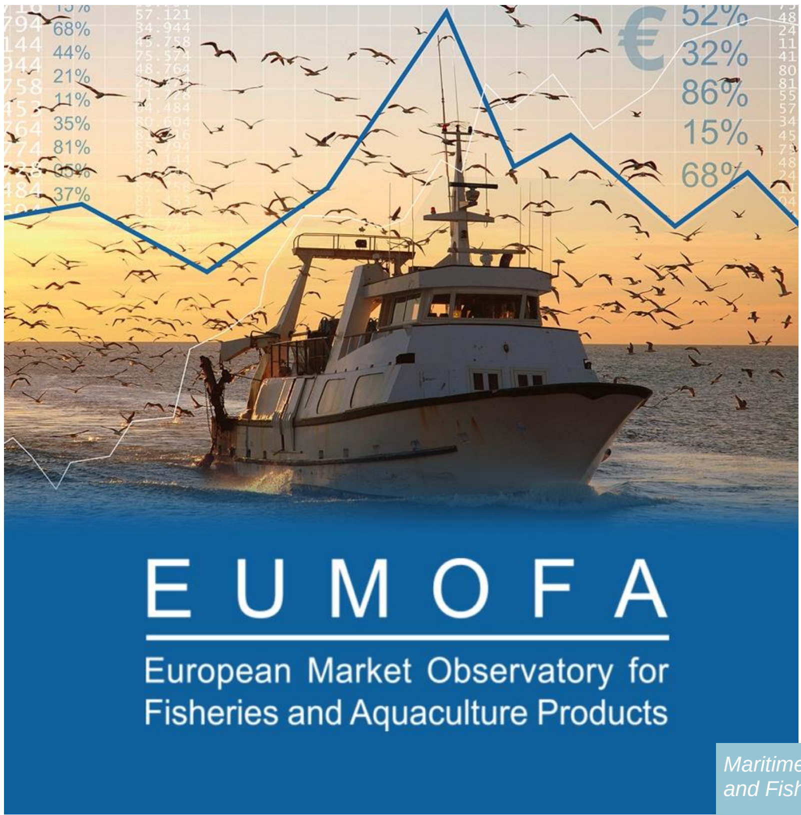
European Commission

CASE STUDY

SAITHE FILLETS IN FRANCE

PRICE STRUCTURE IN THE SUPPLY CHAIN



Maritime Affairs and Fisheries

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Contents

Summary

Context

- Saithe is an important commercial species for the EU fishing industry. However, catches have decreased sharply over the past decade, especially due to TAC reduction, which aims to sustainably manage saithe stocks. According to FAO, world production of saithe reached 298.086 tonnes in 2016, experiencing a 40% decrease since 2006.
- In 2016, the EU accounted for 14% of the world catches of saithe; EU catches reached almost 41.000 tonnes. The main EU fishing countries for saithe are France (35%), the UK (30%), Germany (18%), and Denmark (10%).
- Saithe fishery concerns mostly off-shore bottom trawlers landing fresh fish (France, Germany, Iceland) and freezer trawlers (France, Norway, Iceland). The main fishing season takes place from February to May.
- In 2015, most of the EU landings of saithe occurred in Denmark (42%) and in the UK (40%). Significant volumes of saithe are also landed in France (10%) and Germany (4%).
- The French fleet lands saithe in France and in other Member States. When landings take place in another MS, first sale may occur:
    - in France (product is transported by truck to France), or
    - in the MS where the fish is landed.

French supply balance

- Apparent consumption for saithe is estimated at 41.949 t. The French supply mainly relies on imports (72% of volume).
- Imports are mainly made up of fillet (frozen and fresh) and, to a lesser extent, fresh whole saithe. French imports mainly come from Denmark (frozen and fresh fillet, fresh whole saithe), the Netherlands (frozen fillet) and the United Kingdom (fresh fillet and fresh whole saithe).

Price structure

- The product covered by the present analysis is fresh fillet of saithe, from fish landed in France to the retail stage (large scale retailers).
- Based on this price structure analysis:
    - Raw material (whole gutted fish) accounts for 36% of the final price;
    - Filleting costs account for 15% of the final price;
    - Loss at retail stage and distribution costs and margin account for 35% of the final price;
    - The final price for the consumer is 9,34 EUR/kg (incl. VAT). Based on interviews and store checks, the price may range between 6,95 EUR/kg (fresh fillet with discount) and 17,76 EUR/kg (frozen loin).

0 TASK REMINDER – Scope and content

0.1 Case study scope

Reminder

The scope of the case study, aiming to analyse saithe fillets' (*Pollachius virens*) price transmission and distribution of value in the French supply chain, is described in the table below.

Product	Origin	Characteristics	Market and price drivers
Fresh saithe (fillets)	Fisheries (EU + extra-EU)	Found both fresh and frozen on the market Affected by TAC and quotas evolutions	TACs and quotas Supply/demand balance (stability of the market)

Key elements of the analyses will concern:

- EU production;
- The characteristics of the French market for saithe (processing, segmentation, etc);
- Price structure.

Species - Products	Main MS (focus)	Other MS (overview)
Saithe (*Pollachius virens*), fresh fillets	France	-

0.2 Content of the document

In conformity with the methodology developed within the EUMOFA, the document includes:

- a description of the product;
- a description of the main EU markets for saithe products, with a special focus on the French market;
- an analysis of the price transmission along the supply chain in France.

1 DESCRIPTION OF THE PRODUCT

1.1 Biological and commercial characteristics

The case study focuses on fresh saithe (also named coalfish) in France, which is the largest EU market for saithe.

Saithe is a gregarious pelagic fish found in inshore and offshore waters to above 200 m depth. It belongs to the same family as cod and haddock, but is distinguished from other species of the genus *Gadus* by its dark colour. Although it can be found from the Arctic Ocean to the Mediterranean, it is commonly a northern fish. It usually enters coastal waters in spring and returns to deeper water in winter.[1] Its growth is rapid and can reach a total length of nearly 130 cm, but common size is from 30 to 110 cm. The maximum age is 25 years. Smaller fish in inshore waters feeds on small crustaceans and small fish, while the larger saithe mostly preys on fish species (such as pout, sprat and blue whiting).[2] In EU waters, the minimum conservation reference size for saithe is 35 cm (except in Skagerrak and Kattegat: 30 cm)[3].

The four main stocks[4] are sustainably exploited and several fishing companies have been certified by the Marine Stewardship Council (MSC) for saithe products.

Case study product

Name: Saithe (*Pollachius virens*)

FAO 3-alpha code: POK

Presentation: Fresh whole or in fillets, steaks, loins[5], flanks; frozen whole headed and gutted, cuts (IQF[6]), blocks; dried (for African market); preserved[7].

Commercial size: the species can reach nearly 130 cm total length, but common size is from 30 to 110 cm. Main commercial categories are:

- Fresh whole: 5 kg and +, 3-5 kg, 1,5-3 kg, 0,3-1,5 kg;
- Fresh fillets or loins: 600 g and +, 400-600 g, 200-400 g.

[1] http://www.seafish.org/media/Publications/2006_COLEY_REPORT.pdf
[2] http://www.fao.org/fishery/species/3016/en
[3] Council Regulation (EC) No 850/98 of 30 March 1998 for the conservation of fishery resources through technical measures for the protection of juveniles of marine organisms.
[4] North-East Arctic, North Sea/Skagerrak/West Scotland and Rockall, Iceland/East Greenland and Faroe Islands shelf.
[5] See details on the difference between fillet and loin for saithe in section 2.2.
[6] Individually Quick Frozen.
[7] Source: http://pdm-seafoodmag.com/guide/poissons/details/product/Lieu_noir.html

Related codes in the combined nomenclature

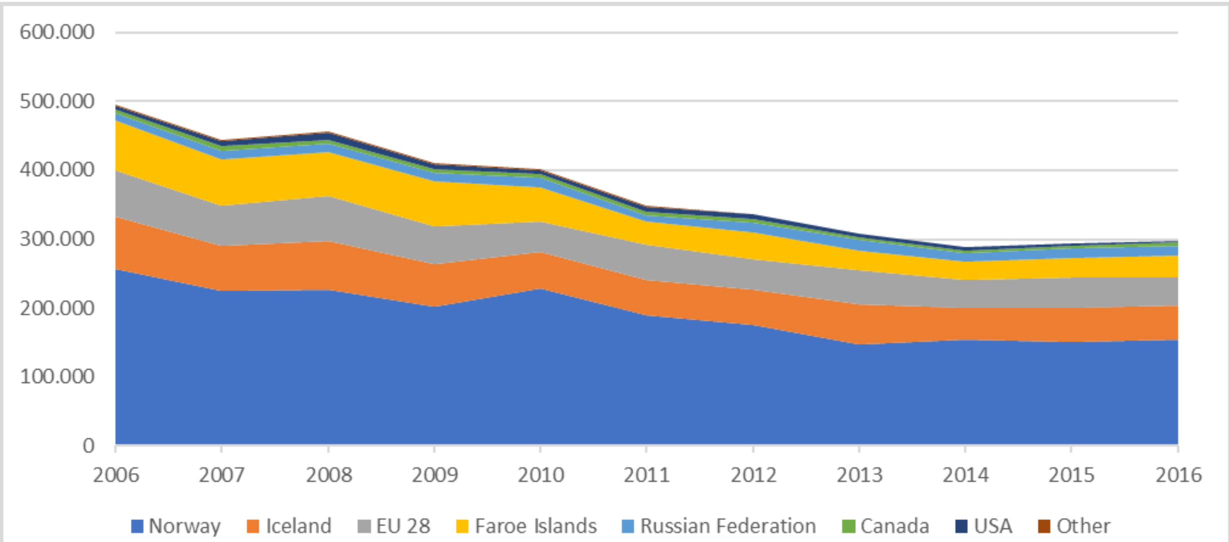
Saithe is identified in the Combined Nomenclature as "coalfish". Several codes distinguish presentations (whole or fillets) or preservation states (fresh or chilled, and frozen):

- **Coalfish (*Pollachius virens*), excluding livers and roes, fresh or chilled:** 03025300 (since 2012), 03026300 (until 2011);
- **Coalfish (*Pollachius virens*), excluding livers and roes, frozen:** 03036500 (since 2012), 03037300 (until 2011);
- **Coalfish (*Pollachius virens*), fillets, fresh or chilled:** 03044430 (since 2012), 03041933 (from 2007 to 2011); 03041033 (until 2006);
- **Coalfish (Pollachius virens), fillets, frozen:** 03047300 (since 2012), 03042931 (from 2007 to 2011); 03042031 (until 2006);
- **Coalfish (*Pollachius virens*), other meat (whether or not minced), frozen:** 03049540 (since 2012), 03049941 (from 2007 to 2011); 03049041 (until 2006);
- **Prepared or preserved coalfish (*Pollachius virens*):** 16041993.

1.2 Production and availability of saithe

Saithe fishing takes place in both the East and West sides of the North Atlantic. The main fishery takes place in the northern North Sea and on the shelf edge to the west and north-west of Scotland. According to FAO, world production of saithe was 298.086 tonnes in 2016, experiencing a 40% decrease since 2006. In the North-Eastern Atlantic, saithe fishery is operated mostly by off-shore trawlers landing fresh fish (France, Germany, Iceland) and freezer trawlers (France, Norway, Iceland), with fishing mostly taking place between February and May. The fishery peaked in the 1970s (more than 600.000 tonnes caught in 1976). Since then, catches have sharply decreased, to about 298.000 tonnes in 2016. In the North-Western Atlantic, saithe is caught by fleets from the USA and Canada, and 80% of the catches are taken from October to December when this fish forms large schools. Saithe are caught with purse seines and Danish seines, trawls (bottom and pelagic), and longlines; also trolling with spoons is used[8]. American production reached a peak in the 1980s (more than 75.000 tonnes caught in 1986) and then sharply decreased to about 7.000 tonnes in 2016.

Figure 1 - Evolution of saithe catches by main fishing countries between 2006 and 2016 (in tonnes)



Source: FAO statistics

[8] http://www.fao.org/fishery/species/3016/en

In 2016, the main producers were: Norway (154.000 tonnes, accounting for 52% of the world catches), Iceland (50.000 tonnes), the European Union (41.000 tonnes), Faroe Islands (32.000 tonnes), and Russian Federation (15.000 tonnes). Canada and the USA caught respectively about 3.700 and 2.600 tonnes in 2016, accounting for only 2% of the world catches (against 16% in 1986).

Table 1 - World catches of saithe between 2006 and 2016 (in tonnes)

Countries	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Norway	256.856	225.464	227.295	202.377	228.114	190.344	176.471	147.691	153.833	151.508	154.059
Iceland	75.460	64.245	70.109	61.332	53.896	50.494	50.984	57.416	46.051	48 165	49.615
EU 28	67.547	58.478	65.747	55.118	43.962	50.767	43.257	49.093	41.758	44.958	40.643
Faroe Islands	73.047	67.044	63.948	64.820	48.991	33.200	39.316	29.704	26.513	28.282	31.681
Russian Federation	9.936	12.289	11.671	11.960	14.669	10.007	13.607	14.797	12.405	13.182	15.203
Canada	4.896	6.943	5.800	5.518	5.370	5.536	5.777	3.866	3.204	4.046	3.670
USA	6.059	8.375	9.965	7.459	5.151	7.210	6.734	5.058	4.545	3.046	2.582
Other	1.815	1.671	1.406	1.632	961	453	693	990	432	456	633
Total	495.616	444.509	455.941	410.216	401.114	348.011	336.839	308.615	288.741	293.698	298.086

Source: FAO statistics

In 2016, the EU accounted for 14% of the world catches of saithe; EU catches reached almost 41.000 tonnes. The main EU fishing countries for saithe are France (35%), the UK (30%), Germany (18%), and Denmark (10%). Significant volumes of saithe are also caught by Swedish, Irish and Polish fleets.

In the last decade, EU catches of saithe have experienced a 40% decrease, from more than 67.000 tonnes in 2006 to almost 41.000 tonnes in 2016. France (–43%), Germany (–58%) and Denmark (–46%) suffered the biggest decreases, whereas the UK only experienced a –9% decrease of saithe catches.

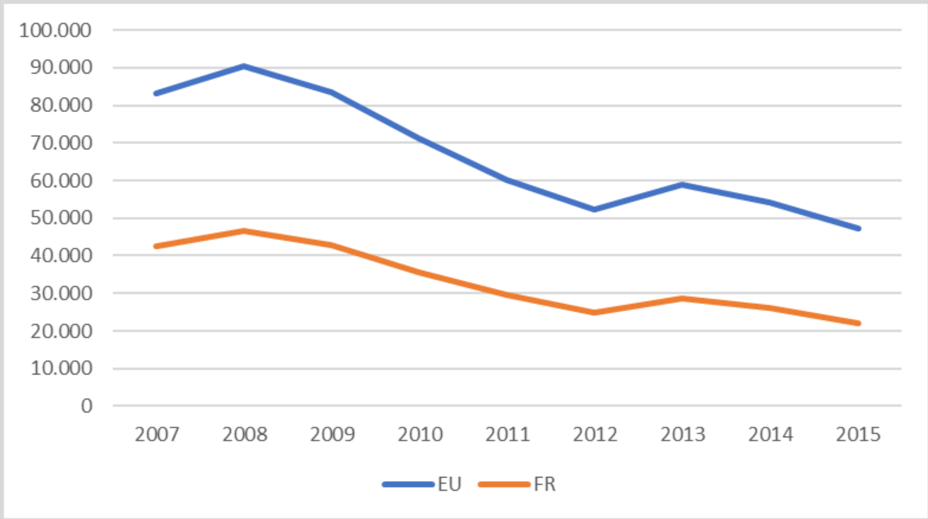
Table 2 - EU catches of saithe between 2006 and 2016 (in tonnes)

Land Area	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
France	24.537	20.809	21.405	10.024	3.327	13.894	12.864	14.489	12.631	15.788	14.042
United Kingdom	13.639	11.773	15.741	17.249	16.126	15.814	13.071	14.680	12.705	13.024	12.355
Germany	17.790	16.401	16.555	15.730	13.042	11.633	9.432	10.903	8.904	8.416	7.266
Denmark	7.540	5.455	8.076	8.818	8.019	6.346	5.171	5.717	4.933	4.512	4.094
Sweden	1.747	1.380	1.640	1.363	1.545	1.334	1.306	1.402	1.329	1.156	1.200
Ireland	667	607	453	671	823	1.044	1.345	1.673	1.165	763	910
Poland	1.173	1.484	1.472	1.019	933	584	-	2	1	1.143	528
Other	454	569	405	244	147	118	68	227	90	156	778
Total	67.547	58.478	65.747	55.118	43.962	50.767	43.257	49.093	41.758	44.958	40.645

Source: FAO statistics

These decreases are mostly the result of the total allowable catches (TACs) and quota management system implemented through the Common Fisheries Policy (CFP). EU TAC for saithe has experienced a reduction of 43% from 2007 (83.267 tonnes) to 2015 (47.337 tonnes). See the figure below.

Figure 2 - Evolution of saithe EU TAC and French quota from 2007 to 2015 (in tonnes)



Source: Based on data from European Commission

According to EUMOFA, more than 35.000 tonnes of saithe were landed in the EU in 2016. A large part of these landings occurred in Denmark (43%) and the UK (41%). Significant volumes of saithe were also landed in France (9%), Sweden (3%) and Germany (2%). Landing volumes of saithe in France have decreased sharply over the past decade: from 18.435 tonnes in 2007 to 3.264 tonnes in 2016 (-82%). A large share of French catches is landed in the UK and in Denmark (see section 2.3.1).

Table 3 - EU landings of saithe (in tonnes)

Land Area	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Denmark	20.802	18.389	25.463	26.082	23.160	19.072	15.402	18.644	15.327	16.794	15.174
United Kingdom	8.039	12.748	13.631	14.031	13.243	14.333	13.746	16.758	14.672	15.836	14.483
France	18.435	12.781	14.951	7.419	4.366	6.954	8.870	5.517	4.200	4.142	3.264
Sweden	1.557	1.199	972	1.199	1.358	1.253	1.253	1.523	1.155	907	946
Ireland	642	616	447	666	773	1.248	1.256	1.397	987	782	938
Germany	2.736	2.257	1.919	2.070	1.860	3.047	2.284	1.168	906	1.474	600
Other	962	222	43	88	57	43	54	51	60	147	173
Total	53.172	48.212	57.426	51.554	44.815	45.950	42.865	45.058	37.306	40.082	35.580

Source: EUROSTAT

2 STRUCTURE OF THE EU MARKET

2.1 EU market for saithe

2.1.1 Apparent market by Member State

EU apparent consumption of saithe is 149.961 t (lwe). Based on import/export statistics and data on catches, France is the leading MS for saithe consumption with 41.949 t (lwe)[9], this accounts for 28,5% of EU consumption. It is followed by Germany, Poland and Sweden. Consumption in each of other MS is below 10.000 t (lwe).

There are some differences between catches and landings for several MS, this is related to the area of landings for each national fleet. For instance, French fleet lands saithe in the UK and Denmark, and landings in Denmark are made by fleets from, among others, France, Germany and the UK.

Table 4 - Apparent consumption of Saithe in the main MS and at EU level in t (lwe) in 2016

	Import	Export	Catches	Apparent consumption	% EU apparent consumption
FR	35.464	7.558	14.042	41.949	28,5%
DE	36.351	14.682	7.266	28.935	19,7%
PL	19.203	5.834	528	13.897	9,5%
SE	21.571	11.531	1.200	11.240	7,6%
UK	6.323	8.796	12.355	9.882	6,7%
ES	9.179	1.128	43	8.094	5,5%
FI	4.245	3	-	4.242	2,9%
BE	4.868	870	16	4.013	2,7%
DK	35.679	37.463	4.094	2.310	1,6%
RO	981	0	-	981	0,7%
GR	948	1	-	947	0,6%
CZ	1.077	144	-	934	0,6%
IE	27	61	910	876	0,6%
IT	868	33	-	835	0,6%
AT	869	158	-	711	0,5%
HR	481	35	-	446	0,3%
LV	2.725	2.333	-	392	0,3%
PT	941	805	64	200	0,1%
LT[1]	5.508	6.185	-	na	na
NL[1]	30.045	32.705	125	na	na
EU	114.064	7.748	40.645	146.961	100,0%

1: apparent consumption appears to be negative in these MS. This is due to statistical discrepancies and proxies for the calculation of live weight equivalent

na: not available

Source: based on EUROSTAT (data on catches) and COMEXT (import and export data with details by code from combined nomenclature)

[9] French apparent consumption is estimated at 37.325 t lwe if we consider landings of frozen fillet not covered by statistics. See details in section 2.3.1.

2.1.2 Imports

The main EU importers are Germany, France, Denmark, the Netherlands and Poland. Each of these countries imported between EUR 29 million and EUR 71 million of saithe in 2016 (between 11.000 and 26.000 t of product).

Between 2006 and 2016, the value of imports of saithe increased in value by 13-15% in Germany, France, the Netherlands and Poland. The only exception is Denmark, with an 18% decrease. Import volumes decreased in all MS (between -17% and -34%). Overall, the average price of saithe has increased, and trade has also evolved towards products with higher price (e.g. fresh fillets) than others (whole fish or frozen fillet).

<u>Germany and the Netherlands: mainly frozen fillets</u>

<u>Germany</u>

Frozen fillets account for the largest share of the imports (59% and 60% of volume and value of imports in 2016). While volumes dropped by 42% between 2006 and 2016, value only decreased by 3%. This is due to a large increase of price: 2,52 EUR/kg in 2006 for frozen fillet compared to 4,24 EUR/kg in 2016.

Other products are fresh fillets and prepared products (respectively 17% and 15% of imports in value in 2016).

<u>The Netherlands</u>

Frozen fillets account for 81% of the import value and 66% of the import volume in 2016. The import value increased by 25% while volumes decreased by 14% (price 2,90 EUR/kg in 2006 and 4,23 EUR/kg in 2016). The Netherlands imported important volumes of frozen whole saithe, which peaked in 2012 with 10.750 t but decreased since and amounted to 4.996 t in 2016.

<u>France: increase of fresh fillets and decrease of frozen fillets</u>

In 2016, French imports were mainly composed of frozen fillets (43% of value, 38% of volume), fresh fillets (37% of value, 28% of volume) and fresh whole saithe (18% of value and 31% of volume).

The profile of imports largely evolved between 2006 and 2016 with a drop of frozen fillets (-22%, decrease of EUR 7,9 million and 5.570 t), frozen meat (-79%) and frozen whole saithe (-69%), and a significant increase of fresh fillets (four times higher in 2016 than in 2006, + EUR 19,1 million and + 3.185 t) and fresh whole saithe (+29% in value and +23% in volume), which reached EUR 11.6 million in 2016.

The price of fresh fillets is higher than that of frozen fillets (5,22 EUR/kg versus 4,22 EUR/kg in 2016).

<u>Denmark: mainly fresh whole saithe</u>

Fresh whole saithe accounted for 69% of import value and 84% of import volume in 2016. Frozen fillets accounted for 18% of import value, and fresh fillets for 10%.

The imports of fresh whole fish have almost doubled in value between 2006 and 2016 (+92%), although the increase in terms of volume is more moderate (+33%). This is due to an increase in price: 1,33 EUR/kg versus 1,64 EUR/kg in 2016.

Frozen fillets accounted for half of imports in 2006 but the imports for this product largely decreased (-95% in volume) from 4.418 t in 2006 to 227 t in 2016 (2,87 EUR/kg in 2006 and 4,23 EUR/kg in 2016).

<u>Poland: frozen fillets and fresh whole</u>

Frozen fillets accounted for 52% of import value and 37% of import volume in 2016. In 2016, these imports were more than twice as high in value as in 2006 (EUR 15 million), with an increase in volume by 35% over the same period (4.120 t in 2016).

Imports of fresh whole fish were very limited in 2006 (114 t) and reached 4.899 t in 2016 (EUR 8.9 million).

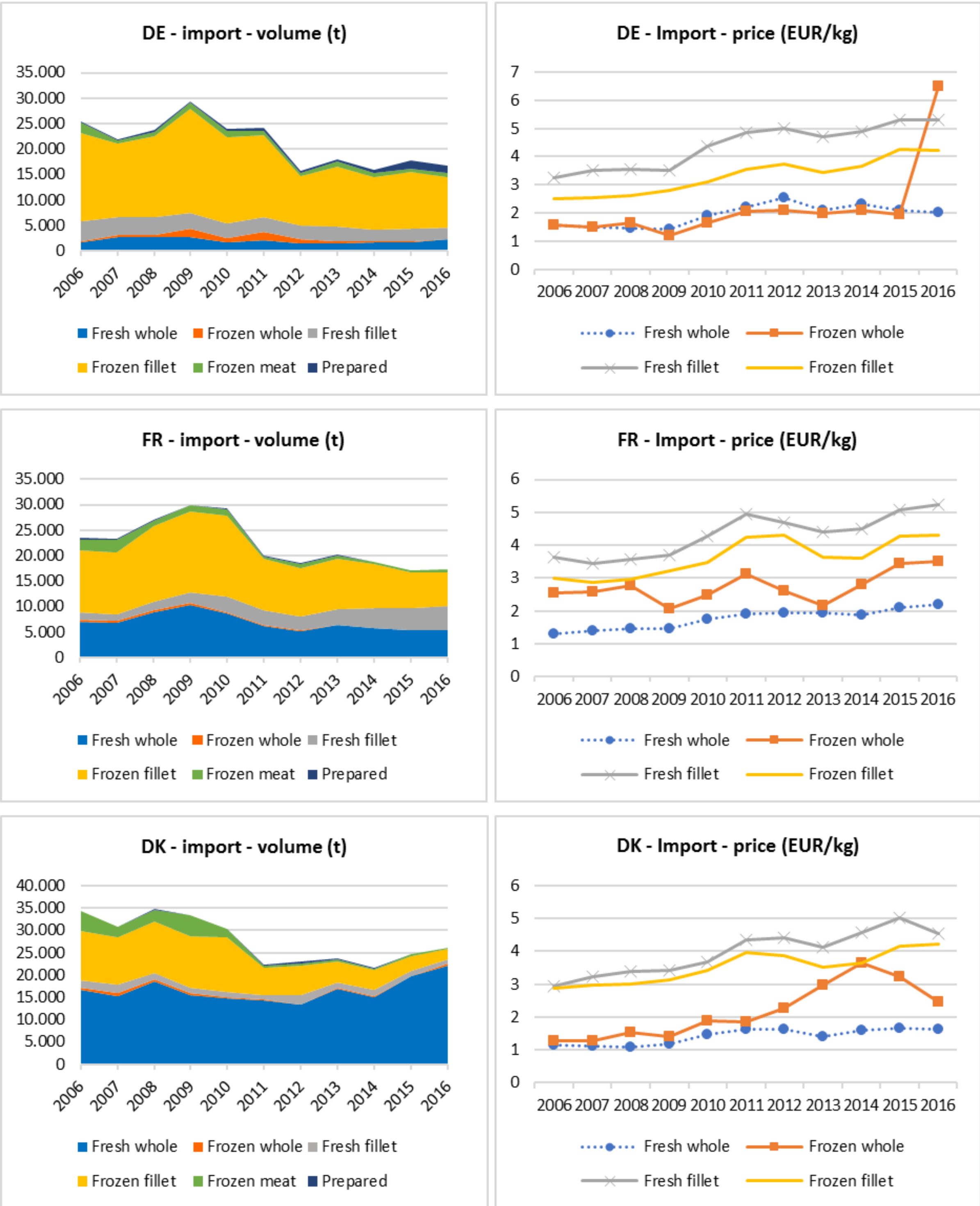
The following table displays the value, volume and prices of imports by type of product in the main MS in 2016. The figures on the next pages indicate the evolution of import volumes and prices between 2006 and 2016 in these MS.

Table 5 - Value, volume and price of saithe imports in the main MS in 2016

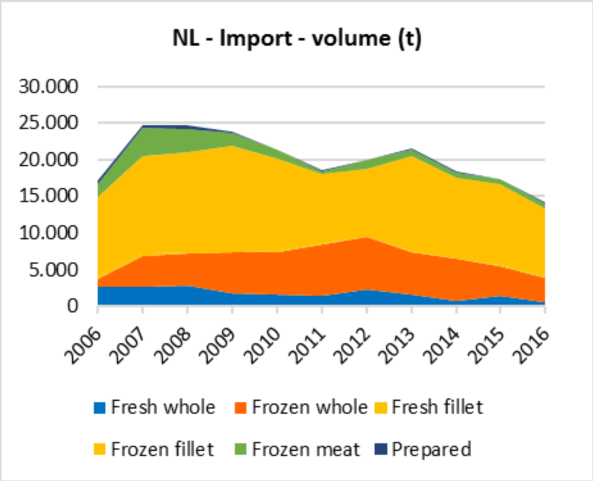
	DE	FR	DK	NL	PL
	Value (1000 EUR)				
Fresh whole	4.613	11.635	36.221	1.253	8.925
Frozen whole	130	359	780	5.399	3.692
Fresh fillet	12.262	24.827	5.284	648	167
Frozen fillet	42.264	28.582	9.543	39.515	15.208
Frozen meat	878	938	429	1.237	1.143
Prepared	10.413	79	343	739	4
Total	**70.560**	**66.420**	**52.601**	**48.791**	**29.139**
	Volume (t)				
Fresh whole	2.276	5.301	22.129	572	4.899
Frozen whole	20	102	319	3.309	1.837
Fresh fillet	2.306	4.754	1.163	127	36
Frozen fillet	9.968	6.613	2.257	9.342	4.120
Frozen meat	685	465	227	747	348
Prepared	1.513	11	93	145	1
Total	**16.767**	**17.246**	**26.188**	**14.242**	**11.241**
	Price (EUR/kg)				
Fresh whole	2,03	2,20	1,64	2,19	1,82
Frozen whole	6,49	3,52	2,45	1,63	2,01
Fresh fillet	5,32	5,22	4,54	5,09	4,61
Frozen fillet	4,24	4,32	4,23	4,23	3,69
Frozen meat	1,28	2,02	1,89	1,66	3,28
Prepared	6,88	7,21	3,68	5,11	4,31
Total	**4,21**	**3,85**	**2,01**	**3,43**	**2,59**

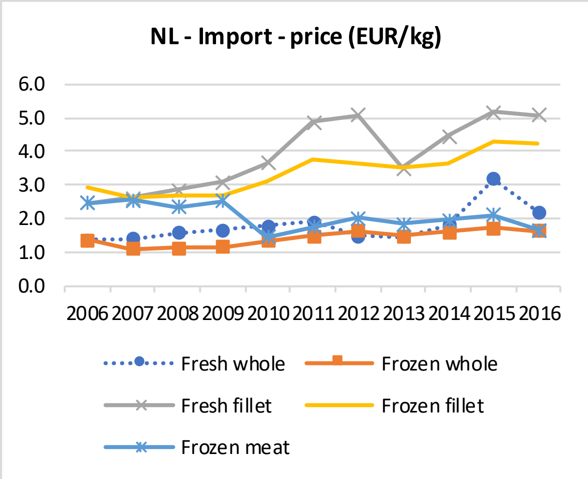
Source: EUMOFA based on COMEXT

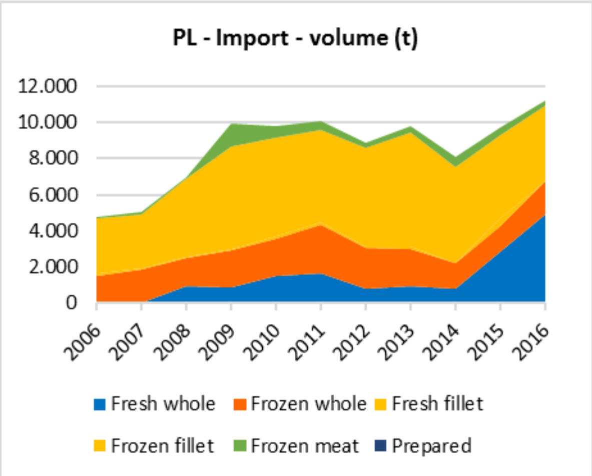
Figure 3 - Evolution of volume and price of saithe imports in the main MS between 2006 and 2016

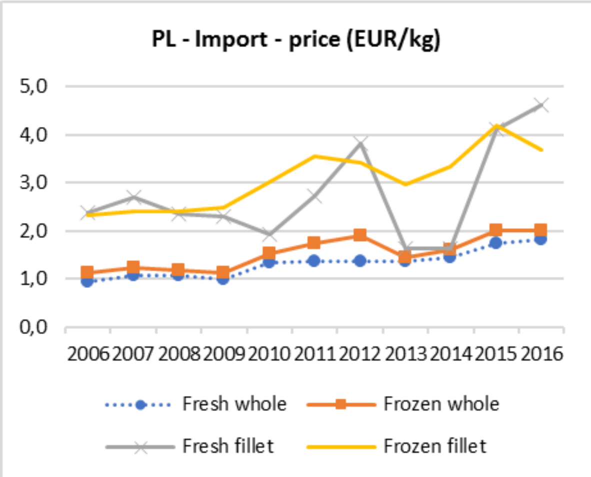


Source: EUMOFA based on EUROSTAT / COMEXT









Source: EUMOFA based on EUROSTAT / COMEXT

2.1.3 Exports

The main EU exporters of saithe are the Netherlands, Denmark and Germany, with more than 25.000 t (lwe) exported in 2015.

Netherlands: mainly frozen fillets and frozen whole

Dutch exports largely increased over the last decade. In 2016, exports were three times as high in terms of volume and five times as high in value compared to 2006. Frozen fillets accounted for 58% of volume and 67% of value; frozen whole saithe accounted for 24% of volume and 10% of value.

The Netherlands imported 9.342 t of frozen fillets (4,23 EUR/kg) and 3.309 t of frozen whole saithe (1,63 EUR/kg) in 2016. The same year, exports reached 9.126 t for frozen fillets (4,26 EUR/kg) and 3.813 t for frozen whole saithe (1,58 EUR/kg).

Denmark: mainly fresh whole

In 2016, the main products exported by Denmark were fresh whole saithe (55% of volume in 2016) and fresh fillets (27% of volume). Between 2006 and 2016, exports of fresh whole saithe increased by 57% and reached 11.943 t in 2016. However, export volumes largely decreased over the same period (-31%), with a collapse in 2011 (-9.351 t) mainly due to a decrease of frozen fillet exports (imports of frozen fillet to Denmark largely decreased in the same year).

The decrease in value was more moderate (-7% between 2006 and 2016) due to an increase in price for both fresh whole saithe (2,60 EUR/kg in 2016 vs 1,58 EUR/kg in 2006), fresh fillet (4,89 EUR/kg in 2016 vs 3,21 EUR/kg in 2006) and frozen fillets (3,92 EUR/kg in 2016 vs 3,08 EUR/kg in 2006).

Germany: fresh whole and frozen fillet

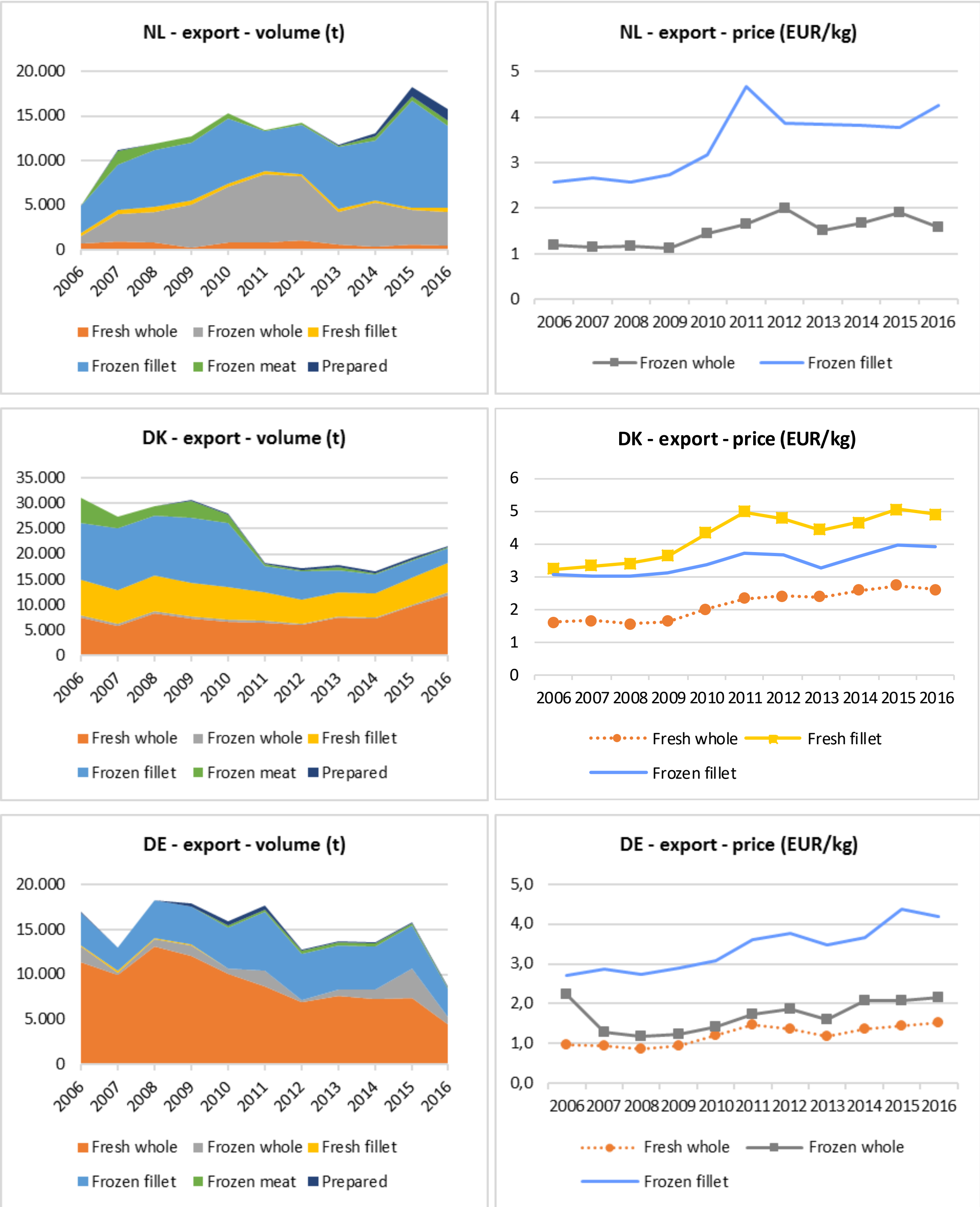
German exports dropped by 49% in volume and 12% in value between 2006 and 2016; the volume exported decreased for each of the main products. The moderate decrease in value is due to the price increase for frozen fillets, which accounts for 36% of volume and 57% of value (4,20 EUR/kg in 2016 vs 2,71 EUR/kg in 2006). The largest export remains fresh whole saithe (51% in 2016 with 4.443 t).

Table 6 - Value, volume and price of saithe exports in the main MS in 2016

	NL	DK	DE
	Value (1000 EUR)		
Fresh whole	781	31.051	6.718
Frozen whole	6.039	1.115	1.696
Fresh fillet	2.723	28.767	377
Frozen fillet	38.903	11.005	13.001
Frozen meat	909	452	242
Prepared	8.917	1.396	647
Total	**58.272**	**73.786**	**22.680**
	Volume (t)		
Fresh whole	453	11.943	4.443
Frozen whole	3.813	450	789
Fresh fillet	460	5.882	63
Frozen fillet	9.126	2.810	3.098
Frozen meat	634	205	188
Prepared	1.284	266	92
Total	**15.770**	**21.556**	**8.674**
	Price (EUR/kg)		
Fresh whole	1,73	2,60	1,51
Frozen whole	1,58	2,48	2,15
Fresh fillet	5,92	4,89	5,95
Frozen fillet	4,26	3,92	4,20
Frozen meat	1,43	2,21	1,29
Prepared	6,94	5,24	7,03
Total	**3,70**	**3,42**	**2,61**

Source: EUMOFA based on COMEXT

Figure 4 - Evolution of volume and price of saithe exports in the main MS between 2006 and 2016



Source: EUMOFA based on EUROSTAT / COMEXT

2.2 Market segmentation

The EU market for saithe is segmented along three main criteria: preservation, presentation and size. However, recently, eco-certified products have added a new segment in the saithe market.

Presentation/preservation: Saithe is marketed as fresh whole or in fillets (skin-on/skin-off), steaks, loins and flanks. As saithe is targeted by freezer trawlers, a significant volume of frozen fillets, cuts (IQF[10]) or blocks, is processed onboard. Saithe can also be marketed frozen whole headed and gutted but also, to a lesser extent, salted-dried or preserved.

Size: the most common size is 30 to 110 cm. The volume for main commercial categories ranges between 0,3 kg to more than 5 kg for fresh whole saithe (according to EU marketing standards for fresh fish) and from 0,4 kg to more than 0,6 kg for fresh fillet or loins (according to interviews with operators).

Differences in freshness can also impact segmentation. For example, in a bottom trawler landing fresh fish, saithe caught in the last three days of the fishing trip are more valued than the rest of the catches.[11]

Based on interviews, saithe is a medium range product among the white fishes. Its positioning in the market stands between cod, salmon, haddock and hake on the one hand and Alaska pollock or pangasius on the other. Operators indicate that market change about other species may impact saithe sales; for instance, if cod or haddock prices decrease, consumers may buy these products instead of saithe, thus driving down its sale.

Saithe is consumed in different forms on the French market. The most common forms are fresh and frozen fillets. There are several types of fillets: with or without skin, with or without flank. Large scale retailers tend to ask for fillets without flank as a preventive measure to avoid parasites such as Anisakis.

Stakeholders observe the development of saithe’s loin. Loins are a part of the fillet; the advantage is that the thickness of the piece is regular and may be cut in several pieces. This is in particular asked by mass catering as this eases the preparation for cookers and allows to propose homogenous pieces of fish to people. The disadvantage of loins is the lower yield at processing stage. This increases the costs.

Based on interviews with French stakeholders, the interest for MSC certification is growing in the French market. However, no information is available on the share of saithe retailed under this label in France.

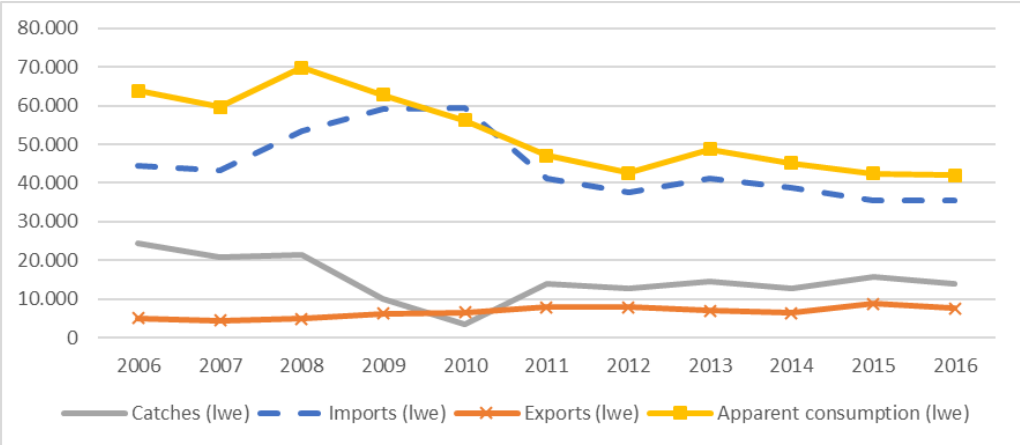
[10] Individually Quick Frozen
[11] http://pdm-seafoodmag.com/guide/poissons/details/product/Lieu_noir.html

2.3 The French market

2.3.1 Supply balance

French catches reached 14.042 t in 2016. Most French landings take place in the UK (5.038 t in 2016), followed by Denmark (3.962 t lwe) and France (2.958 t)[12]. Based on interviews with stakeholders, landings in the UK are transported by truck to France and the first sale takes place in France. Landings in Denmark may be sold in Danish auctions (in particular in Hanstholm). Saithe caught by the French fleet may be landed as whole fresh gutted fish and as frozen fillets (frozen fillets are landed in France). Based on data available, apparent consumption of saithe was 41.949 t lwe in 2016. Supply largely relies on imports (72%). Apparent consumption decreased between 2006 and 2016 (it peaked at 69.936 t in 2008).

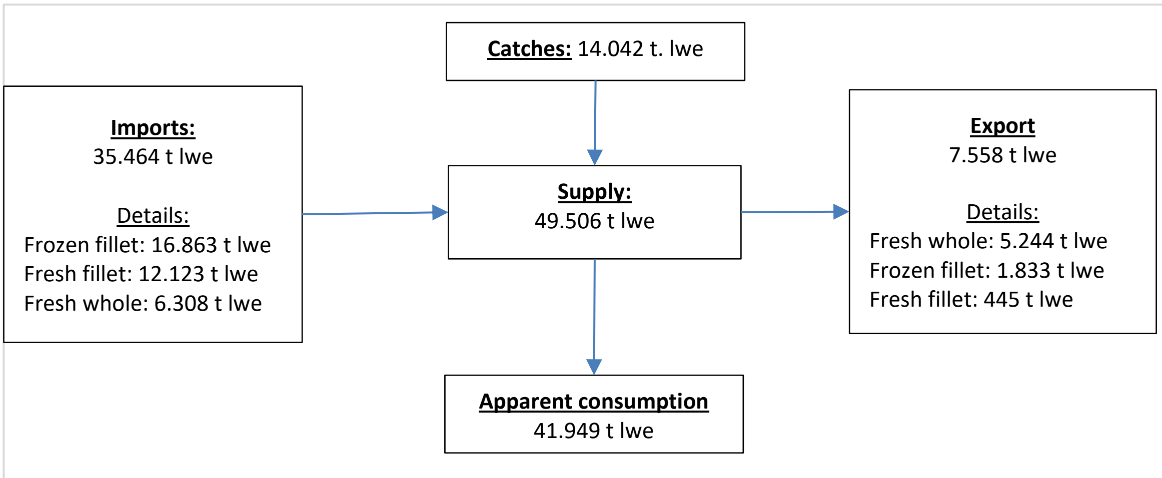
Figure 5 - Evolution of the apparent consumption of saithe in France between 2006 and 2016



Source: EUMOFA based on FAO, EUROSTAT/COMEXT and EUROSTAT

Imports are mainly composed of frozen and fresh fillets. Exports reach 7.558 t lwe and are both fresh whole saithe and frozen fillet. Exports for whole fresh fish may cover landings from the French fleet in Denmark.

Figure 6 - Supply balance for saithe in France (2016)



Source: EUMOFA based on FAO, COMEXT

Based on interviews, the main markets for saithe are large scale retailers and HORECA (in particular mass catering) and to a lesser extent fishmongers.

[12] Source : EUROSTAT

2.3.2 Imports

In 2016, imports were EUR 66,4 million (+15% compared to 2006) and 17.246 t (-26% compared to 2006). Imports are mainly composed of frozen fillets (43% of value), fresh fillets (37% of value) and fresh whole saithe (18% of value).

Fillet: frozen (EUR 28,6 million and 6.613 t in 2016, source: EUROSTAT/COMEXT) and fresh (EUR 24,8 million and 4.754 t in 2016, source: EUROSTAT/COMEXT)

Fillet imports decreased by 21% in volume between 2006 and 2016. We can observe a large decrease (-5.570 t) of frozen fillets while fresh fillets increased (+3.185 t). In 2016, frozen fillets still accounted for the largest share of saithe's fillet imports in volume (58% of fillets imported in France).

The decrease of frozen fillets is in particular due to a reduction of imports from Denmark (764 t in 2016 vs 6.276 t in 2006). This flow from Denmark has been partially replaced by an increase of imports of fresh fillet (2.657 t in 2016 vs 1.092 t in 2006).

Almost all the fresh fillets imported in France come from Denmark and the UK (94% of fresh fillets imported in 2016).

The price of fresh fillets remains higher than that of frozen fillets (respectively 5,22 EUR/kg and 3,72 EUR/kg). Both prices largely increased between 2006 and 2016 (+43% and +39%).

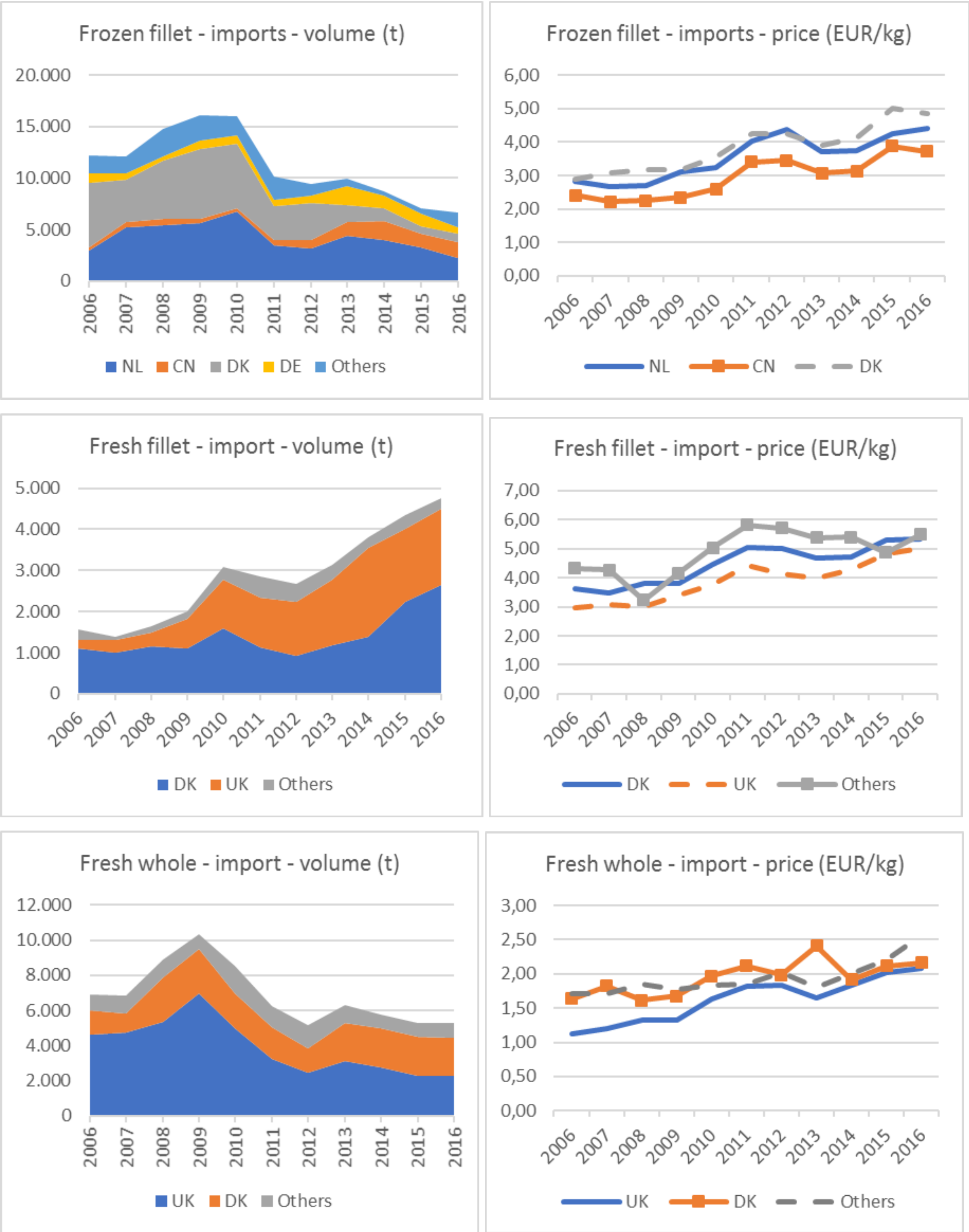
Fresh whole (EUR 11,6 million and 5.301 t in 2016, source: EUROSTAT/COMEXT)

Most imports of fresh whole saithe come from Denmark and the UK (84% of the volume imported in France in 2016), which are the two main EU landing countries for saithe.

Volumes peaked in 2009 at 10.341 t and have since halved, with 5.301 t imported in 2016. Price has constantly increased over the last decade and was 2,13 EUR/kg in 2016 (1,32 EUR/kg in 2006).

See details of imports by origin in the figure 7.

Figure 7 - Evolution of volume and price of saithe imports in France between 2006 and 2016



Source: EUMOFA based on EUROSTAT / COMEXT

2.3.3 Exports

<u>Fresh whole (EUR 7,4 million and 4.407 t in 2016, source: EUROSTAT/COMEXT)</u>

Exports of fresh whole saithe largely increased over the last decade, from 503 t in 2006 to 4.407 t in 2016. Denmark accounts for 90% of the volume exported. Based on interviews, we consider that most of this flow is related to saithe's landings by the French fleet in Denmark (in particular in the port of Hanstholm, which is a major landing site for saithe, with 14.088 t landed in 2016 based on EUMOFA), where the fish is sold through auctions.

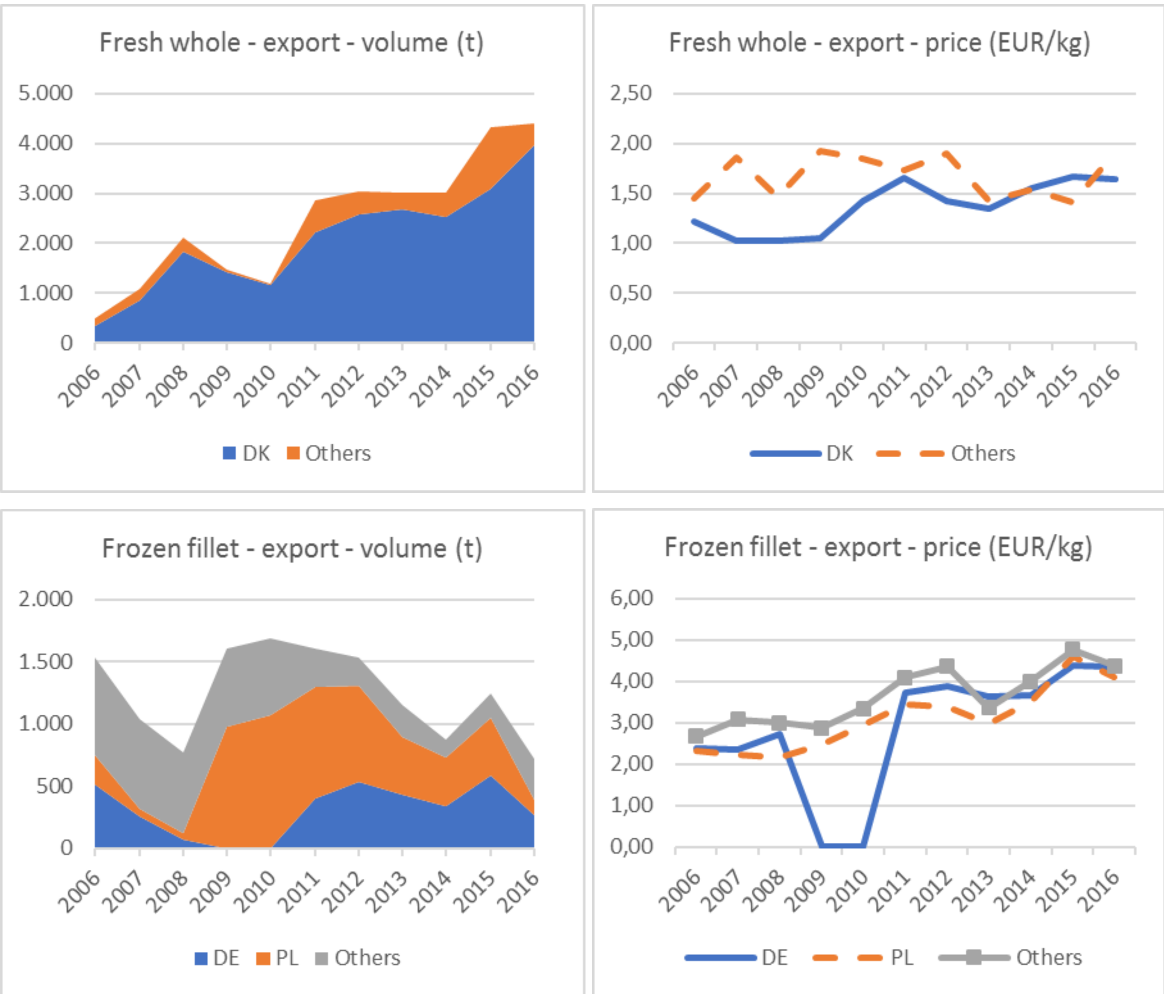
<u>Frozen fillet (EUR 3,1 million and 719 t in 2016, source: EUROSTAT/COMEXT)</u>

Frozen fillet exports have changed significantly over the last decade. They decreased by 20% in value and 53% in volume between 2006 and 2016. Exports reached 1.530 t in 2006, mainly directed to Germany, Spain, Poland and Belgium. In 2016, only Germany and Poland were still significant markets (in 2016, Germany, Croatia and Poland accounted for 73% of the volumes exported).

Exports of frozen fillets from France to Germany even stopped for two years (2009 and 2010) while exports from France to Poland started to grow. Germany is one of the main EU importers of saithe's frozen fillets (5.005 t in 2016), for which France is a minor supplier (maximum 5,5% in 2012).

See details of exports by destination in the figure 8.

Figure 8 - Evolution of volume and price of saithe exports from France between 2006 and 2016



Source: EUMOFA based on EUROSTAT / COMEXT

3 PRICES ALONG THE SUPPLY CHAIN

This chapter proposes to analyse prices and trends at the various stages of the supply chain for saithe in France, with the objective to set the framework for price transmission analysis (chapter 4).

3.1 Price information sources

While chapter 4 relies on data gathered through direct interviews with stakeholders, chapter 3 lists the consistent sources regularly accessible and the content of the information provided by each of them.

Table 7 - Sources on prices

Supply chain stage	Type of price	Frequency	Source
First sale	First sale price	Weekly, monthly, yearly	EUMOFA
Import / export	Import (Free On Board)/ export prices (Cost Insurance and Freight)	Monthly, yearly	EUROSTAT / COMEXT
Wholesale stage	Wholesale stage for saithe's fillet	Weekly, monthly, yearly	Réseau des Nouvelles des Marchés (RNM) – FranceAgriMer
Price structure along the supply chain	First sale / import stage Wholesale / processing stage Retail stage	Yearly (available from 2013 to 2016)	Observatoire de la formation des prix et des marges des produits alimentaires - FranceAgriMer
Retail stage	Price at retail stage: large scale retailer and other channels	Monthly, yearly	Kantar Worldpanel available through Observatoire de la formation des prix et des marges des produits alimentaires - FranceAgriMer
Retail stage	Retail stage for saithe's fillet	Monthly	INSEE

Source: survey by EUMOFA

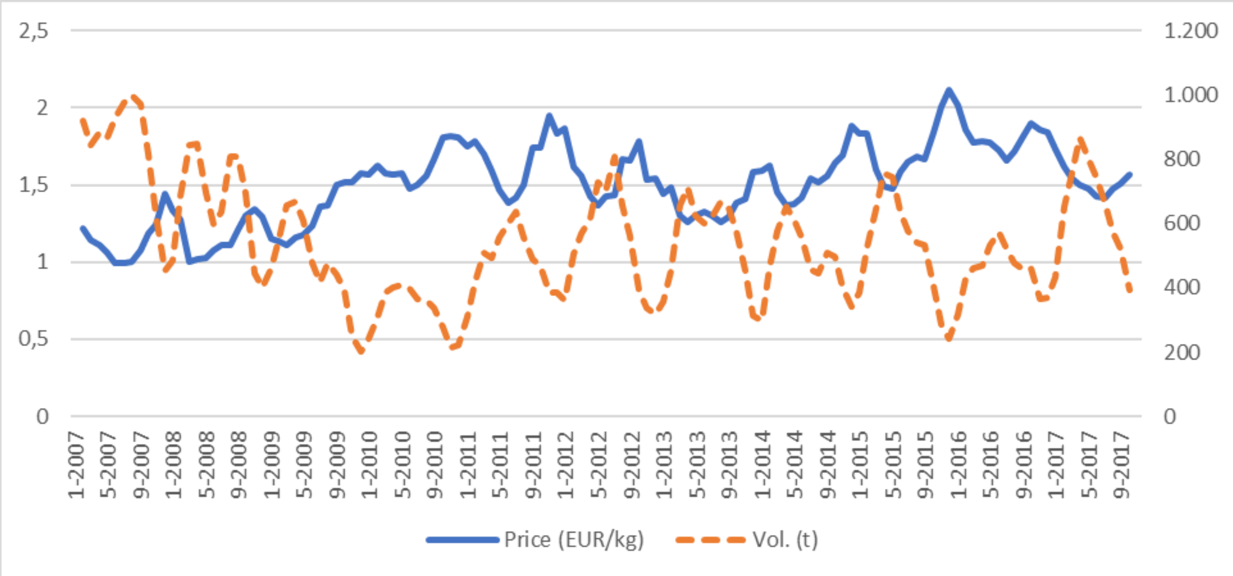
3.2 First sale price

First sale prices are transmitted by MS to EUMOFA. Average first sale price for saithe in France tends to increase with 1,52 EUR/kg in 2017 (January to December) and 1,80 EUR/kg in 2016 versus 1,12 EUR/kg in 2007.

The following figure show the large impact of the volume sold on the first sale price:

- Price peaked from September to December 2016 (between 1,75 and 1,96 EUR/kg) while landings were low (between 245 and 527 t each month) and decreased since this period with high volume landed during spring (for instance 913 t landed in May 2017 with price at 1,43 EUR/kg).
- Price tends to decrease when volume landed increases (in particular at spring period):
    - 1,13 EUR/kg for 824 t landed in April 2013
    - 1,34 EUR/kg for 692 t landed in June 2017
    - 1,41 EUR/kg for 840 t landed in May 2015.

Figure 9 - Evolution of saithe's first sale price (EUR/kg) and volume landed (t) by month in France between 2007 and 2017 (three months moving average)

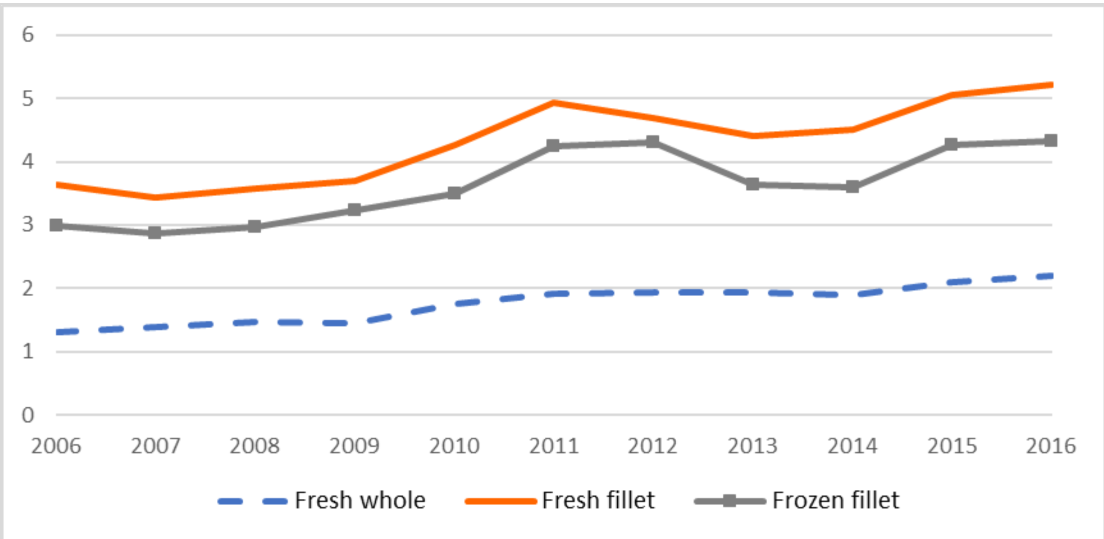


Source: EUMOFA

3.3 Import prices

The price of saithe imports into France increased between 2006 and 2016. The import price for fresh whole saithe went from 1,30 EUR/kg (2006) to 2,20 EUR/kg (2016). The price of fresh fillets is systematically higher than that of frozen fillets (+0,37 EUR/kg to +0,91 EUR/kg). In 2016, the prices of fresh and frozen saithe fillets were respectively 5,22 EUR/kg and 4,32 EUR/kg.

Figure 10: evolution of price of imports to France of fresh whole saithe, saithe fresh fillet and frozen fillet (EUR/kg) between 2006 and 2016

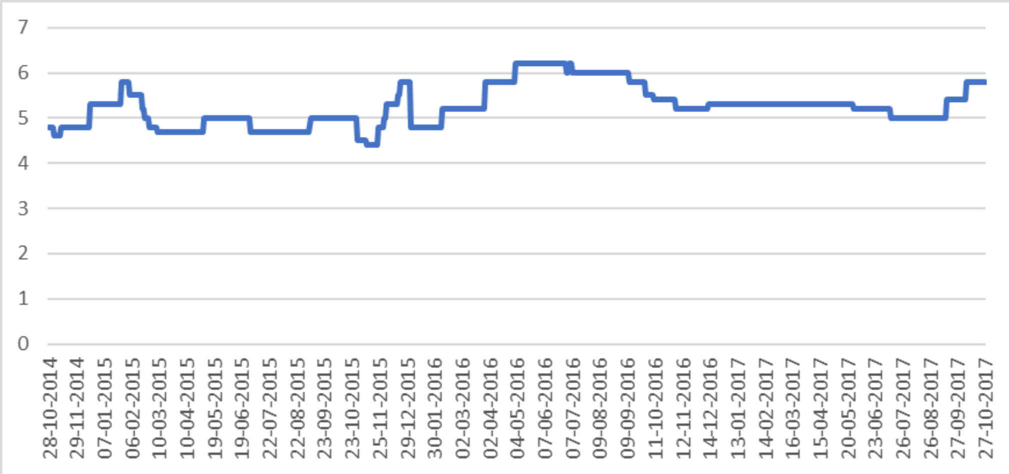


Source: EUMOFA based on COMEXT

3.4 Wholesale price

Wholesale price (Rungis international market in Paris area) for saithe fillet ranges between 4,40 EUR/kg and 6,20 EUR/kg. In October 2017, the price was 5,80 EUR/kg. The price tended to be higher in 2016 and 2017 compared to 2014 and 2015.

Figure 11: evolution of wholesale price for saithe fillets (EUR/kg) in Rungis international market between 2014 and 2017

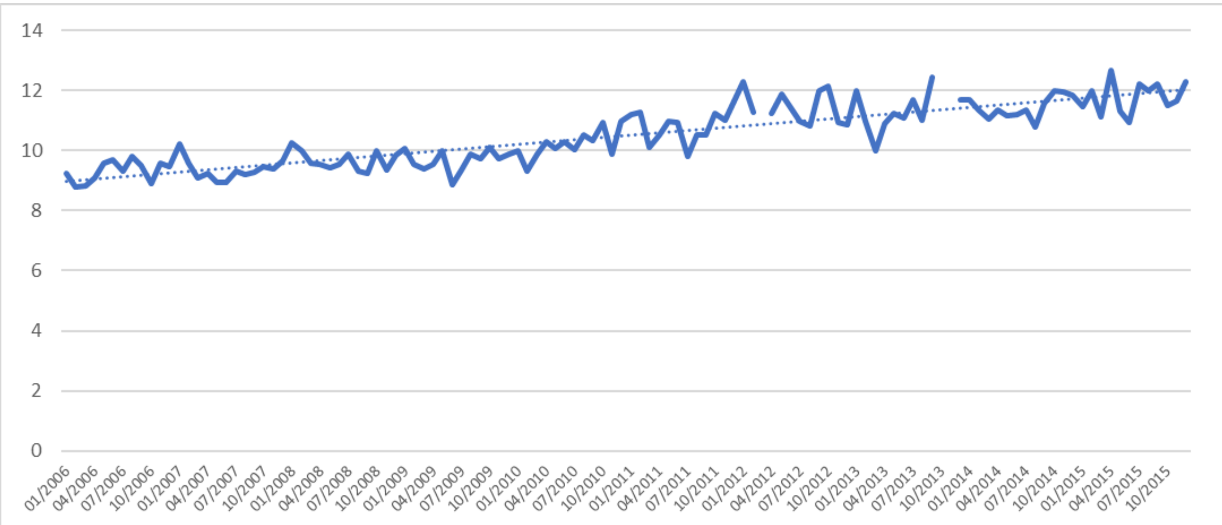


Source: Réseau des Nouvelles des Marchés (RNM) – FranceAgriMer

3.5 Retail price

Based on INSEE data, retail price for saithe in France ranged from 8,80 EUR/kg to 12,68 EUR/kg between 2006 and 2015. Price tended to increase over the period, with an average price of 11,78 EUR/kg in 2015 compared to 9,31 EUR/kg in 2006.

Figure 12: evolution of retail price for saithe fillet (EUR/kg) between 2006 and 2015



Source: INSEE

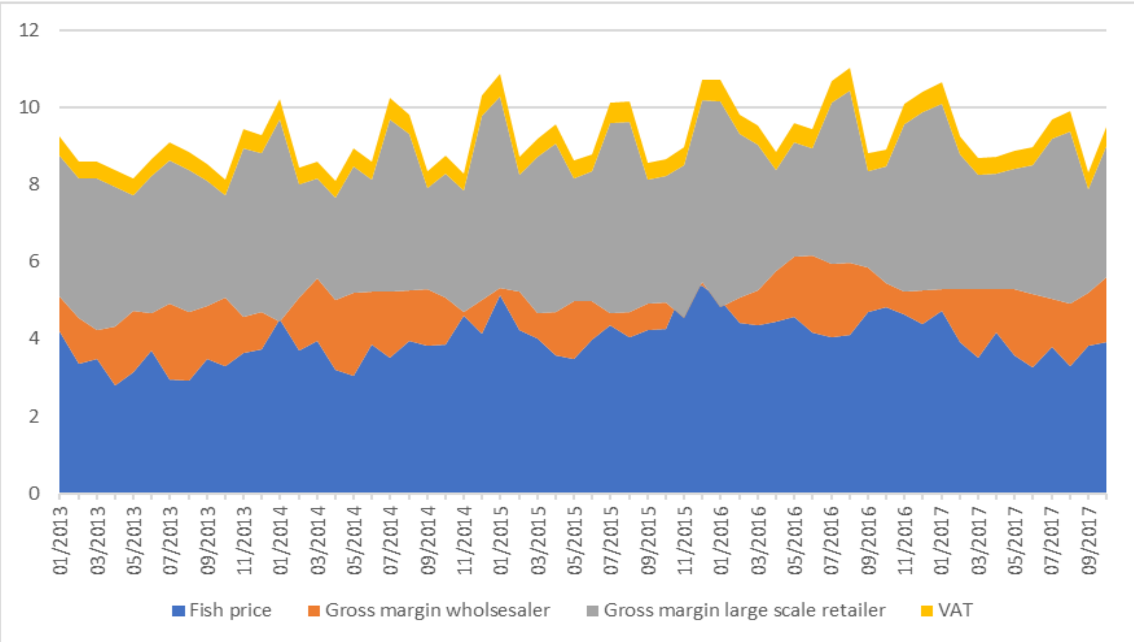
3.6 Price and margin at the different stages of the supply chain

The French observatory on formation of food products' prices and margins (“*Observatoire de la formation des prix et des marges des produits alimentaires”*) from FranceAgriMer covers, among other food products, fresh saithe.

Based on this analysis (data from 2013 to 2017):

- **Fish price for wholesaler** ranges between 2,80 and 5,40 EUR/kg. Prices peaked in January 2014 (4,50 EUR/kg), January 2015 (5,14 EUR/kg) and December 2015 (5,40 EUR/kg). Price tends to be lower in April and May while it increases in June and during winter (with the exception of 2017 with the highest price recorded in April). In addition, prices tend to decrease since January 2017 (between 3,26 EUR/kg to 4,17 EUR/kg).
- **Gross margin for wholesaler** ranges between -0,82 EUR/kg and 2,15 EUR/kg. Negative gross margin was observed three times (January 2014, November 2015 and January 2016), while fish prices tended to be high (between 4,50 and 5,36 EUR/kg). In a context of high price for raw material, wholesalers tend to decrease their margin or even lose money.
- **Ex-wholesaler price** ranges between 4,22 EUR/kg and 6,12 EUR/kg
- **Large scale retailer gross margin** ranges between 2,51 to 5,35 EUR/kg, the highest margins are in July-August and December-January, when prices are the highest.
- **VAT:** 5,5%.
- **Price for final consumer in large-scale retailers:**
  - We can observe two peaks each year: in December-January and June-August.
  - Prices have tended to increase since 2013: from 8,14-9,44 EUR/kg in 2013 to 8,30-10,66 EUR/kg in 2017 (January to October 2017). However, prices tended to be lower in 2017 compared to 2016.

Figure 13: Saithe’s prices and margins at the different stages of the supply chain between 2013 and 2017



Source: Observatoire de la formation des prix et des marges des produits alimentaires – FranceAgriMer

4 PRICE TRANSMISSION IN THE SUPPLY CHAIN IN FRANCE

The following table provides the range of the various costs for saithe fresh fillets in large scale retailers. For the present analysis, data on first sale price for fish is based on EUMOFA statistics, other data are based on interviews (filleting yields, filleting costs, packaging costs, loss and costs at retail stage, final consumer price). The prices at the different stages are cross-checked with other sources of information: import price from EUROSTAT/COMEXT and data from the French observatory on formation of food products' prices and margins (FranceAgriMer).

Table 8 - Costs and margins for 1kg of fresh fillet of saithe in the large-scale retail in France (2017)

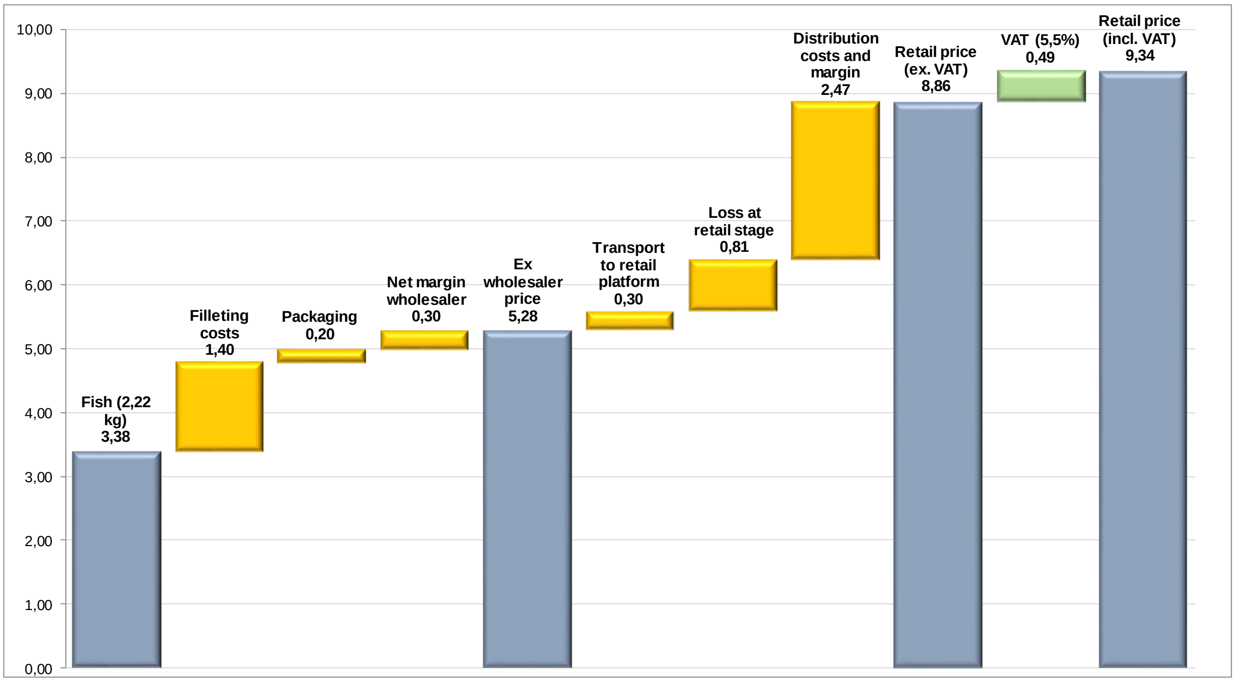
	Average	% final price
Fish (2,22 kg)	3,38	36,1%
Filleting costs	1,40	15,0%
Packaging	0,20	2,1%
Net margin wholesaler	0,30	3,2%
Ex wholesaler price	5,28	56,5%
Transport to retail platform	0,30	3,2%
Loss at retail stage	0,81	8,7%
Distribution costs and margin	2,47	26,4%
Retail price (ex. VAT)	8,86	94,8%
VAT (5,5%)	0,49	5,2%
Retail price (incl. VAT) for 1 kg of product	9,34	100,0%

Source: EUMOFA survey

Source: elaboration by EUMOFA from statistics and interviews with stakeholders in January 2018:

- Fish price: 1,52 EUR/kg: average price for French first sales of saithe in 2017 (source: EUMOFA). This price is lower than in 2016 and lower than the price of imported fresh saithe (comparison of price in 2016: 2,13 EUR/kg for imported whole saithe versus 1,80 EUR/kg for national landings).
- Filleting yield: 45%. Filleting yields differs in function of the type of products (based on interviews):
  - fillet with flank: 50%,
  - fillet without flank: 45%,
  - loin: 25-30%: lower yield for loin compared to fillet (see section 2.2), this increases the price of this product compared to fillet.
- Filleting costs range between 1,30 to 1,60 EUR/kg (source: interviews).
- Packaging: 0,20 – 0,30 EUR/kg (source: interviews).
- Ex-wholesaler price is 5,28 EUR/kg, this is comparable to the price of imported fresh fillet in France in 2016: 5,22 EUR/kg (source EUROSTAT/COMEXT).
- Loss at retail stage account for 0,81 EUR/kg. Loss are related to loss of water and loss of product due to high fragility of products (need to maintain freshness) (source: interviews).
- The price retained for the analysis is 9,34 EUR/kg. Based on the French observatory on formation of food products' prices and margins (FranceAgriMer), saithe's final price for the consumer is 9,26 EUR/kg in 2017. Based on interviews and store check, the retail price for fresh fillets ranges between 9,00 and 9,95 EUR/kg without discount and between 6,95 and 7,95 EUR/kg with discount. Based on store check, frozen loin may be sold between 13,25 and 17,76 EUR/kg.

Figure 14 - Price transmission for saithe fillet (in EUR/kg)



Source: EUMOFA survey

4.1 ANNEXES

4.1.1 Sources used

- EUMOFA
- Eurostat/COMEXT
- FAO
- FranceAgriMer - Observatoire de la formation des prix et des marges des produits alimentaires.

4.1.2 Interviews

- French stakeholders:
  - Fishing companies involved in the saithe fishery
  - Wholesalers in Lorient and Boulogne sur Mer
  - Large-scale retailer.

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