000 in US$ thousand millions. International trade in fish has grown considerably in recent years with exports increasing from US$ 7 000 million in 1976 to US$ 56 300 million in 2001. About 37% of the fish produced for human consumption now goes in international trade. Developing countries play an active part in this trade and actually represent near 50% of exports. In 1994 and 1995 exports of developing countries were slightly higher than those of developed countries but declined since then.

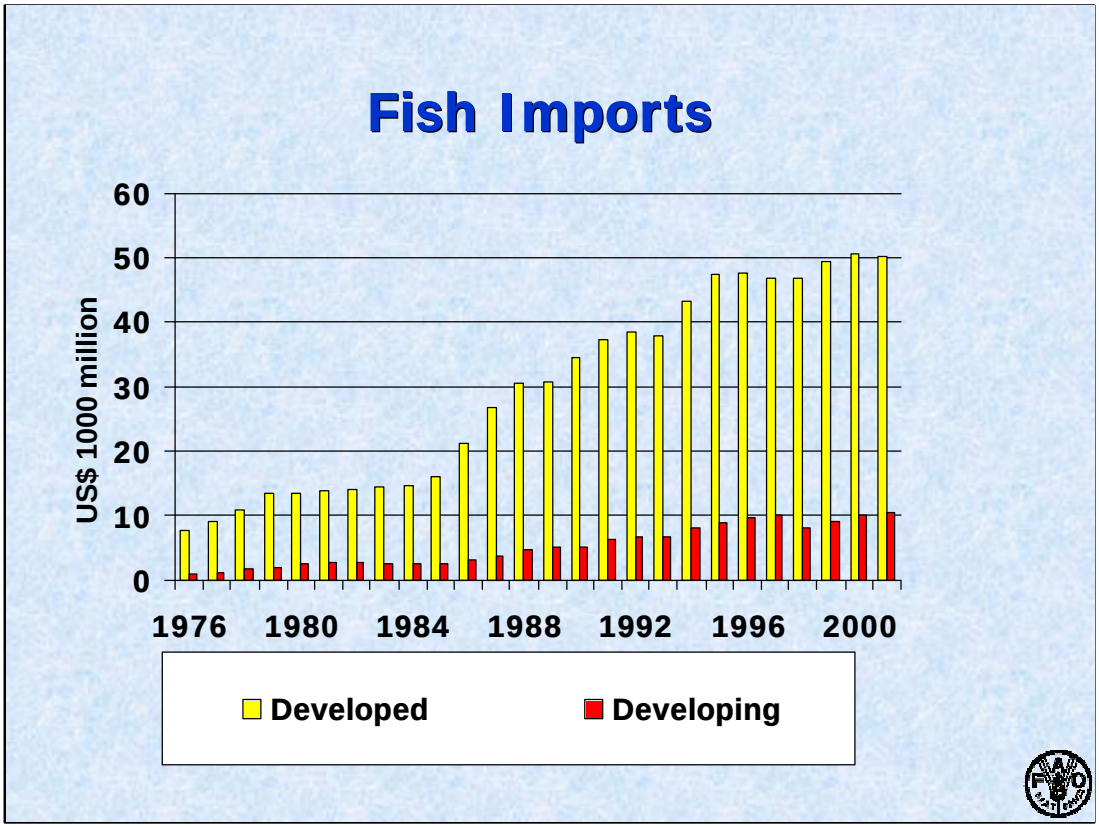
Thailand and China are the world's major exporter of fish products in value terms. Both countries concentrate 16% of total world trade.



Thailand and China are the world's major exporters of fish products in value terms, with US$ 4 000 million each. China has impressively expanded its performance as fish exporter in recent years and is likely to have overtaken Thailand as major fish exporter in 2002.

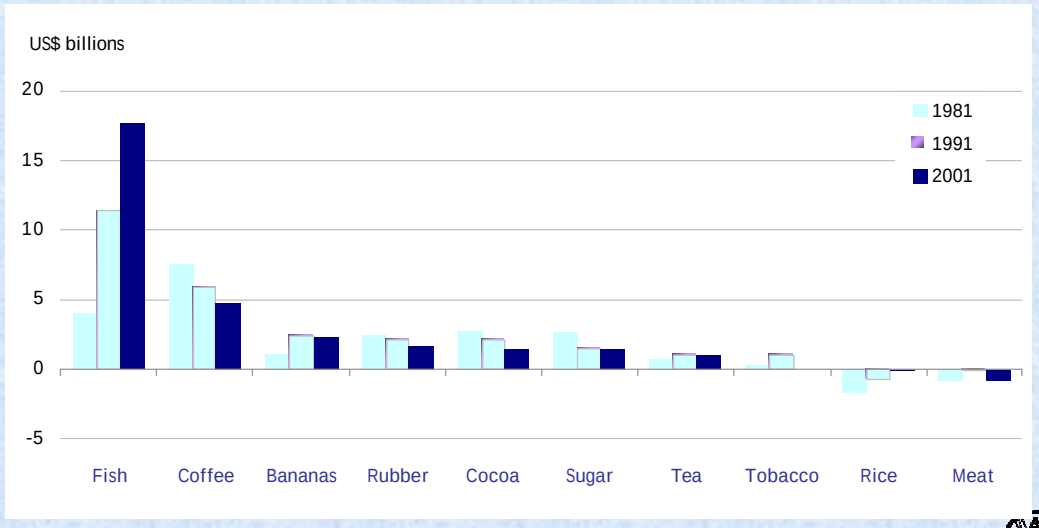


About 37% of the fish produced for human consumption now goes in international trade. This percentage is higher in year of good fishmeal production (1994, 2000) and lower in El Niño years (1998). The graph shows that overall, the share of fishery products is more or less stable.



Total world imports of fish products declined slightly in 2001 in value terms to US$ 59 300 million. Developed countries accounted – as usual - for more than 80 percent of the total. Japan was again the biggest importer of fishery products, accounting for some 22 percent of the global total, though a substantial decline from the 30 percent share that this country used to have. Japan's imports of fish and fishery products have declined due to the continuous economic recession. The EC further increased its dependency on imports for its fish supply. The share of the EC in the value of world imports increased to 35 percent. The United States, besides being the world's fourth major exporting country, was the second biggest importer of fish products in 2001 with value of US$ 10 200 million.

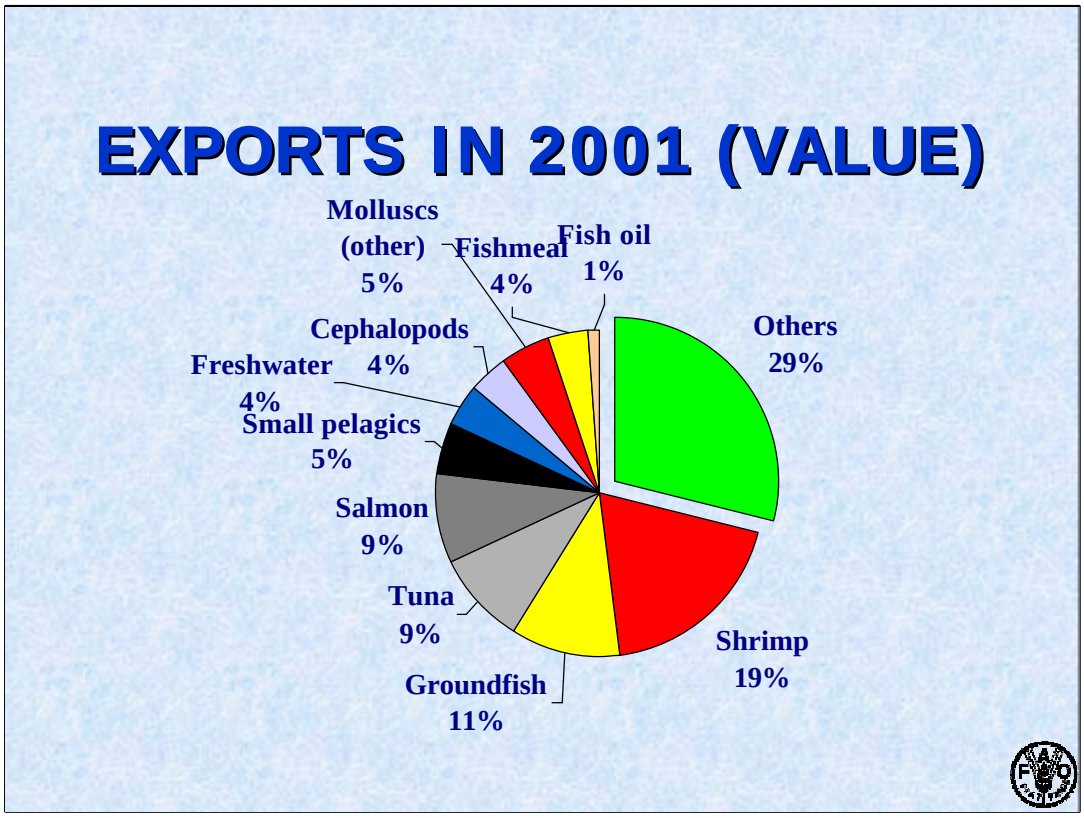
Net-exports of developing countries



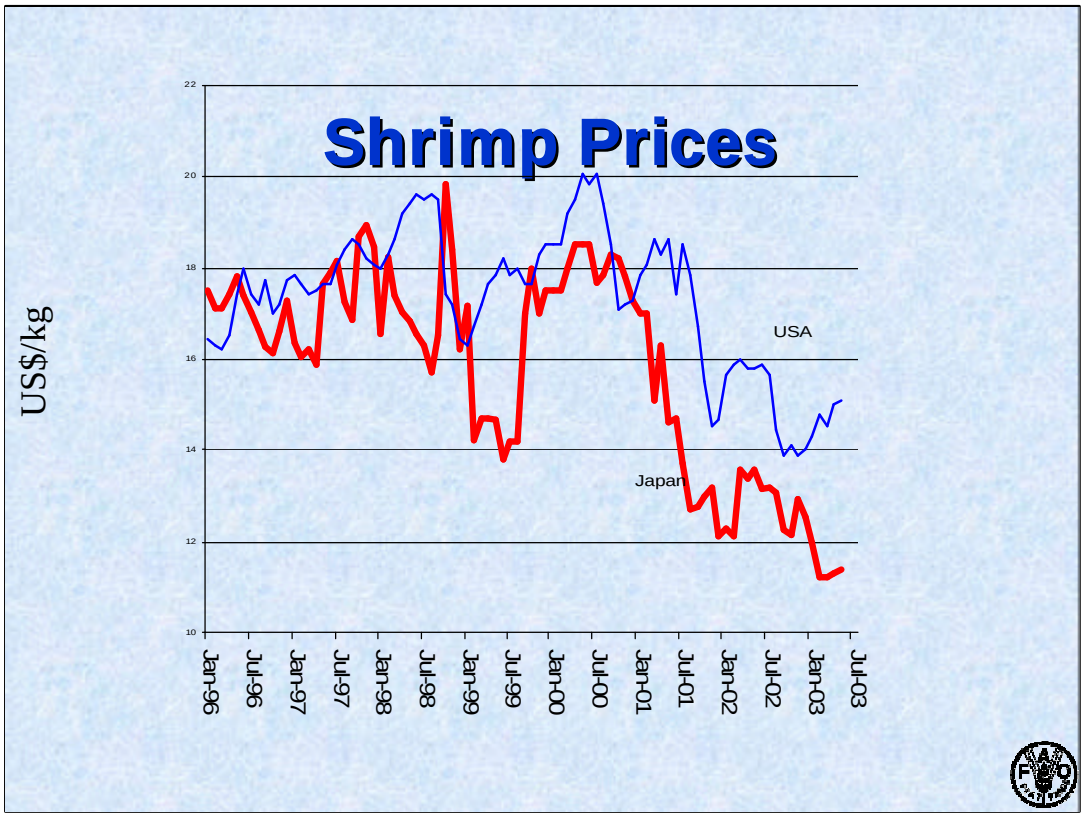
Fish is the most important foreign exchange earner among all agriculture products traded by developing countries. Net export earnings exceeded US$ 18 000 million in 2000, which compares to US$ 10 000 million in 1990, and only US$ 3 000 million in 1980. Coffee experienced the opposite development with net exports going down during this period from US$ 10 000 million to US$ 7 000 million. All the other commodities are also much less important for foreign exchange earnings.

Developed countries accounted for more than 80% of total imports of fishery products in 1999 in value terms. Japan was again the biggest importer of fishery products, accounting for some 25% of the global total which is a substantial decline from the 30% share that this country used to have. Japanese imports of fish and fishery products declined in 1997 and 1998 due to the economic recession, and have not fully recovered yet. The European Union (EU) further increased its dependency on imports for its fish supply. Their share in total world imports of fishery products in value terms expanded to 35%, however about half of the EU imports are originating from other EU countries, so there exists some double counting. The United States, besides being the world's fourth major exporting country, was the second biggest importer of fish products in 1999. US fish imports are expanding due to its exonoxmix growth. About 16% of total fish trade is imported in this country.

Developing countries account for about half of world trade.

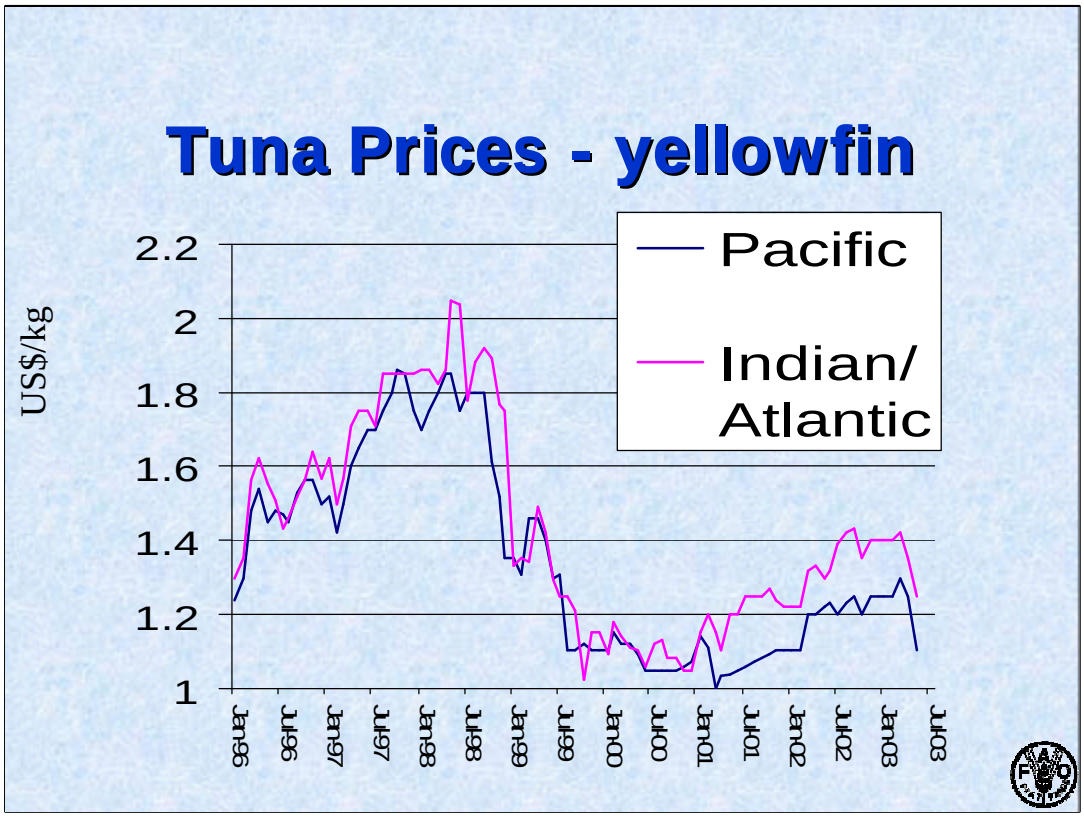


Shrimp is the most important commodity with about 19% of international trade in value terms. It is interesting to note that this share stayed stable over the past 20 years, despite the substantial changes in supply of fishery products to the world market. Groundfish is another important group with 11% of trade. Tuna is third with 9%. The relative importance of salmon as a export item has increased over the past years, to reach 7% in 1999 and 9% in 2001 as a result of the booming salmon farming industry in Norway and Chile.



Shrimp is the world's most important fish commodity accounting for about 19 percent of international trade in value terms. The EC, Japan and the United States are the world's major importers of shrimp. Their combined imports is stable at 950 000 tonnes.

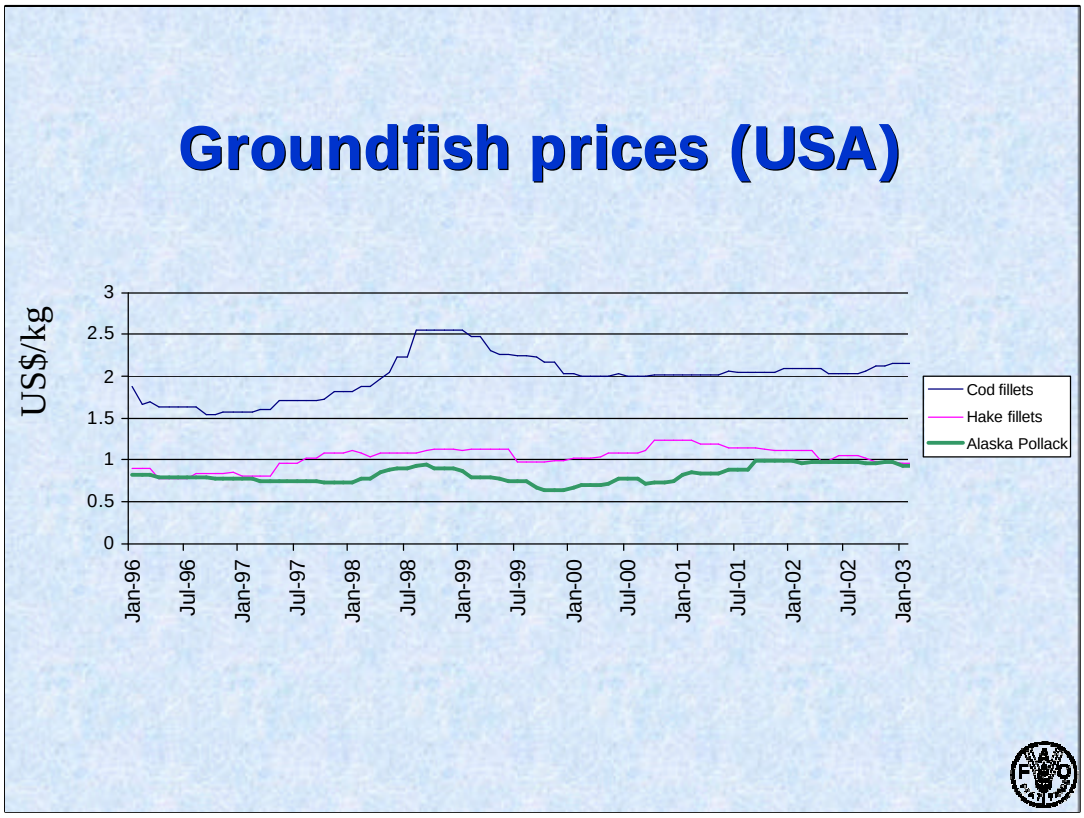
There are signs of a pick up in shrimp prices during the second half of 2002. It is likely that import growth in several key markets during this period will be weaker than in the first half of the year. While 2002 as a whole was a record year for US volume imports, Japanese imports during 2002 likely were similar to levels in 2001.



After two years of extremely low prices, the tuna market stabilised in 2001 and improved during the first half of 2002. In early 2003, however, prices declined again, and the private tuna industry was looking for measures to maintain prices steady at a level which is considered as economically viable by producers and processors.

Bluefin tuna farming in the Mediterranean was difficult in 2002, since lower catches of bluefin resulted in less tuna to be put into onward growing pens. Bad weather during the summer months led to a shorter fishing season than usual. Total production of the farming industry in 2002, is estimated to be 5 000 tonnes in Spain,

3 000 tonnes in Croatia, 1 500 tonnes in Italy and 1 000 tonnes in each Malta and Turkey, for a total of 11 500 tonnes in the Mediterranean. The fish are normally caught in summer months, mainly in July, and then put into the pens. They are kept for about 6 months, awaiting the main consuming period in Japan, the year-end season, which brings the highest prices for the sashimi tuna. The fish grows in the pens by about 15% in weight during this period. The feed consists mainly of live or very fresh pelagic fish, which is an interesting market outlet for the pelagic fish production from the area.



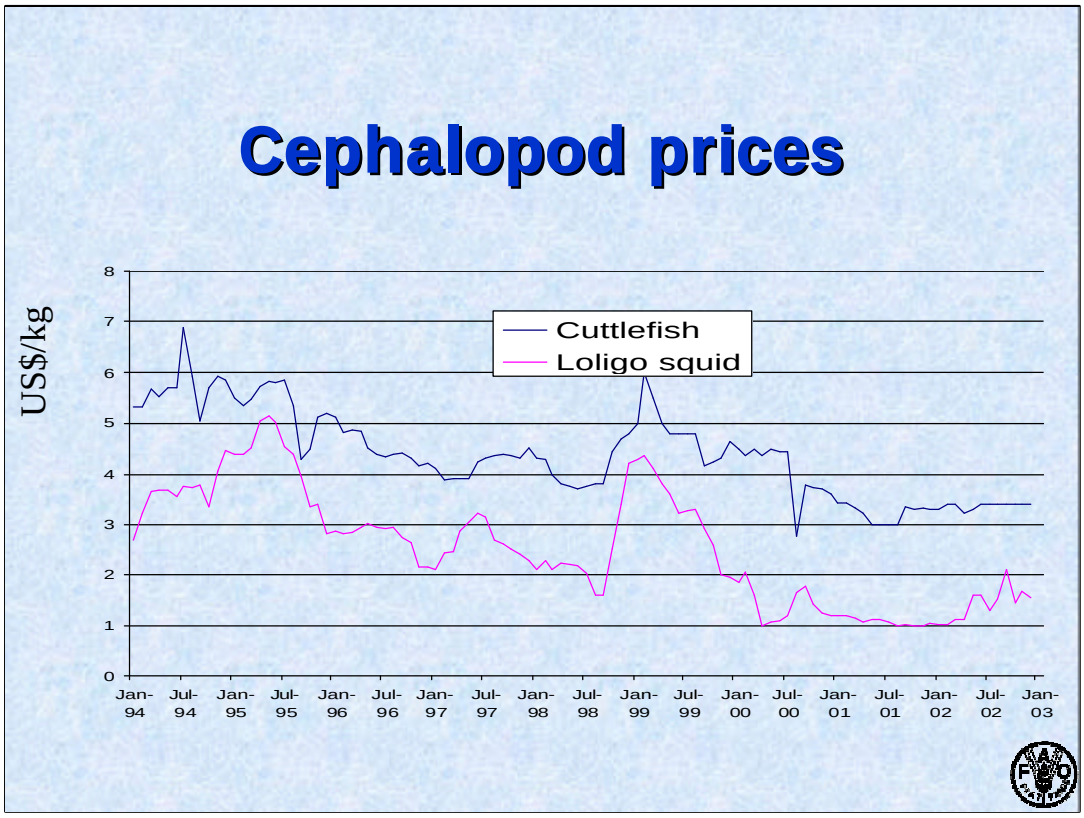
. Indications for 2002 point to a decrease in frozen Atlantic cod fillet imports in key markets. The general decrease in fillet imports, attributed by the trade to higher prices, is balanced in certain markets by an increase in whole frozen imports. Competition from double frozen Chinese fillets may undermine any further increase in cod fillet prices in 2003. This increase may reduce any upward pressure on block prices but there is uncertainly as to the likely utilization of any increased Russian production.

Representatives from the pollock industry say that increasing amounts of Alaska pollock are driving the whole ocean whitefish industry. The government are finally beginning to see some positive results from implementing a conservative management scheme over many years.

About half of the Alaska Pollock harvest is processed into a fish paste called surimi, which is fashioned into many products in Japan and other Asian nations. Much of the rest is filleted and frozen in block form for reprocessing in the US and in Europe.

Alaska groundfish, with pollock being the dominant species, is one of the most important US fish harvests. In 2001, the fishery produced a catch of 1.9 million tonnes and an ex-vessel value of US$ 543 million. According to federal figures, this represented 47% of the quantity and 17% of the value of the total US domestic landings. After primary processing, the value of fish increased sharply to reach about US$ 1.4 billion.

The Norwegian groundfish industry is in a major crisis. The estimated size of the cod resource, which is the main species caught, is low, and prospects for recovery are poor. As a result, quotas have been reduced but prices remain low. In three years, the cod quota in the Barents Sea had to be lowered by 460 000 tonnes, with negative effects on the Norwegian and Russian Federation industry. Vessels from these countries are now mainly landing small cod, that means 3-4 year old, which also does not help in rebuilding the stock.



Illex catches in Argentine waters for 2003 are forecast to be even lower than the 2002 levels. This will have a direct impact on prices which should go up. However, experience teaches that forecasting the future Illex season at this time of the year can often be erroneous, leading in many cases to speculative purchases and over-pricing. The octopus market seems to have normalised in recent months, and no dramatic price developments are foreseen. The measure of the Moroccan government of fixing minimum prices seems to have worked out, and prices have soared from the very low levels reached in 2001 and early 2002.

Squid supplies are expected to stay low in 2003. The flying squid resource in Japan overall, seems to be in bad state, while Illex catches in the South West Atlantic are expected to be even lower than in 2002. Giant squid catches in Peru will be affected by the El Niño, predicting a shortage of squid on the market.

The increasing role of labelling and traceability of fishery products in international fish trade was highlighted and many countries requested FAO to further work on this topic. Many Members underlined that on the basis of scientific information and with the coordination of governments, FAO should develop guidelines on eco-labelling. This work should advance through the holding of an expert consultation, which will report to the next meeting of the COFI Sub-Committee on Fish Trade to be possibly followed by a technical consultation on this issue. Many Members stressed that eco-labelling should be voluntary, non-discriminatory and transparent. Some Members expressed their deep concern that private eco-labelling schemes and associated traceability schemes, if any, could become a barrier to trade especially if not based on scientific, objective and consistent criteria. Members from developing countries expressed their need for capacity building and institutional strengthening in the field of WTO multilateral trade negotiations. Fish safety and quality in fish trade was highlighted and the countries requested FAO to pursue its work in this field, with particular mention of HACCP, dioxins, residues and fishmeal. The role of the FISH INFOnetwork in this field as well as in marketing was highlighted. The Sub-Committee on Fish Trade was requested to avoid duplication and coordinate with the Sub-Committee on Aquaculture, especially with regard to safety and trade of aquaculture products

Outcome from COFI (cont.)

- Fishmeal and BSE
- collaboration between FAO and the World Customs Organization (WCO)
- harmonization of catch certification schemes

Many Members expressed serious concern regarding the maintaining of restrictions on trade and use of fishmeal for animal feed, on the grounds of alleged link to the Bovine Spongiform Encephalopathy (BSE) since a study on the issue carried out by FAO and resolutely endorsed by the Sub-Committee on Fish Trade indicate that there are no epidemological data linking it to Bovine Spongiform Encephalopathy (BSE). One Member stated that there was good news and that the said restrictions would be removed as of 1 May 2003. The Committee decided to include this item on the Ninth Session of the Sub-Committee on Fish Trade and called on the Secretariat to prepare a report on this matter for the meeting.

Members underlined the need for collaboration between FAO and the World Customs Organization (WCO) in order to improve the customs classification codes for fish and fishery products. This will include, *inter alia*, improved specification for species from the Southern hemisphere. The development of some form of a unified bar code system, which would help traceability, was mentioned as an interesting option for improving the trade registration system.