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Report Highlights:

Declining demersal fish landings continue to characterize the UK's fishing industry. But with the pelagic catch recovering and the long-term growth in shellfish catch, the total wild catch has remained relatively stable. Seafood consumption is strong, with value-added seafood the top performing sector at present. The UK remains reliant on imports to meet demand for seafood and is a substantial importer of whitefish.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The UK commercial catch increased marginally in CY2002 to 442,759 MT. Increased volumes of pelagic landings drove this increase, with the volume of demersal and shellfish landings both falling. Although the pelagic catch has recovered and shellfish landings are on a long term upwards trend, demersal fish landings continue to be in long-term decline. With the EU likely to introduce further restrictions to fishing effort in certain areas, the demersal catch is set to continue this decline.

By contrast, UK's aquaculture industry continues to post significant production increases. Output of salmon, the key farmed species, was estimated at 145,609 MT in CY2002 and further production increases are anticipated over the long term. However, trading conditions have been tough in CY2003 and some farmers are considering closing sites as a consequence. Trout and shellfish are also farmed in the UK, although on a much smaller scale. Production from each is approximately 17,000 MT per year. Farmed production of whitefish remains minimal, although ambitious targets have been set for the production of cod, halibut and haddock from aquaculture sites.

Consumption of seafoods continues to grow, driven by consumer demand for convenience and concerns over health. A combination of these trends has boosted sales of value added seafood in particular. Fresh/chilled fish have also benefited from this trend and consumers also appear increasingly willing to trial exotic species. The frozen sector has been sluggish by comparison, but the marginal increases in value and volume of the category signal an improvement on performance through the 1990s. Supermarkets continue to be the dominant sales outlet for all types of seafood, with the role of fishmongers diminishing. HRI usage of fish continues to be dominated by the nation's 7,800 fish and chip shops, although hotels and restaurants continue to lead the way with choice and quality of fish species.

The UK continues to be reliant on imports to meet demand for fish and seafood. With relatively little year on year change in domestic production, there has been only a marginal change in the UK's import requirements. The UK also exports considerable volumes of seafood, particularly shellfish and salmon, predominantly to other European member states. The U.S. has historically been a key supplier of canned salmon to the UK. Increasing shipments of Alaskan Pollack entering the country have supplemented canned salmon shipments, with the U.S. currently supplying 6 percent of the UK's seafood imports.

Note: conversion rate used throughout : US\$1 = BPS 0.59

Situation & Outlook

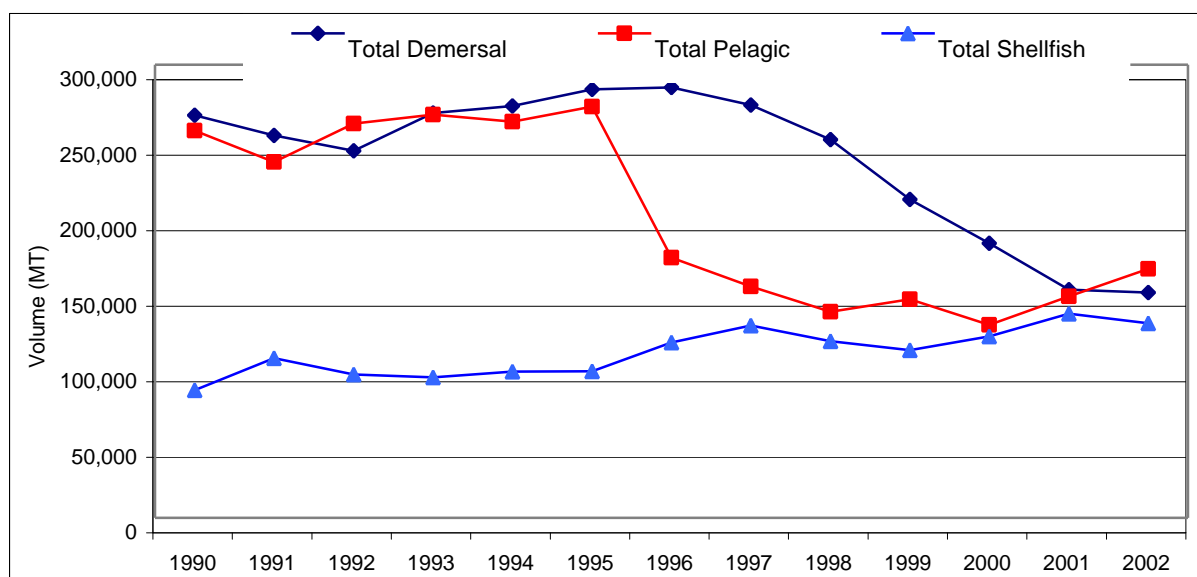
Total Edible Fishery Products

Production: Wild Catch

Commercial catch volumes have effectively leveled off over the last two years after significant declines through the second half of the 1990s. But this does not communicate the structural change of the UK commercial catch. Demersal landings have fallen consistently over the last six years and measured 149,053 MT in CY2002. This was almost half the volume landed in 1996, although the latest decrease represented only a 1 percent decline on landings in CY2001. Shellfish landings have become increasingly important to the UK fisheries sector over the last decade. The shellfish catch accounted for only 14 percent of total landings in 1990, yet today accounts for approximately 30 percent of the commercial catch. Although the long-term trend remains upwards, shellfish landings in CY2002 fell by 5 percent in volume terms to 128,851 MT. The pelagic catch collapsed in the mid 1990s, but recent years have marked something of a recovery. In CY2002, pelagic landings increased by 13 percent and an increase in unit price contributed to a huge 39 percent jump in the value of the catch to BPS 53m (US\$85m).

Overall, the rise in the pelagic catch has meant that the volume of the seafish harvest showed another gain in CY2002, following the marginal increase in the volume of the UK commercial catch in CY2001. Total landings rose 2.3 percent to 442,759 MT although the total value of the wild catch declined 2 percent to BPS 412m (US\$659m). Even with successive increases in wild catch volumes, total landings by the UK fleet are just 70 percent of the volumes recorded a decade ago.

Chart 1: UK Landings by UK Vessels by Fish Type 1990-2002 (MT)



Reforms to the European Union's Common Fisheries Policy (CFP) in December 2002 hit the UK fisheries sector. The reforms were necessary due to the failings of the CFP in conserving fish stocks, protecting the marine environment and ensuring the economic viability of the European fleet. Overfishing has left stocks of several key demersal species on the brink of collapse, including cod, according to the International Council for the Exploration of the Sea

(ICES) and the Scientific, Technical, Economic Committee on Fisheries (STECF). Indeed, ICES even went as far as recommending zero catches in some areas, including the North Sea, in order to protect at risk fish stocks. The reforms included taking a long term approach to managing fish stocks through the Total Allowable Catch (TAC) quota system, matching fleet capacity to fishing possibilities through fleet decommissioning and effort limitations, strengthening control/enforcement and involving stakeholders in the decision making process.

An immediate impact on the UK fleet of the reforms was a slashing of the TAC for cod and associated demersal fish stocks in the North Sea. The total UK allowable catch for cod, haddock, whiting and plaice in CY2003 was set at 96,750 MT compared to 156,630 MT in CY2002, effectively placing a much-reduced upper limit on the commercial catch volumes. The UK also introduced a decommissioning program linked to the implementation of effort restrictions.

ICES has continued to recommend further reductions in fishing effort through CY2003. For cod, ICES recommends a ban on fishing off the west of Scotland, in the North Sea and in the Irish Sea until stocks have recovered. A similar moratorium for whiting has also been suggested, while plaice and hake stocks have fallen to such levels that they now necessitate recovery plans. By contrast, North Sea haddock stocks are at a thirty year high, as are other species targeted by the Scottish fleet, such as nephrops and saithe. But because of the potential by-catch of species deemed in need of recovery, access to these associated stocks may be limited.

The EU is set to discuss TACs and quotas for 2004 at the December meeting of the Agriculture and Fisheries Council. Fisheries ministers will again have to walk the fine line between the scientists who say fish stocks are on the brink of collapse and the fishing industry who warn of dire economic consequences for local communities if fishing efforts are reduced further. With the EU reportedly taking an increasingly science-based approach to managing fisheries, continuation of the long term decline in the demersal catch again seems likely.

Production: Aquaculture

UK aquaculture is strongly focused on salmon production and industry output has grown dramatically since its inception. The Scottish Fish Farms Annual Production Survey estimated CY2002 production at 145,609 MT, a 5 percent increase on CY2001 production. With the growth of the industry, the number and scale of production sites has increased. Scottish production sites, although many are internationally owned, numbered 328 in CY2002 and over half of these were producing more than 500 MT of salmon. But the industry is dominated by a relatively small number of companies. Just fifteen companies account for over 76 percent of Scottish salmon production.

Further increases in production are forecast in future despite tough trading conditions through 2003. However, the double-digit growth rates witnessed in the late 1990s are not expected to be seen again in the short to medium term. Environmental regulations and restriction remain key barriers to growth. Indeed, the sustainability of the Scottish aquaculture industry is regularly questioned by environmental pressure groups.

Farmed trout production faces similar legislative constraints to expansion. Trout production remains relatively static at just over 17,000 MT per year. An estimated 75 percent of this is destined for the table, with the remainder used for restocking/ongrowing. Retail sales have increased marginally over the last 12 months and are estimated at approximately US\$55m. The British Trout Association utilizes generic promotions in marketing trout to the UK

consumer, but also has responsibilities for ensuring a favorable legislative framework for the industry and managing a research and development program. With trout sales likely to continue its consistent performance, no significant surge in production is expected in the medium term.

Farmed shellfish production in the UK totaled 17,743 MT in CY2002, broadly similar to that recorded in the previous two years. The industry is centered on mussel production and accounts for over 90 percent of the total farmed shellfish in the UK. The industry remains dominated by relatively small producers. Depending on environmental influences, production is forecast to grow steadily in the future.

Diversification of aquaculture into whitefish production has generated considerable interest and publicity given the declining wild catch. However, potential whitefish production suffers from lack of sites and lack of investment, even though the hatchery companies are now able to produce juvenile fish. Current production estimates for whitefish vary significantly. CY2002 cod production estimates have been placed at anything from 90 MT to 800 MT, while current halibut production estimates range from 250 MT to 500 MT. There are sizable targets for farmed whitefish production, although some sectors of the industry already consider these to be optimistic. Nevertheless, the British Marine Finfish Society's official prediction for farmed whitefish output by 2010 is 25,000 MT of cod, 10,000 MT of halibut and 5,000 MT of haddock. UK farmed cod has already been shipped to the U.S. and the product is thought to be in strong demand, fetching around BPS 3 (US\$5) per kilogram. The first UK shipment to the U.S. took place in April of this year.

Consumption: Household Consumption

In-home consumption of fishery products has continued to grow in both volume and value terms (Table 2: Statistical Tables), after static consumption during the 1990s. Sector value and volume has increased by 13 percent and 5 percent respectively over the last two years. This growth is expected to continue, with convenience and health as the driving factors. The UK has the largest ready meals market in Europe while a series of food scares (BSE, Salmonella, E-coli) has focused health as a priority among British consumers.

These two factors have combined to boost the rising star of the fishery products sector, value added seafood. Although only accounting for a relatively small proportion of household consumption (13 percent by value and 10 percent by volume), the category recorded value growth of 34 percent and volume growth of 21 percent in the period 2000-2002. This category is comprised of a multitude of product variants, including fish-based ready meals, fish-in-sauce, pies and bakes.

An ever-increasing range of ethnic and international fish dishes has joined these category standards. The increasing range is perhaps best indicated by the shifting trends in fish species that form the basis of these value added products. Salmon is the major species used in value added seafood, but has experienced low volume growth of 3 percent between 2000 and 2002. As a result, salmon sector share has fallen from 31 percent to 26 percent. In contrast, other species have seen impressive volume and value growth, including tuna and trout. Value added meal solutions increasingly feature shellfish and sector share is approaching 20 percent. Although species such as lobster and scallops achieved triple digit growth over the last two years (albeit from a low base), prawns and shrimp are the most popular species for shellfish-based ready meals. Between 2000 and 2002, volume and value of ready meals featuring prawns and shrimps increased 43 percent and 45 percent respectively.

In comparison to the rapid development of the value added sector, frozen fish performance appears sluggish. Between 2000 and 2002, volume and value increased just 3 and 6 percent respectively. However, this is a marked improvement on the stagnation that characterized the sector through the 1990s. It has tried hard to shake off its commodity status, with new product development, a focus on better quality seafood, and advertising support key to this improved performance. Frozen remains a key sector at the retail level, accounting for more than half of all purchases of seafood products by volume.

Coated fish products (battered/breaded fish and products) account for just over half of the market and have benefited from the development of microwaveable products. Such products traditionally use cod and haddock, but there is a shift towards products made from more abundant fish stocks. A significant number of frozen products are targeted at families with children, supplying products in family multipacks.

The fresh/chilled sector has overtaken frozen seafood sales in value terms in the last two years. Category sales value increased almost 17 percent (2000-2002), with the retail value now estimated at US\$1.2bn. In addition to the driving factors of health and convenience, research also suggests that some consumers are increasingly comfortable with cooking and handling fish. However, UK consumers are traditionally conservative and have been slow to trial different seafood products, particularly non-traditional fish species, despite the increasing availability of exotic species. Salmon, cod and haddock still account for approximately 64 percent of fresh fish sales by value. But exposure to new products and species through media and travel, plus an increased awareness of how to prepare non-traditional species, means that exotics (swordfish, sea bass, tuna, etc) has been the fastest growing segment of the fresh fish market.

Supermarkets are the leading supplier of fish and fish products (Table 23: Statistical Tables). Their market share is growing, largely at the expense of independent fishmongers. Many larger supermarket stores have developed wet fish counters that serve as focal points in stores, promoting fresh/chilled fish. These are augmented by cabinet displays of frozen, chilled and value added seafood. Prepacked fresh/chilled fish has become increasingly prominent in supermarkets, with an estimated 35 percent of all fresh fish sold in pre-packs. Such packaging allows effective communication of cooking instructions, recipe ideas and nutritional benefits, which helps to overcome consumer concerns about preparation techniques and meets expectations of convenience.

The dominance of the supermarkets has led to changes in the supply chain. Wholesalers are no longer the essential link that they once were. For most categories, including frozen and processed seafood, the retailers are currently used to dealing with a small number of large suppliers to supply the entire category. With the growing importance of fresh and chilled seafood in supermarkets, this blueprint of a shortened supply chain has been applied to fresh fish purchases. The leading supermarket chains are able to source domestic fresh/chilled seafood directly from large port merchants. Similarly, the large supermarkets have typically worked with specialized seafood importers to develop a supply base of key species from all over the world. The process has been simplified by the fact that the leading importers of seafood also tend to be the leading processors. These importers/processors increasingly fulfill a category management role for the retailers. However, because of the specialist nature of this increasingly international market, these efforts to shorten the supply chain are unlikely to progress to the stage where leading retailers import fish and seafood directly on a regular basis. Although diminished, wholesalers are still a feature of the supply chain. However, their target market nowadays tends to be independent retailers, traditional fishmongers and top-end HRI outlets, as opposed to the multiple retailers.

Consumption: HRI Consumption

Fish usage in the foodservice sector is relatively constant at approximately 165,000 MT per year. In a country where there are in excess of 300,000 HRI outlets and consumers spend over US\$40bn on food consumed outside the home, the HRI sector is naturally a very complex and dynamic market.

In summary, HRI consumption in the profit sector continues to be dominated by fish and chip shops. Despite competition from other foods, fish and chips remain the number one dish consumed out-of-home, with more than 173 million meals eaten annually. Collectively, institutional (not for profit sector) catering accounts for approximately 30 percent of fish usage by the HRI sector by volume, with a strong focus on processed fish products. Due to the dominance of fish and chip shops, cod and haddock are leading species in the HRI sector. But as with the retail sector, consumers are faced with increasing range of seafood choice in most outlets. Hotels and restaurants are leading the way and choice will continue to expand.

With such a fragmented HRI market, there are a number of supply chain models, dependent on the outlet type. But in general, the presence of wholesalers is being eroded. This is particularly true when looking at institutions and multi-outlet restaurant chains. Importers/processors are increasingly selling fish and seafood products direct to these outlets where unit cost, high volume and product consistency are prime concerns.

For more information on the UK's HRI sector, please contact USDA/FAS London (email: aglondon@usda.gov).

Industry Marketing

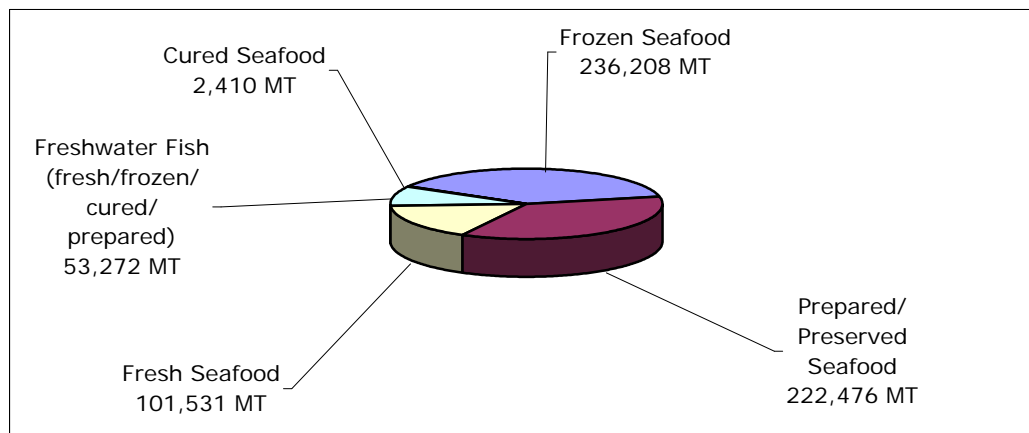
The Seafish Industry Authority (SFIA) is a levy funded trade association and among its several specific functions (provision of market information, research and technology, etc) is the goal of promoting fish and shellfish consumption. Seafish conducts a range of promotional activities to support retailers and caterers. The intention is to maximize the product potential at the point of sale, and to deliver benefits through the seafood chain. The consumer communications campaign includes marketing initiatives such as public relations, provision of recipe booklets, liaising with schools and promotion through consumer food shows. Seafood Week, now in its third year, is a key part of the program and has evolved to include activities in the key supermarket chains, independent fishmongers and foodservice groups.

Sponsorship of high profile food and drink awards is central to Seafish's PR program, where they work with existing award schemes to endorse relevant competition categories. In addition to recognition of excellence in seafood standards, it generates major publicity for the whole industry. Seafish's Fish & Chip Shop of the Year award is a perennial favorite with the trade and consumer press alike, generating media coverage worth US\$1.7m in CY2002.

Trade

The UK is a net importer of fish and fish products. The declining wild catch means that the UK has become increasingly reliant on imports to meet demand, particularly of whitefish. In CY2002, the UK imported 615,897 MT of fish and fishery products. Imports of freshwater fish accounted for just under 9 percent of this volume, a decline of 23 percent year on year. Overall, seafood imports increased by 2 percent in CY2002, to approximately 565,000 MT. Rising import volumes of fresh and prepared/preserved seafood drove this increase, while frozen seafood imports again declined.

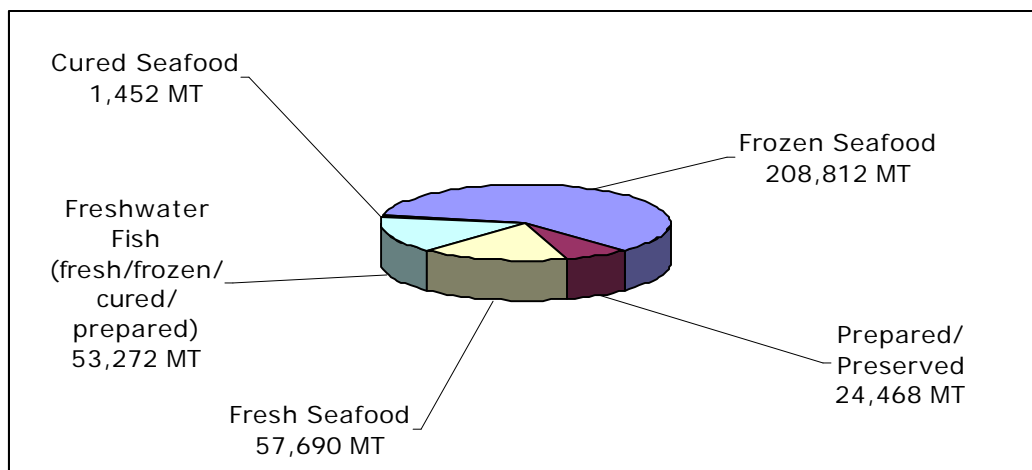
Chart 2: UK Edible Fishery Product Imports by Product Type CY2002



Although the UK imports are an increasingly diverse range of species, cod and haddock are the two leading fish types imported into the UK. In CY2002, they accounted for almost one third of seafood imports. The UK's demand for whitefish is also evident in reviewing the UK's key trading partners. Iceland, Norway, the Faroe Islands and Russia all feature in the UK's top ten suppliers of total edible fishery products. The UK will continue to rely on imports to meet demand for fishery products, given the limited supplies from the wild catch and the export focus of its aquaculture sector.

Imports from the U.S. totaled 33,632 MT in CY2002. Although this represents a marginal decline on CY2001 volumes, U.S. market share has increased significantly over recent years and U.S. seafood currently accounts for approximately 6 percent of all seafood imports. Continued demand for canned salmon and rising shipments of Alaskan Pollack have strengthened the U.S. position over the last two years.

Chart 3 : UK Edible Fishery Product Exports by Product Type CY2002



The UK remains a relatively large exporter of fish and fish products. Overall, export volumes of seafood remained relatively unchanged in CY2002. But in contrast to the profile of imports, frozen seafood exports increased (+10 percent) in volume while fresh exports (-10 percent) and prepared/preserved exports (-9 percent) both decreased year on year. France is

the top destination for UK exports, given the strong demand for Scottish salmon and UK shellfish.

Despite a growing reliance on imports for fish and fish products, the UK remains a net exporter of shellfish, although the trade balance did narrow in CY2002. The UK shipped 88,800 MT, a small decline on volumes exported in CY2001. Imports of shellfish have risen steadily in recent years and increased by 11 percent in CY2002, to 58,959 MT. The driving factor is increased volumes of frozen shrimps/prawns entering the UK. Crustaceans, typically shrimps and prawns, account for the bulk of shellfish trade. Collectively, they make up 66 percent of exports and 80 percent of imports.

Exports are normally destined for other EU member states, with France, Spain and Italy the key markets for UK shellfish. Export volumes look set to increase in CY2003, with increased trade in mussels supplementing the strong crustacean performance. Approximately 70 percent of shellfish imports are sourced from outside Europe, with Asian countries the main suppliers. The U.S. exported just under 2,000 MT of shellfish to the UK in each of the last two years, with squid and scallops the main species involved.

Salmon and Salmon Products

Production

As noted in the Aquaculture section, production of farmed salmon in CY2002 was estimated at 145,609 MT. However, CY2003 has been characterized by tough trading conditions for the UK salmon farmers. Producer prices fell to the lowest levels witnessed by salmon farmers, as low as BPS 1.60 (US\$ 2.70) per kg for ordinary grade salmon. With production costs in the range of BPS 1.50 – 2.00 (US\$ 2.50-3.40) per kg, there have been reports of producers selling fish at below profitable levels. Although prices strengthened in the fall, this was largely restricted to larger fish, which have been in strong demand for the export market. Some analysts attribute the record low prices to overharvesting in the domestic industry, with others citing the overproduction in Norway, the Faroe Islands and Chile.

In light of the low prices, Scottish companies are restructuring. There are reports of labor force reductions and of sites not being stocked. Scottish smolt producers have cut back production and there is speculation that orders will be reduced further in CY2003. However, there is long-term optimism within the industry and production is forecast to increase, albeit at a slower rate than in recent years.

Trade

With the increasing levels of domestic production, imports of fresh frozen and chilled salmon have continued their downwards trend. They fell by almost 8 percent in CY2002. Despite the reduced volumes entering the UK, the leading three suppliers (Norway, the Faroe Islands and Chile) all increased shipments. However, Chile did achieve this volume growth through heavily discounting average price and in value terms, market share fell. In the current year, Norway looks set to further strengthen its position as the UK's number one supplier. Overall imports are expected to decline, with shipments in the first three quarters of CY2003 over 15% down on the same period last year.

Salmon is one of the UK's leading food exports and is immensely valuable to the Scottish economy. Although export volumes fell 7 percent in CY2002, overseas sales generated over US\$170m, representing a marginal year on year increase. Over 80 percent of UK salmon exports are to other European Union member states. France alone imports almost 25,000 MT, and is the focus of overseas marketing activity by Scottish Quality Salmon (SQS).

Outside of the EU, the U.S. is the leading export market for Scottish salmon. Shipments increased more than 12 percent in CY2002, to 6,076 MT. Exports in CY2003 have surged, with export volume and value in the first three quarters 50 percent up on last year. Shipments to all major markets have increased, with exports to the U.S. more than doubling. However, the Scottish industry is regarding this as a temporary boost to the sector, driven by poor farmed salmon production in Canada through CY2003.

Consumption

Salmon consumption remains strong in the UK and its growth through the 1990s has been the success story of the fish sector. Increased farmed salmon production continues to generate plentiful market supplies which are available at lower prices, further stimulating demand. Salmon is the most important species in the fresh/chilled sector, accounting for an estimated 25 percent of fresh and chilled sales. TNSofres estimated in-home consumption of salmon in CY2002 to be worth US\$252m, with salmon fillets accounting for approximately 75 percent of the market value. Salmon continues to reinforce its position as market leader. Year

on year, volume and value of fresh/chilled salmon increased by 6 and 11 percent respectively in CY2002.

In the HRI sector, salmon use is overshadowed by cod, haddock and frozen/processed fish products. These remain favorites with the fish and chip shops and the institutional catering sector. Although no recent data exists, annual HRI usage is considered to be approaching 16,000 MT. Hotels, restaurants and pubs/bars are the key HRI outlets for salmon, with high-end outlets offering most potential for U.S. product.

Marketing

Scottish Quality Salmon (SQS) is the main trade association representing the salmon industry. SQS provide support and expertise to the Scottish salmon industry, through information, reassurance and technical support. The organization is dedicated to improving the quality and sustainability of salmon farming and its membership represents approximately 65 percent of industry output. In addition to salmon farmers, SQS has members from throughout the supply chain, including feed companies, salmon smokers and processors. SQS maintains the Tartan Quality Mark. This is a recognized trademark to assure retailers and consumers that all aspects of husbandry, temperature, hygiene control, processing and handling have been overseen by food certification inspectors.

In the UK, the supply chain does not always promote the assurance and quality of Scottish salmon to consumers, even though these criteria are important to supermarket fish buyers. However, these attributes are recognized in France, where Scottish salmon is accredited by the Label Rouge scheme. Here, the quality and assurance of the product is promoted more heavily to consumers. Despite the current surge in sales to the U.S., SQS will reportedly continue to focus its export program on Europe.

Salmon - Canned

The UK is a key export market for U.S. canned salmon. With no domestic production of canned salmon, the UK is almost wholly reliant on the U.S. and Canada for its supplies. In CY2002, over 90 percent of the UK's 25,500 MT of canned salmon imports were from North America. The U.S. accounted for approximately two thirds of this import volume, although import data can be notoriously misleading. Product that is recorded as Canadian is often Alaskan salmon that has been packed or trans-shipped through Canada.

Canned food is often regarded as a static market sector. Forecasts for the short to medium term indicate that the sector will remain static, especially in volume terms. However, data from Euromonitor indicates that the sector saw a 4.5 percent growth in value through CY2002. The key driver to this sales performance was consumers trading up to premium products.

Canned fish/seafood has been one of the stronger performers in the canned sector. Because of the health benefits associated with fish products and the convenience aspect of this store cupboard staple, the category has benefited from consumer trends towards snacking/ convenience and rising dietary concerns. Although estimates vary, category sales have broken through the 100,000 MT mark and Mintel estimates category value growth of 6 percent between 2000 and 2002. With health concerns only set to increase, the category is forecast to continue its strong performance. Indeed, sales of BPS 450m (US\$760m) are forecast for canned fish/seafood by CY2007.

The canned fish/seafood sector is dominated by tuna sales, with a 51 percent share of category value. There has been considerable innovation in packaging of tuna. Pouches are increasingly evident on retailer shelves and flavored tuna products have also been launched in attempts to add value to the category. Canned salmon accounts for an estimated 27 percent of value and 18 percent of volume sales within the canned fish category. The remainder of sales is of oily fish (sardines, mackerel, pilchards, etc), with the publicity generated by the benefits of omega-3 oils stimulating sales performance. Sales of both tuna and oily fish are currently growing at a faster rate than canned salmon.

The canned salmon market has relatively low levels of market penetration. Only 9 percent of consumers purchase canned salmon on a regular basis, compared to 25 percent for tuna. The market is also very reliant on older consumers, with females over the age of 65 accounting for 25 percent of consumption. By contrast, consumers under 45 are infrequent purchasers of salmon. Canned salmon has historically been characterized by heavy discounting, particularly at the key promotional times of Easter and Christmas. Continuing price promotion will further erode salmon's category share.

Groundfish, Whole/Eviscerated

As mentioned in the Production section of this report, the declining commercial catch has particularly impacted on the volumes of demersal fish harvested. As a result, the UK is increasingly reliant on imports to supply whole/eviscerated groundfish to its retail and processing sectors. Baltic waters are the key source of supplies, with the Faroe Islands, Russia, Iceland and Norway supplying over 85 percent of the 72,400 MT imported in CY2002. With domestic supplies expected to decline further, imports are forecast to increase to fill the supply gap. For the first eight months of CY2003, imports from the UK's four key suppliers were up 10 percent year on year. However, whole groundfish imports from the U.S. have also increased significantly. Trade statistics show imports of over 1,300 MT of U.S. frozen cod entered the UK in the year to August, compared to just 26 MT in CY2002.

Given the diminishing wild catch and the increased demand for imports, it is somewhat surprising that exports have also risen. In CY2002, exports of whole/eviscerated groundfish increased to their highest level since the mid-1990s. Indeed, they are forecast to rise again in the current year, to in excess of 20,000 MT. France and Portugal have historically been the largest purchasers of UK cod and haddock. However, China has emerged as a significant destination for UK groundfish over the last eighteen months. In 2001, less than 150 MT of whole/eviscerated groundfish was exported to China. But in the first eight months of 2003, shipments had surpassed 6,000 MT, with frozen cod accounting for the bulk of sales.

Domestic consumption of whole groundfish is forecast to continue its decline in the short term. The main factor for this decline is consumer preference for products that meet their demands for convenience, such as pre-packed and part-prepared meals. However, the consumption of whole groundfish uses only a small proportion of domestic and imported supplies. The majority is utilized by the processing sector, although this too has downsized, and groundfish processing volumes are unlikely to return to the volumes seen through the 1990s. In addition, groundfish prices have continued to strengthen as a consequence of falling supplies. This has led to processors looking for cheaper alternative species, but has prompted increased product choice in the retailers' freezer and chiller cabinets.

Groundfish, Fillets

Market data indicates that a growing proportion of the UK's commercial catch is marketed as groundfish fillets. But with the downwards trend in catch volumes, imports are still fundamental to the UK's supply of fillets. Norway, Iceland and Denmark are the key suppliers to the UK, while cod and haddock are the key products imported. Total UK imports of groundfish fillets fell by just over 10 percent in CY2002, likely reflecting a large stock carryover. But total imports in CY2003 are expected to increase, with groundfish fillet imports in the first eight months of 2003 more than 13 percent ahead of the same time last year. This is a reflection on the reduced size of the commercial catch and also conveys the general uncertainty surrounding the future prospects of the UK fishing industry.

Going against the overall trend seen last year, imports from the U.S. increased by almost 10 percent in CY2002. Indeed, imports of frozen groundfish fillets from the U.S. have increased dramatically in recent years. Alaskan (AK) Pollack accounts for the majority of these imports, with the relatively low price of the product making it particularly attractive to packers and processors. Trade in Alaskan Pollack has also had an impact on UK exports. Due primarily to AK Pollack shipments to EU neighbors, groundfish fillet exports increased by over 50 percent in 2002. Volumes of AK Pollack exports have continued to increase significantly through 2003, hence Post's revision to PS&D forecasts.

Statistical Tables

Table 1 – UK Wild Catch, Landings by UK Vessels in the UK, 1999-2002

LANDINGS BY UK VESSELS IN THE UK					
Quantity (metric tonnes, liveweight)					
	1999	2000	2001	2002	% change (2001-2002)
Cod	39,575	31,495	23,998	21,975	-8.4
Dogfish	4,832	5,315	5,047	4,218	-16.4
Haddock	61,425	43,320	36,485	44,706	22.5
Hake	3,369	2,969	1,906	1,787	-6.2
Halibut	246	200	153	191	24.8
Lemon Sole	4,367	3,823	3,457	2,231	-35.5
Redfish	1,557	1,564	1,718	1,312	-23.6
Sand eels	6,785	9,654	1,264	1,249	-1.2
Skate/rays	4,986	4,838	4,841	4,735	-2.2
Sole	1,928	1,710	2,008	2,032	1.2
Monks/Anglers	12,072	11,483	11,893	10,314	-13.3
Plaice	8,919	8,021	7,187	5,543	-22.9
Saithe (coley)	8,682	8,522	8,082	8,294	2.6
Whiting	22,478	20,616	13,398	10,111	-24.5
Other Demersal	29,483	28,168	29,682	30,355	2.3
Total Demersal	210,704	181,698	151,119	149,053	-1.4
Herring	45,515	39,275	43,808	42,467	-3.1
Mackerel	41,304	54,614	63,912	96,610	51.2
Sprats	14,205	8,328	5,009	5,701	13.8
Other Pelagic	43,769	25,593	33,869	20,077	-40.7
Total Pelagic	144,793	127,810	146,598	164,855	12.5
Cockles	13,122	20,267	19,048	14,076	-26.1
Crabs	20,461	22,859	24,329	23,134	-4.9
Lobsters	1,685	1,081	1,030	1,113	8.1
Nephrops	31,092	28,236	28,386	28,354	-0.1
Other Shellfish	44,570	47,638	62,339	62,174	-0.3
Total Shellfish	110,930	120,081	135,132	128,851	-4.6
TOTAL	466,427	429,589	432,849	442,759	2.3

Table 2 - Retail Sector: Household Purchases in the United Kingdom by Product Type

VALUE	2000	2001	2002
	Value (US \$ m)	Value (US \$ m)	Value (US \$ m)
fresh/chilled	1026.1	1156.4	1198.0
value added	221.3	266.8	298.2
frozen	1074.4	1093.2	1137.2
Total	2321.8	2516.4	2633.4
Source: Sea Fish Industry Authority			
VOLUME	2000	2001	2002
	Thousands MT	Thousands MT	Thousands MT
fresh/chilled	99.4	102.7	103.0
value added	23.1	26.2	28.0
frozen	141.9	145.3	146.3
Total	264.4	274.2	277.3
Source: Sea Fish Industry Authority			

Table 3 – Salmon and Salmon Products, PS&D

Country	United Kingdom						
Commodity	Salmon, Whole/Eviscerated					(MT)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YY YY
Beginning Stocks	750	750	1100	1800	1000	500	(MT)
Total Production	141900	145600	145400	159850	0	163650	(MT)
Intra-EC Imports	3100	2550	4000	2100	0	2150	(MT)
Other Imports	9700	10150	10000	8800	0	7650	(MT)
TOTAL Imports	12800	12700	14000	10900	0	9800	(MT)
TOTAL SUPPLY	155450	159050	160500	172550	1000	173950	(MT)
Intra-EC Exports	38200	41700	42300	49500	0	49050	(MT)
Other Exports	10500	8900	8700	17350	0	12300	(MT)
TOTAL Exports	48700	50600	51000	66850	0	61350	(MT)
Domestic Consumption	75550	75950	77400	74100	0	78500	(MT)
Other Use/Loss	30100	30700	31100	31100	0	32500	(MT)
TOTAL Utilization	105650	106650	108500	105200	0	111000	(MT)
Ending Stocks	1100	1800	1000	500	0	1600	(MT)
TOTAL DISTRIBUTION	155450	159050	160500	172550	0	173950	(MT)

Table 4 – Salmon & Salmon Products, Prices Table

Country	United Kingdom		
Commodity	Salmon, Whole/Eviscerated		
Prices in	pence	per uom	kg
Year	2002	2003	% Change
Jan	231	225	-3%
Feb	195	225	15%
Mar	195	225	15%
Apr	195	225	15%
May	209	225	8%
Jun	231	215	-7%
Jul	231	200	-13%
Aug	231	200	-13%
Sep	225	235	4%
Oct	225	235	4%
Nov	225	235	4%
Dec	225		-100%
Exchange Rate	0.59	Local Currency/US \$	
Date of Quote	11/3/2003	MM/DD/YYYY	

Source: Billingsgate Fish Market. Average mid-month price for fresh farmed salmon

Table 5 – Salmon & Salmon Products, Import Matrix

Country	United Kingdom		
Commodity	Salmon, Whole/Eviscerated		
Time Period	CY	Units:	MT
Imports for:	2001		2002
U.S.	1844	U.S.	1636
Others		Others	
Norway	3001	Norway	3618
Sweden	1795	Faroe Islands	2638
Faroe Islands	1759	Chile	1650
Chile	1327	Ireland	852
Ireland	1257	Denmark	781
Denmark	1107	France	481
China	898	China	357
France	281	Belgium	194
Canada	141	Belgium	119
South Korea	135	Singapore	83
Total for Others	11701		10773
Others not Listed	214		292
Grand Total	13759		12701

Table 6 - Salmon & Salmon Products, Export Matrix

Country	United Kingdom		
Commodity	Salmon, Whole/Eviscerated		
Time Period	CY	Units:	MT
Exports for:	2001		2002
U.S.	5384	U.S.	6076
Others		Others	
France	26990	France	24893
Spain	8124	Spain	5697
Germany	5391	Germany	4399
Belgium	2102	Belgium	2097
Japan	1343	Japan	1379
Ireland	1683	Ireland	1228
Netherlands	1374	Netherland	1027
Denmark	547	Italy	1006
South Korea	255	Denmark	976
Hong Kong	229	Hong Kong	250
Total for Others	48038		42952
Others not Listed	1019		1563
Grand Total	54441		50591

Table 7 – Salmon Canned, PS&D

Country	United Kingdom						
Commodity	Salmon, Canned			(MT)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YY YY
Beginning Stocks	7900	7900	2250	6250	1950	2350	(MT)
Total Production	0	0	0	0	0	0	(MT)
Intra-EC Imports	300	700	300	800	0	700	(MT)
Other Imports	23300	24800	27750	22100	0	24800	(MT)
TOTAL Imports	23600	25500	28050	22900	0	25500	(MT)
TOTAL SUPPLY	31500	33400	30300	29150	1950	27850	(MT)
Intra-EC Exports	1300	750	1000	775	0	775	(MT)
Other Exports	200	150	200	125	0	150	(MT)
TOTAL Exports	1500	900	1200	900	0	925	(MT)
Domestic Consumption	27750	26250	27150	25900	0	25825	(MT)
Other Use/Loss	0	0	0	0	0	0	(MT)
TOTAL Utilization	27750	26250	27150	25900	0	25825	(MT)
Ending Stocks	2250	6250	1950	2350	0	1100	(MT)
TOTAL DISTRIBUTION	31500	33400	30300	29150	0	27850	(MT)

Table 8 – Salmon Canned, Prices Table

Canned Salmon Landed Prices (BPS/MT)				
Country of Origin	1999	2000	2001	2002
US	3332	2776	2546	2540
Canada	3822	2605	1401	2840
EU (1)	2181	4315	3724	4320
(1) Intra EU shipments are not subject to customs tariffs. Source: Customs and Excise, Intrastat				

Table 9 – Salmon Canned, Import Matrix

Country	United Kingdom		
Commodity	Salmon, Canned		
Time Period	CY	Units:	MT
Imports for:	2001		2002
U.S.	18505	U.S.	17583
Others		Others	
Canada	14600	Canada	6218
Netherlands	939	Chile	753
Chile	753	Netherland	343
South Korea	264	France	244
Denmark	128	Thailand	89
Norway	77	Korea South	69
Philippines	75	Germany	68
France	75	Philippines	46
Germany	36	Ireland	32
Ireland	23	Norway	25
Total for Others	16970		7887
Others not Listed	15		30
Grand Total	35490		25500

Table 10 – Salmon Canned, Export Matrix

Country	United Kingdom		
Commodity	Salmon, Canned		
Time Period	CY	Units:	MT
Exports for:	2001		2002
U.S.	33	U.S.	18
Others		Others	
Ireland	596	Ireland	570
Netherlands	160	Germany	126
South Korea	112	France	19
France	62	Spain	18
Spain	39	Chile	18
Netherlands	22	Belgium	14
Belgium	17	Czech Rep	14
Denmark	17	Cyprus	13
Greece	13	Netherland	10
Italy	11	Colombia	9
Total for Others	1049		811
Others not Listed	76		56
Grand Total	1158		885

Table 11 – Groundfish, Whole/Eviscerated, PS&D

Country	United Kingdom						
Commodity	Groundfish, Whole/Eviscerated				(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YY YY
Beginning Stocks	6100	6100	6300	6100	6000	4500	(MT)
Total Production	85100	78300	87000	68300	0	60000	(MT)
Intra-EC Imports	10900	10300	11700	11600	0	12300	(MT)
Other Imports	61900	64200	57300	75800	0	78200	(MT)
TOTAL Imports	72800	74500	69000	87400	0	90500	(MT)
TOTAL SUPPLY	164000	158900	162300	161800	6000	155000	(MT)
Intra-EC Exports	12800	12700	10300	12100	0	11500	(MT)
Other Exports	2400	4700	2000	10200	0	5200	(MT)
TOTAL Exports	15200	17400	12300	22300	0	16700	(MT)
Domestic Consumption	10000	10000	9800	9200	0	8700	(MT)
Other Use/Loss	132500	125400	134200	125800	0	125600	(MT)
TOTAL Utilization	142500	135400	144000	135000	0	134300	(MT)
Ending Stocks	6300	6100	6000	4500	0	4000	(MT)
TOTAL DISTRIBUTION	164000	158900	162300	161800	0	155000	(MT)

Table 12 – Groundfish, Whole/Eviscerated, Prices Table

Country	United Kingdom		
Commodity	Groundfish, Whole/Eviscerated		
Prices in	pence	per uom	kg
Year	2002	2003	% Change
Jan	396	464	17%
Feb	396	420	6%
Mar	440	425	-3%
Apr	396	440	11%
May	440	474	8%
Jun	418	474	13%
Jul	462	484	5%
Aug	462	441	-5%
Sep	484	484	0%
Oct	484	484	0%
Nov	220		-100%
Dec	220		-100%
Exchange Rate	0.59	Local Currency/US \$	
Date of Quote	11/3/2003	MM/DD/YYYY	

Source: Billingsgate Fish Market. Average mid-month price for fresh headless cod

Table 13 – Groundfish, Whole/Eviscerated, Import Matrix

Country	United Kingdom		
Commodity	Groundfish, Whole/Eviscerated		
Time Period	CY	Units:	MT
Imports for:	2001		2002
U.S.	506	U.S.	26
Others		Others	
Russia	20393	Faroe Islands	24183
Iceland	16097	Russia	20834
Norway	11214	Norway	9864
Faroe Islands	10067	Iceland	8904
Denmark	6918	Denmark	4295
Ireland	5034	Ireland	3924
Spain	1123	Sweden	913
Germany	298	Germany	773
Sweden	155	South Africa	138
Italy	142	France	131
Total for Others	71441		73959
Others not Listed	481		480
Grand Total	72428		74465

Table 14 – Groundfish, Whole/Eviscerated, Export Matrix

Country	United Kingdom		
Commodity	Groundfish, Whole/Eviscerated		
Time Period	CY	Units:	MT
Exports for:	2001		2002
U.S.	243	U.S.	279
Others		Others	
France	5725	France	6520
Portugal	2490	China	3260
Spain	1613	Portugal	3018
Netherlands	662	Spain	1993
China	559	Netherland	482
Norway	399	Hong Kong	472
Ireland	357	Ireland	436
Malaysia	147	Canada	271
Canada	145	Norway	167
Belgium	133	Belgium	151
Total for Others	12230		16770
Others not Listed	580		303
Grand Total	13053		17352

Table 15 – Groundfish, Fillets, PS&D

Country	United Kingdom						
Commodity	Groundfish, Fillets				(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YY YY
Beginning Stocks	17700	17700	9500	9000	4500	4600	(MT)
Total Production	38800	39900	39200	40400	0	40700	(MT)
Intra-EC Imports	29900	30500	30500	29900	0	30200	(MT)
Other Imports	86800	85600	86300	103100	0	97400	(MT)
TOTAL Imports	116700	116100	116800	133000	0	127600	(MT)
TOTAL SUPPLY	173200	173700	165500	182400	4500	172900	(MT)
Intra-EC Exports	7500	9200	6000	21100	0	12200	(MT)
Other Exports	900	600	1000	1300	0	1700	(MT)
TOTAL Exports	8400	9800	7000	22400	0	13900	(MT)
Domestic Consumption	155300	154900	154000	155400	0	156200	(MT)
Other Use/Loss	0	0	0	0	0	0	(MT)
TOTAL Utilization	155300	154900	154000	155400	0	156200	(MT)
Ending Stocks	9500	9000	4500	4600	0	2800	(MT)
TOTAL DISTRIBUTION	173200	173700	165500	182400	0	172900	(MT)

Table 16 – Groundfish, Fillets, Prices Table

Country	United Kingdom		
Commodity	Groundfish, Fillets		
Prices in	pence	per uom	kg
Year	2002	2003	% Change
Jan	506	484	-4%
Feb	506	488	-4%
Mar	490	500	2%
Apr	382	440	15%
May	425	551	30%
Jun	376	504	34%
Jul	505	520	3%
Aug	545	535	-2%
Sep	565	484	-14%
Oct	567	535	-6%
Nov	504		-100%
Dec	504		-100%
Exchange Rate	0.59	Local Currency/US \$	
Date of Quote	11/3/2003	MM/DD/YYYY	

Source: Billingsgate Fish Market. Average mid-month price for fresh cod fillets

Table 17 – Groundfish, Fillets, Import Matrix

Country	United Kingdom		
Commodity	Groundfish, Fillets		
Time Period	CY	Units:	MT
Imports for:	2001		2002
U.S.	6592	U.S.	7251
Others		Others	
Norway	28237	Norway	27112
Iceland	26884	Iceland	25207
Denmark	20671	Denmark	16306
China	15987	Germany	11110
Germany	11332	China	10953
Faroe Islands	8961	Faroe Island	9365
Russia	4738	Russia	3185
Spain	1449	Spain	2101
South Korea	1426	Poland	846
Greenland	842	Thailand	765
Total for Others	120527		106950
Others not Listed	2819		1883
Grand Total	129938		116084

Table 18 – Groundfish, Fillets, Export Matrix

Country	United Kingdom		
Commodity	Groundfish, Fillets		
Time Period	CY	Units:	MT
Exports for:	2001		2002
U.S.	5	U.S.	69
Others		Others	
France	2845	France	3022
Ireland	1129	Germany	2222
Germany	889	Ireland	1585
Netherlands	644	Netherland	1104
Belgium	165	Denmark	635
Norway	162	Spain	323
Spain	142	Belgium	231
Portugal	37	Norway	124
Poland	35	Canada	109
Canada	35	Malta	78
Total for Others	6083		9433
Others not Listed	192		264
Grand Total	6280		9766

Table 19 – Market Share: Value by Outlet

	Year to December		
	2000 (%)	2001 (%)	2002 (%)
Fresh/Chilled			
Multiples	63.4	66.0	70.5
Fish Mongers	17.9	17.9	14.3
Market Stalls	3.7	2.6	2.3
Department stores	10.2	9.3	9.1
Other	4.8	4.3	3.8
Frozen			
Top 5 Multiples (1)	56.8	58.5	59.0
Other Multiples	10.9	9.7	12.0
Freezer Centers	18.6	19.7	18.3
Department Stores	6.6	5.3	5.1
Coops	4.6	4.0	3.4
Other	2.6	2.8	2.3
(1) Safeway, Asda, Somerfield/Kwiksave, Sainsbury & Tesco			
Source: Sea Fish Industry Authority			