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MONTHLY HIGHLIGHTS

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In this issue

First-sales figures for eleven reporting countries take the lead in this month's highlights. Denmark, Germany, Greece, Latvia, Lithuania, Norway, Portugal, Sweden, and the UK experienced decreases in both first-sales value and volume. Germany experienced the greatest decline in value, and Norway registered the greatest decline in volume.

Global fishery production from wild capture fisheries and aquaculture is expected to reach 160 million tonnes in 2013, 1,9 % increase from the previous year. Meanwhile the value of world exports of fish and fishery products will also increase 5,3% from 2012, reaching almost EUR 100 billion in 2013. This is attributed to the growth of aquaculture output, combined with high prices for top traded species such as salmon and shrimp.

This month's highlights takes a closer look at fish fingers. Germany is the main EU producer of fish fingers and provides more than half of the EU exports. Retail domestic sales of fish fingers have grown significantly in recent years, largely as a result of the product's affordability. Fish fingers are made mainly of imported filets of Alaska pollack, whose price has fluctuated over the years. However, during the past three years, the retail price of the final product has remained relatively stable in Germany.

In 2013, retail prices of fresh sole fluctuated repeatedly in the five EU Member States analysed, displaying an overall decreasing trend, particularly in the Netherlands.

1. First sales in Europe

In December 2013, ten EU Member States (MS) and Norway reported first-sales data for ten commodity groups.¹

First sales have decreased since the previous month in both value and volume for ten of the reporting countries: Denmark, Germany, Greece, Lithuania, Latvia, Netherlands, Norway, Portugal, Sweden, and the UK. For Belgium and France, they have increased in value 1% and 6%, respectively, and they have decreased in volume 21% and 12%, respectively.

In Spain in December 2013, 19.437 tonnes of fresh fish were landed, 2% more than a year before. As for the period January–December 2013, 229.820 tonnes of fresh fish were landed, a decrease of 2%, compared with the same period in 2012. Vigo and A Coruña, the ports with the largest volume of landings, experienced a 3% decrease (80.245 tonnes) and a 4% increase (45.480 tonnes), respectively, compared with January–December 2012.²

Table 1. **OVERVIEW OF THE REPORTING COUNTRIES** (value in million euro and volume in tonnes)

MS	December 2011		December 2012		November 2013		December 2013	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
BE	881	4,81	1.501	5,33	1.755	5,06	1.383	5,10
DE	n/a	n/a	n/a	n/a	3.703	3,03	2.416	1,08
DK	9.158	14,47	13.269	15,67	26.054	26,20	13.721	14,70
EL ³	535	1,65	852	2,65	1.183	3,36	742	2,37
FR	14.102	58,23	15.168	52,59	17.402	51,85	15.388	54,94
LT	n/a	n/a	167	0,17	229	0,16	95	0,07
LV	n/a	n/a	4.834	1,23	7.040	1,80	3.768	0,92
NO	95.729	115,44	96.694	86,69	224.953	157,59	108.979	91,09
PT	9.058	14,74	6.517	12,92	10.812	15,27	6.533	11,73
SE	9.538	5,85	4.096	3,92	9.050	6,46	6.884	4,56
UK	18.577	44,97	18.417	35,36	24.086	46,47	14.461	30,49

Source: EUMOFA (updated 12.02.2014); volume data is reported in net weight.

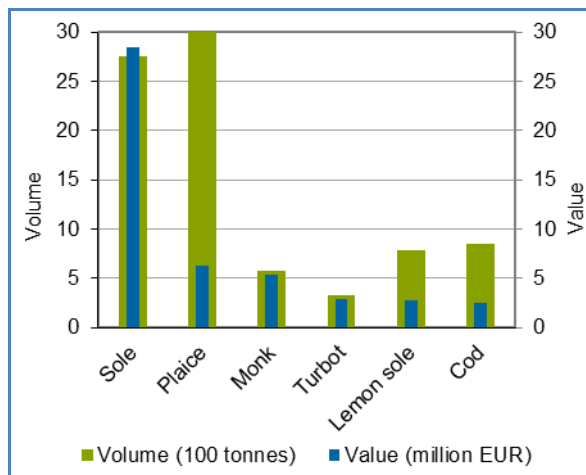


1.1. BELGIUM

The value of Belgium’s landings is only about 1% of the total value of EU landings. The Belgian fleet contains ca. 80 fishing vessels, mostly beam trawlers.⁴ Fishermen specialise in flatfish (sole and plaice), which are the most valuable species caught. Almost all first sales take place in the auction markets of Zeebrügge (the most important), Oostende, and Nieuwpoort.

Sole is Belgium’s most significant fish species, landed and sold, in value, representing ca. 44% of the country’s total landings. Other important species include plaice (10% of the value and 16% of the volume of landings), monk, turbot, lemon sole, and cod. The latter is 4% of value and 5% of volume of the country’s total landings (2012).

Figure 1. LANDINGS IN BELGIUM BY MAIN SPECIES (2012)

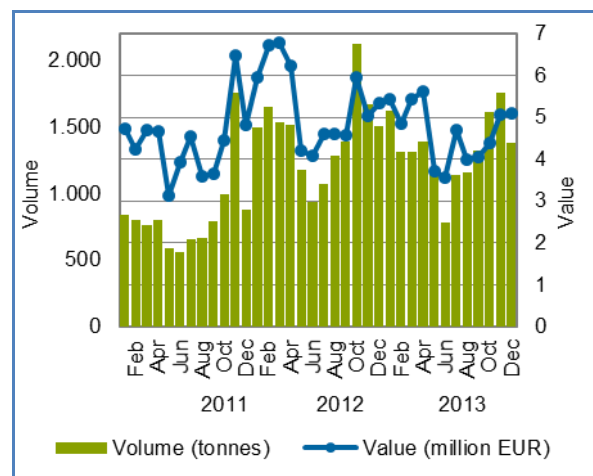


Source: EUROSTAT. Volume in product weight.

Landings in Belgium have remained relatively steady for the past five years, without great fluctuations. In 2012, they reached ca. EUR 65 million corresponding to a volume of almost 17.700 tonnes. Compared with 2011 and 2010, this was lower in value by 7% and 1%, respectively, and 4% and 9% greater in volume.⁵ All fish landed are used for human consumption. Approximately 70% of the total fish landed in Belgium is sold through the Zeebrügge fish auction.

In December 2013, first sales in Belgium included nine⁶ of the ten commodity groups reported at the EU level. First-sales value and volume of two commodity groups (flatfish and other marine fish) were reported at EUR 4,44 million and 1.128 tonnes. Flatfish accounted for 70% of the value and 65% of the volume of Belgium’s total first sales.

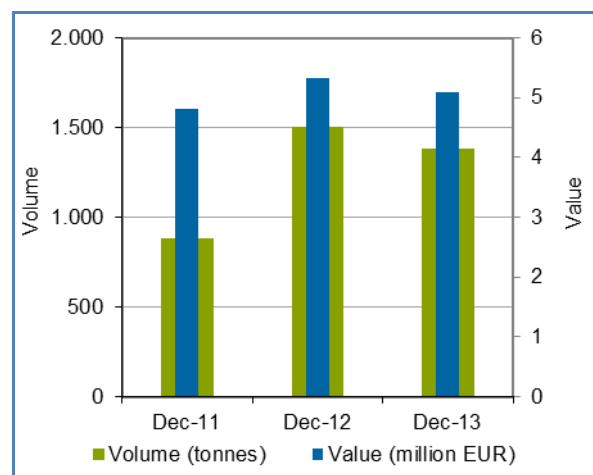
Figure 2. TOTAL MONTHLY FIRST SALES IN BELGIUM



Source: EUMOFA (updated 12.02.2014).

Total first sales decreased in both value (-4%), and volume (-8%), compared with December 2012. Compared with two years ago (December 2011), the opposite trend was observed: increases of 6% in value and 57% in volume. The decrease was seen mainly in the “other marine fish” commodity group, specifically monk. Compared with one year ago (December 2012), first sales of “other marine fish” decreased in both value (-22%) and volume (-20%).

Figure 3. DECEMBER FIRST SALES IN BELGIUM



Source: EUMOFA (updated 12.02.2014).

At EUR 3,59 million and 897 tonnes in December 2013, first sales of flatfish increased in both value (6%) and volume (4%) over December 2012. Compared with two years ago, first sales of the flatfish commodity group decreased in value by 6% and increased substantially in volume by 63%.

1.1.1. MONK



Monk is a predatory demersal species that is widely distributed throughout northern European waters and can

migrate extensively, from Shetland to Faroe and Iceland, for example. There are several species of the genus *Lophius* that are caught and landed together, which are grouped in this main commercial species of which the most popular is *Lophius piscatorius*. The fish has a high commercial value; the edible parts are the tail, cheeks, and liver.

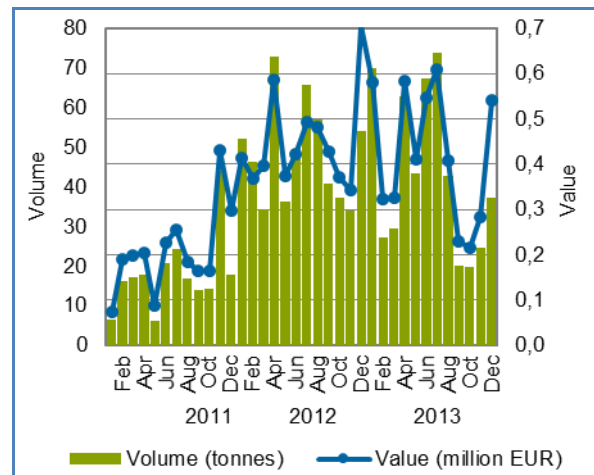
Monk is found on sandy and muddy sediments in depths of up to 1000 m, where it lies half buried in wait of prey such as small fish, sandeels, and occasionally larger fish. Spawning takes place from February to July in areas at the edge of the continental shelf and in deeper waters. After approximately 120 days, the fish settle into the demersal phase in the relatively shallow water of the continental shelf.⁷

Monk is caught mainly with bottom trawlers in targeted fisheries and as by-catch in other fisheries, from the Rockall haddock fishery to North Sea *Nephrops* fisheries, and beyond.⁸

Monk is vulnerable to overfishing, and the species is subject to total allowable catches (TACs). Because the fish matures at a larger size, a large proportion of the catch consists of immature fish. However, little is known about the state of the stock concerning safe biological limits, as well as producing the greatest catch in the long term. In 2014, the share of Belgium's monk quota (3.533 tonnes), represents ca. 6% of the total EU quota and is 10% higher than the 2013 quota.

In December 2013, monk accounted for 11% of value and 3% of volume of the country's total first sales, reaching EUR 0,54 million and 37 tonnes. This was a decrease in both value (-23%) and volume (-31%) from the same period of the previous year. Compared with two years ago, the opposite trend was observed: a substantial increase of 82% in value and 111% in volume.

Figure 4. MONK: MONTHLY FIRST SALES IN BELGIUM



Source: EUMOFA (updated 12.02.2014).

The average unit price of monk in December 2013 was 14,50 EUR/kg, 35% higher than the previous month when less volume was sold (25 tonnes). It has increased 11% over a year ago (December 2012), when 54 tonnes were sold.

The highest unit price of monk observed in the period surveyed was in December 2011 at 16,86 EUR/kg corresponding to 18 tonnes sold.

1.1.2. TURBOT



Wild turbot is a fast-growing flatfish living in shallow water, at depths of 20 to 70 m. Spawning takes place from April to August. Turbot is a predator fish, feeding on bottom fish, sprat, and herring, and to a lesser extent, crab and mussel.⁹

During the juvenile stage, the fish can reach 30 cm in three years, with females growing faster than males. Turbot can reach up to 100 cm and weigh more than 25 kg.

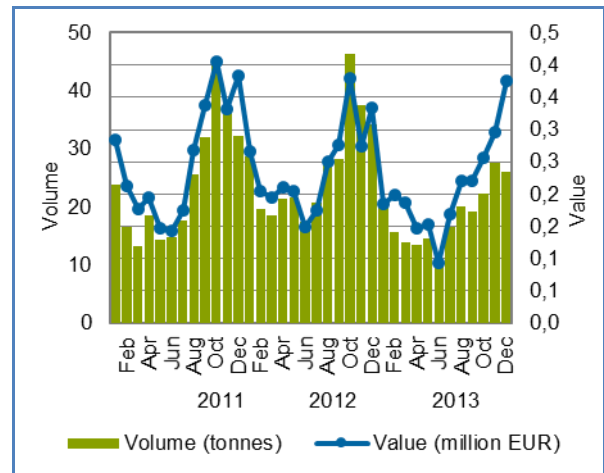
Turbot is found from the Northeast Atlantic to the Mediterranean and the Black Sea. It is also found in small quantities in the Skagerrak, Kattegat and Baltic Sea. In the North Sea where most turbot catches occur, the stock is managed together with brill in a shared TAC. Belgium's TAC for 2014 is 340 tonnes, representing ca. 7% of the total EU TAC.

Turbot is a valuable by-catch in mixed flatfish fisheries, which are mainly caught with large beam trawlers. There are also some directed turbot fisheries using gillnets. The fish is highly appreciated for the boneless, firm white flesh and exquisite taste.

Turbot is landed throughout the year, with peaks between September/October and December. In December 2013, turbot was the third most valuable species landed and sold (after sole and plaice), accounting for 10% of value of the country's total first sales (EUR 3,59 million). It accounted for 3% of volume, achieving 26 tonnes.

This was an increase in value (13%) and decrease in volume (-24%), from the same period of the previous year. Compared with two years ago, a decrease in both value and volume is observed, -2% and -19%, respectively.

Figure 5. TURBOT: MONTHLY FIRST SALES IN BELGIUM



Source: EUMOFA (updated 12.02.2014).

The average unit price in December 2013 was 14,39 EUR/kg, the highest for the past three years analysed.

Compared with November 2013, the average unit price of turbot increased 34%, corresponding to a higher volume landed and sold (28 tonnes).

Compared with one year ago (December 2012), the price was 47% higher, corresponding to a first-sales volume of 34 tonnes of turbot.

1.2. PORTUGAL

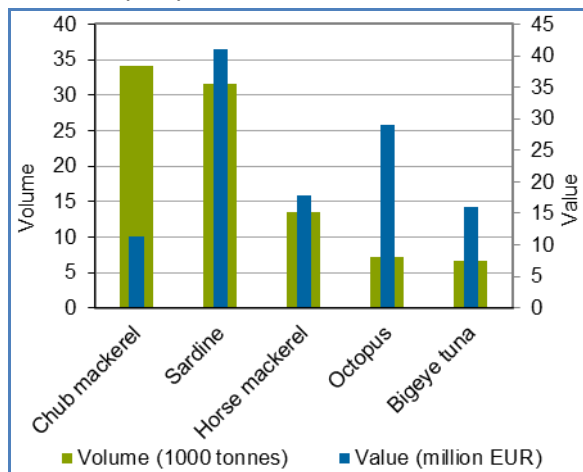
Fishing and fish processing have a long tradition in Portugal. Nearly 50% of the population lives on the coast, which is 1.860 km long, from the border with Spain to the Algarve in the south. Although Lisbon is the centre for employment in the fishery industry, including shipbuilding and sea shipping, the northern Zona Norte is the main region for aquaculture. The two regions represent nearly 75% of total employment in Portugal's fishing industry.

The Portuguese fleet is highly diversified. It has a broad range of fishing vessels which target a variety of species, predominantly in the Portuguese Exclusive Economic Zone.¹⁰

Average production per fishermen is 10 tonnes per day compared with 20 tonnes per day on average in the EU. This could be attributed to the prevalence of artisanal fishing.¹¹

Over the past four years, landings have increased in value, reaching EUR 252 million in 2012. However, in volume, the opposite trend was seen, with landings of 140.000 tonnes, 23% lower than both in 2011 and 2010.

Figure 6. **LANDINGS IN PORTUGAL BY MAIN SPECIES (2012)**

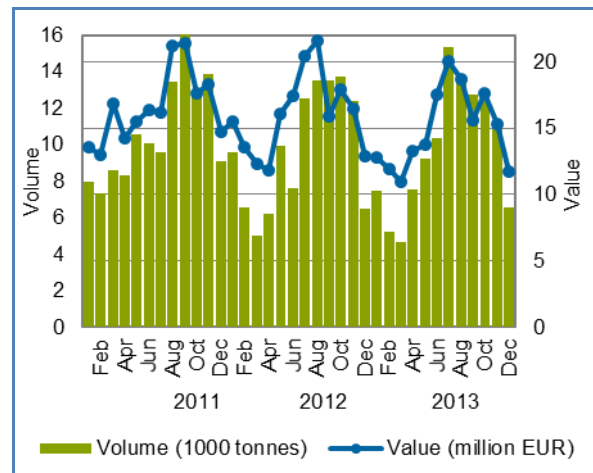


Source: EUROSTAT. Volume in net weight.

Landings in Portugal include a large variety of demersal, pelagic, and shellfish species. In 2012, more than 250 species were landed, of which the top five (in volume) were chub mackerel, sardine, horse mackerel, octopus, and bigeye tuna. All of these, except chub mackerel, are also in the top five landings value.¹²

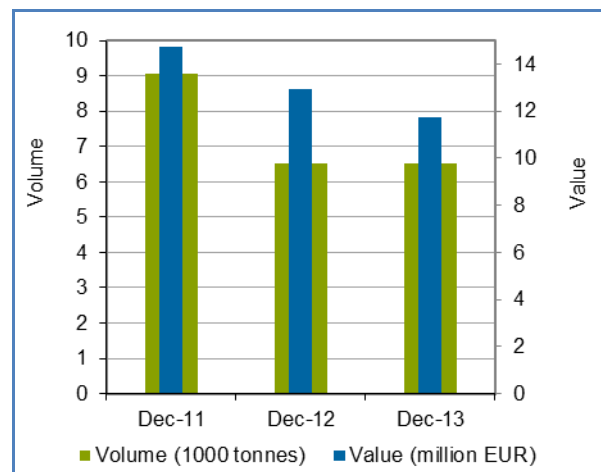
In December 2013, first sales reached EUR 11,7 million and 6.533 tonnes. First-sales value decreased 9%, while volume was approximately the same as December 2012 (6.517 tonnes). Compared with two years ago, the same trend, a decrease of 20%, was observed for first-sales value, with a 28% decrease in volume.

Figure 7. **TOTAL MONTHLY FIRST SALES IN PORTUGAL**



Source: EUMOFA (updated 12.02.2014).

Figure 8. **DECEMBER FIRST SALES IN PORTUGAL**



Source: EUMOFA (updated 12.02.2014).

Small pelagics was the most significant commodity group, accounting for 25% of the value and 65% of the volume of Portugal's first sales in December 2013. It achieved first sales of EUR 2,98 million and 4.212 tonnes, an increase in both value (6%) and volume (16%) over the year before. Compared with December 2011, first-sales value and volume decreased 29% and 35%, respectively. First-sales value and volume of two commodity groups (other marine fish and flatfish) were reported at EUR 3,42 million and 779 tonnes. Other marine fish accounted for 23% of the value and 10% of the volume of Portugal's total first sales.

1.2.1. SEABASS



Wild seabass is found in both deep waters and coastal and shallow waters, from the Northeast Atlantic to

the Mediterranean and the Black Sea. It feeds on crustaceans, molluscs, and fish.¹³

Seabass is a slow-growing, long-lived species. Juveniles live in estuaries, and adults migrate seasonally to offshore spawning sites and some inshore areas. Spawning takes place from December to February in the waters off south-western Portugal and from January/February to April in the estuaries toward north-western Portugal. Most landings originate from coastal artisanal fisheries using various gears: gillnets, trammelnets, longline and handline. The combination of slow growth, late maturity, spawning aggregation, and strong site fidelity, increases the vulnerability of seabass (*Dicentrarchus labrax*) to overexploitation and localised depletion.¹⁴

In December 2013, first sales of seabass represented 3% of the value and 1% of the volume of total first sales in Portugal, and it reached EUR 0,39 million and 36 tonnes. This was a decrease in both value (-14%) and volume (-15%) from December 2012.

First-sales cumulative value (January–December 2013) of seabass was EUR 3,74 million, a 22% increase over the same reference period one year before. The corresponding volume was 394 tonnes, a 37% increase over January–December 2012.

The average unit price of seabass in December 2013 was 10,78 EUR/kg, representing a 1% increase over December 2012, when more volume was landed and sold (42 tonnes). The highest unit price observed in 2013 was in August, ending at 14,11 EUR/kg.

1.2.2. SOLE



Sole live in shallow waters where they feed on small bottom invertebrates like worms and crustaceans. They start with one eye on

each side of their body, and one of the eyes migrates to the other side, establishing the top side of the fish for the rest of its life. Commonly dwelling in sandy and muddy habitats, where they are well camouflaged, sole are found throughout EU waters. They can grow up to 70 cm in length and 3 kg in weight.¹⁵

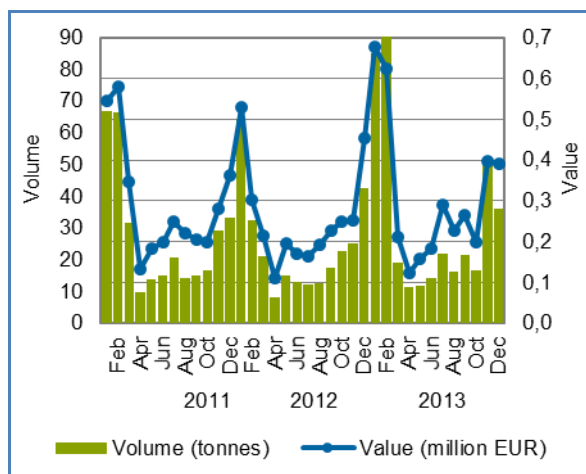
Sole is valuable species with a limited share of Portugal landings. In 2013 sole represented 4% in value and 1% in volume of the country's total first sales. In December 2013, first sales of sole were EUR 0,66 million and 86 tonnes, representing 86% of the value and 84% of the volume of the flatfish commodity group first sales. It was an increase in both value (5%) and volume (4%) over December 2012.

During January–December 2013, the cumulative first-sales value of sole was EUR 7,79 million, a 4% increase over January–December 2012. The volume in the same period was 1.069 tonnes, representing a 5% increase.

The average unit price for sole in December 2013 was 7,67 EUR/kg, approximately the same as one year ago (7,64 EUR/kg), when similar volume was landed and sold.

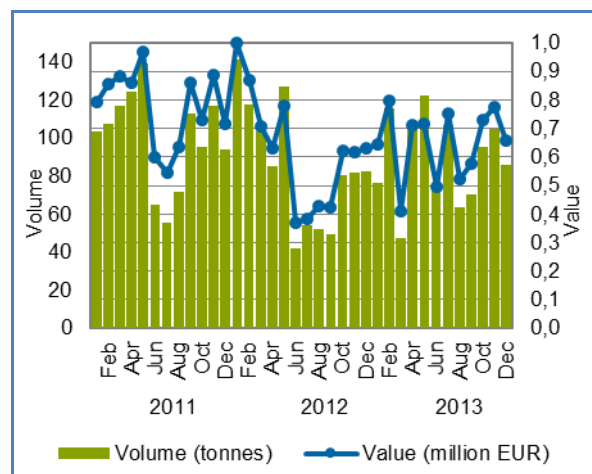
The highest unit price registered for sole in 2013 was in March, at 8,59 EUR/kg, corresponding to 48 tonnes landed and sold.

Figure 9. SEABASS: MONTHLY FIRST SALES IN PORTUGAL



Source: EUMOFA (updated 12.02.2014).

Figure 10. SOLE: MONTHLY FIRST SALES IN PORTUGAL



Source: EUMOFA (updated 12.02.2014).

2. Global Supply

World Supply: The global fish supply is projected to rise to 187 million tonnes, with production from capture fisheries remaining relatively stable and aquaculture rising steadily, eventually equalling capture production. By 2030, aquaculture should contribute 62% of the global supply; however, its growth rate is expected to slow down. China and South Asia will have the largest share in aquaculture production with 60% and 16%, respectively. Molluscs and carp are predicted to have the largest share, 24% and 21%, respectively, while production of tilapia is projected to boost from 4,3 million tonnes to 7,3 million tonnes between 2010 and 2030.¹⁶

EU–Morocco Fisheries Partnership Agreement: Both the European and Moroccan parliaments consented to a new four-year Protocol between the EU and Morocco. In return for EUR 40 million paid by the EU, more than 100 EU vessels will be allowed to fish in the Moroccan waters for ca. 80.000 tonnes of small pelagic species with further fishing opportunities for demersal, tuna, and artisanal fisheries. The new Protocol also provides increased job opportunities for Moroccan fishermen.¹⁷

EU–Gabon Fisheries Partnership Agreement: The Fisheries Committee of the European Parliament approved a new agreement between the EU and Gabon. It will allow fishing vessels from Spain and France to fish in the waters of the Gabonese Republic, in return for an annual EU payment of EUR 1,35 million, which includes assistance to the Gabonese fishing sector. The new Protocol covers a period of three years and ca. 20,000 tonnes.¹⁸

Aquaculture / Italy / Seabass / Seabream: In late January 2014, import prices for seabass and sea bream in Italy increased 15 and 30%, respectively, depending on size. Although a price increase during this period is not unusual, the magnitude of the increase was unusual.

Some shortage of sea bream has been reported, although quotations have risen by approximately the same amount for both species.¹⁹

Aquaculture / Vietnam / Shrimp: In 2013 Vietnam reported a shrimp production of 704.000 tonnes, with an increase of more than 50% in the production of vannamei shrimp compared to 2012.²⁰ In 2013, the shrimp price registered record highs globally, as a result of the reduced supply of the vannamei species in other major producing countries and a robust demand in particular in the EU. It is likely that the price of shrimp will continue its upward trend in 2014. Vietnam expects to further expand the shrimp-farming production.²¹

Trade / Vietnam: The value of Vietnamese seafood exports to the EU increased 4% in 2013 over 2012, reaching ca. EUR 0,86 billion. Exports increased to the UK, France, and Germany, while they have decreased to Italy and the Netherlands. Shrimp and tuna witnessed the highest increases, 31% and 24%, respectively, while pangasius decreased 9%.²²

Trade / Norway: The value of Norwegian seafood exports in January 2014, totalling ca. EUR 0,70 billion (NOK 5,9 million), was 25% higher than the previous year. This was mainly attributable to salmon, whose export value (ca. EUR 0,43 billion) increased 37% over January 2013. The prices of fresh salmon remained high at ca. 5,74 EUR/kg, owing to strong demand. France, Poland, and Russia are the largest importers of Norwegian salmon. Additionally, the export value of frozen mackerel and cod also increased, 48% and 88%, respectively. China and EU are the largest receivers of these species, respectively.²³

3. Case study: Price transmission in the supply chain for Alaska pollack fish fingers in Germany

Germany is the main producer of Alaska pollack fish fingers, providing 45% of EU production and 53% of EU exports.

3.1. The EU market for breaded fish and fish fingers

The EU market for breaded fish and fish fingers²⁴ was estimated at ca. 370.000 tonnes in 2012. Germany and the UK are the two largest consumers, accounting for almost 66% of the EU market in volume.

Table 2. EU MARKET FOR BREADED FISH AND FISH FINGERS IN 2012 (volume in tonnes)

EU MS	Prod.	Imp.	Exp.	App. cons.*	%EU
DE	170.422	13.252	63.556	120.118	33%
UK	92.358	31.146	2.652	120.852	33%
FR	48.054	7.471	4.872	50.653	14%
IT	3.276	19.375	225	22.427	6%
ES	16.114	1.680	587	17.207	5%
Other	47.986	40.098	48.845	39.239	6%
Total	378.210	113.022	120.737	370.495	100%

Source: EUMOFA, PRODCOM, COMEXT.

* Apparent consumption (tonnes).

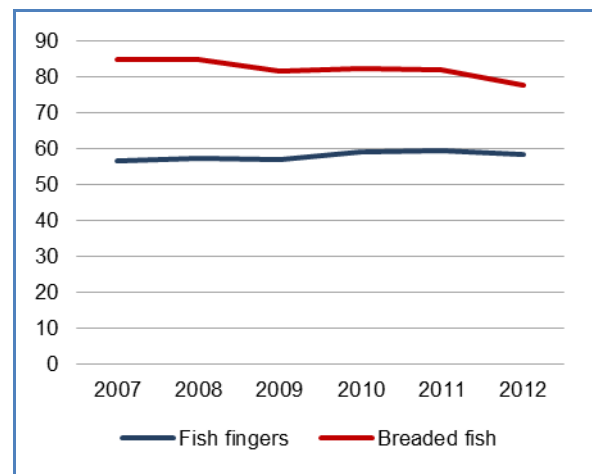
Germany, the largest exporting country of breaded fish and fish fingers, sends more than 95% of its exports to EU Member States, mainly the UK, France, Austria, the Netherlands, Italy, and Belgium. Switzerland is the only significant extra-EU destination.

Germany also imports Alaska pollack fish fingers, mainly from Poland and Denmark.

3.2. The German market

Apparent consumption for breaded fish and fish fingers in Germany exceeded 120.000 tonnes in 2012, a slight decrease (3,9%) compared with 2010. It is supplied at ca. 90% by domestic processors.

Figure 11. DOMESTIC SALES OF FROZEN FISH FINGERS AND BREADED FISH IN GERMANY (volume in thousand tonnes)



Source: DTI (Deutsches Tiefkühlinstitut).

Fish fingers are sold mainly in the retail (92,4% of sales in 2012). Inversely, breaded fish, which goes primarily to the HORECA sector (52,6% of sales in 2012), saw its sales dwindle (-8,0% since 2007 and 2012).

3.3. Prices along the supply chain

3.3.1. Price of raw material

Fish fingers processed by German industry are made mostly from Alaska pollack. The German processing industry purchases Alaska pollack mostly in the form of blocks of frozen fillets, invoiced in US dollars.

Table 3. **STRUCTURE OF GERMAN IMPORTS (2012) OF ALASKA POLLACK (volume in tonnes)**

Item	Product weight	Live weight	% of the total (live weight)
Fresh whole	491	570	0,1%
Frozen whole	29	44	0%
Frozen fillet	157.079	463.383	93,5%
Frozen meat	7.558	19.953	4%
Prepared	5.601	11.426	2,3%
Total	170.758	495.376	100%

Source: EUMOFA, COMEXT.

Import price of Alaska pollack fillets registered a strong increase in 2009. This can be attributed, at least in part, to the decline of quotas in the USA. US exports fell from 53.300 tonnes in 2008 to 28.000 tonnes in 2009 and price of US Alaska pollack rose from 2,34 EUR/kg in 2008 to 3,00 EUR/kg in 2009. Higher availability of major stocks led to lower prices in the period 2010–2012.

Table 4. **VALUE, VOLUME AND AVERAGE PRICE OF IMPORTED ALASKA POLLACK FILLETS (value in million euro, volume in thousand tonnes, price in EUR/kg)**

Data	2007	2008	2009	2010	2011	2012
Val.	327	374	373	364	357	373
Vol.	164	178	143	147	155	157
Ave. Price	1,99	2,10	2,62	2,49	2,30	2,37

Source: COMEXT.

The main supplier of raw material to the German processing industry is China with 86.100 tonnes in 2012, i.e. 60% of total Alaska pollack frozen fillets imported by Germany. It is followed by the USA with 53.400 tonnes in 2012.

China mainly reprocesses Alaska pollack caught by the Russian fleet.

Prices of frozen fillets have progressed at the same pace, independent of the origin, as can be seen in figure 12, with one exception: the price of Russian fillets decreased faster than the other two main trading partners for the period 2009–2011.

Imports from the USA increased in 2012 for the third year in a row (29,5% in 2010, 32,6% in 2011, 11,0% in 2012 – in volume), whereas other imports stabilized at around 85.000 tonnes (China) or plummeted (Russia: –43,8% in 2012).

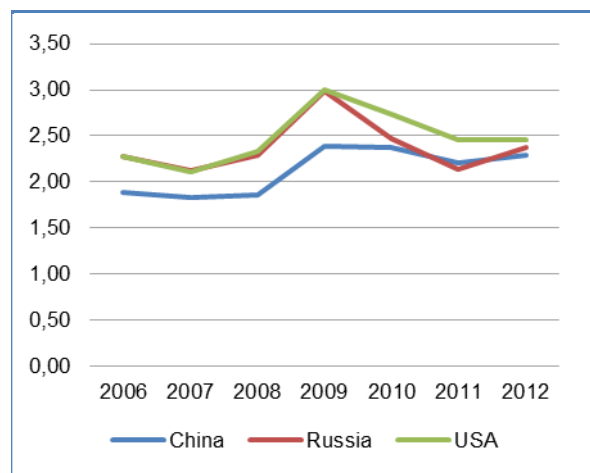
The fall of Russian deliveries to the German processing industry could be attributed to two main factors:

- an increasing part of Russian exports went to other markets where the demand is high.

- the long assessment process to obtain MSC certification, which was requested by German processors: The first of the three main Russian Alaska pollack fisheries (Russia Sea of Okhotsk fishery) received certification in September 2012, and the remaining fisheries (Russian West Bering Sea fishery and Russian Navarinsky fishery) received it at the beginning of 2014.

Russian exports to Germany increased again in 2013: 23% in volume in the first 11 months of 2013, compared with the same period in 2012. In 2013, prices decreased slightly, 2,0% for the USA and 4,8 % for China (compared with same period of the previous year).

Figure 12. **PRICES OF IMPORTED ALASKA POLLACK FROZEN FILLETS BY COUNTRY OF ORIGIN (EUR/kg)**



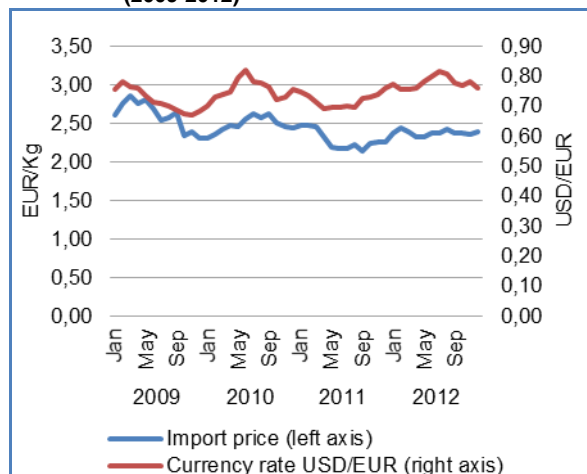
Source: COMEXT.

3.3.2. Impact of exchange rate

Exchange-rate fluctuations are the main driver of import-price volatility: The two lines in the following charts (blue: evolution of import prices; red: evolution of the exchange rate, US dollar vs. euro) follows similar trends.

This appears logical for a product caught by industrial fishing fleets and traded in US dollars.

Figure 13. **USD/EUR EXCHANGE RATE AND PRICE OF ALASKA POLLACK FROZEN FILLETS IMPORTED IN GERMANY (EUR/kg) (2009-2012)**



Source: COMEXT, ECB.

3.3.3. Ex-factory prices

EUROSTAT-PRODCOM data allow the calculation of an annual average ex-factory price (value/volume) for battered and breaded products (code 10 20 25 70). However the wide range of products concerned limits exhaustive analysis.

In any case, the German industry clearly shows the lowest production prices, the result of its huge processing capacity in Bremerhaven.

Table 5. **EX-FACTORY PRICES - FISH FILLETS IN BATTER OR BREADCRUMBS INCLUDING FISH FINGERS (EUR/kg)**

EU MS	2007	2008	2009	2010	2011	2012
FR	5,06	4,63	4,16	4,12	4,35	4,63
DE	2,69	n/a	3,06	2,97	2,97	2,97
IT	4,89	4,78	4,17	4,6	4,64	4,97
UK	n/a	4,89	4,45	4,74	4,69	5,83

Source: EUROSTAT, PRODCOM.

3.3.4. Retail prices

Observations of prices in outlets in February 2012 and in January 2014 reveal that the price of the main item (the 450-gram pack of MSC fish fingers) remains the same in discount stores: 1,39 EUR/pack (i.e. 3,09 EUR/kg).

It is interesting to note the weight of MSC-certified products in the product range offered for sale at retail level. It is clear that sustainability claims are an important feature on the German market.

3.3.5. Export prices

Germany exports large quantities of breaded fish and fish fingers: respectively, 63.640 tonnes of frozen raw breaded fish fillets (in 2012) and 30.200 tonnes of fish fingers (out of which 20.148 tonnes, i.e. 67%, are Alaska pollack).

The export price decreased in recent years, from a peak of 3,41 EUR/kg in 2009 to 3,17 EUR/kg in 2012. In 2013, it continued to fall (3,07 EUR/kg in the period January-November).

Table 6. **GERMAN AVERAGE EXPORT PRICE OF BREADED FILLETS (EUR/kg)**

2007	2008	2009	2010	2011	2012	2013*
3,03	3,05	3,41	3,37	3,30	3,17	3,07

Source: COMEXT. *January – November.

3.4. Price transmission in the supply chain

The EU fish fingers processing industry is highly concentrated. FROZEN FISH INTERNATIONAL, PICKENPACK, and FROSTA are the key players in Germany.

FROZEN FISH INTERNATIONAL is the world leader on the fish finger scene. In Bremerhaven, it owns the world's largest frozen-fish factory (with a production volume of >80.000 tonnes) and the centre for sourcing, development, and production of frozen-fish articles and ready meals within the Iglo group. It produced 89.000 tonnes in 2012 for a turnover of EUR 260 million.

PICKENPACK processes about 70.000 tonnes of fish, i.e. 400 million retail packs of fish fingers, out of which 65% are for the German market, where it has a market share of 25%.

Available financial accounts of German companies allow rough estimates of some costs: raw material, labour costs, and other operating costs. They also provide information on profitability ratios (EBIT, EBITDA). However several elements limit their use:

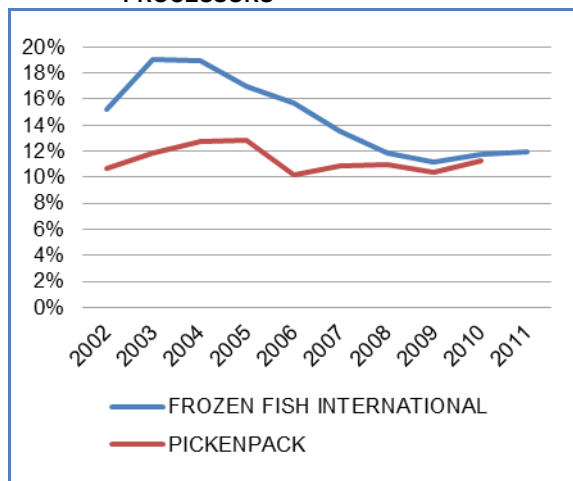
- they encompass the whole activities and products of the companies; for this reason, we cannot include FROSTA in the analysis, because a significant part of the company's activity concerns vegetable processing;
- changes in the capital structure (mergers, acquisitions, etc.) can affect the readability of ratios;
- differences in the consolidation of companies' accounts can affect the transparency of some developments (e.g. in an international group, which is the case of both

FROZEN FISH INTERNATIONAL and PICKENPACK, for which part of the material costs can consist of purchases of finished goods from another of the group's companies) and make the ratio "labour costs / turnover" difficult to appraise;

- access to data was made difficult for confidentiality reasons. This undermined ability to analyse specific costs of fish finger production and better understand the developments.

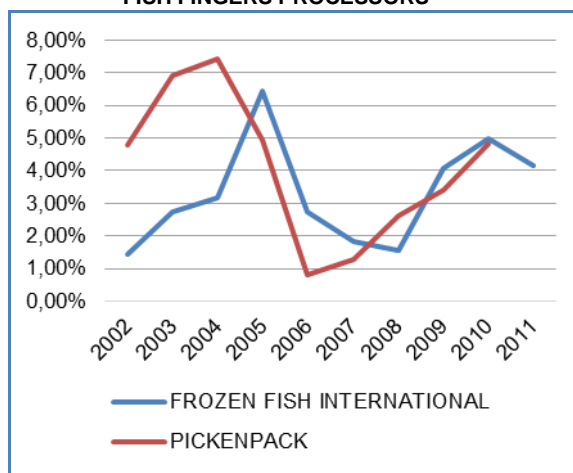
The main finding is the convergence of the two ratios for the two leading companies: productivity around 12% and EBIT²⁵ between 4 and 5%.

Figure 14. **LABOUR COST:TURNOVER RATIO FOR TWO MAIN GERMAN FISH FINGERS PROCESSORS**



Source: balance sheets and profit and loss accounts of companies.

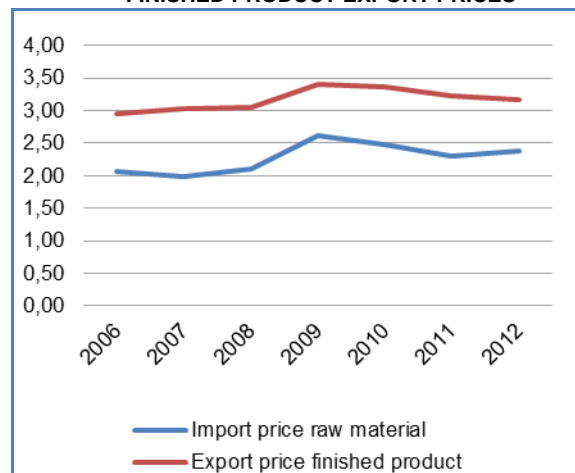
Figure 15. **EBIT MARGIN FOR TWO MAIN GERMAN FISH FINGERS PROCESSORS**



Source: balance sheets and profit and loss accounts of companies.

Figure 15 demonstrates that the export price of the final product and the import price of raw material develop in parallel. This is linked to the importance of the weight of fish in final products: According to the German Food Code (Deutsches Lebensmittelbuch), fish fingers must include at least 65% of fish fillet.

Figure 16. **RAW MATERIAL IMPORT PRICES AND FINISHED PRODUCT EXPORT PRICES**



Source: balance sheets and profit and loss accounts of companies.

However, price transmission is not a mechanical phenomenon: margins of German processors decreased in periods where the price of raw material increased, probably the result of low elasticity in the demand for fish fingers.

It can be observed that the part of raw material (in %) in the total price of the finished product increases when the cost of raw material rises (e.g. 2008–2009). The result is that the price of the finished product rises less than the cost of raw material: In 2008, the raw material rose 5,5%, the finished product only 0,7%; in 2009, the raw material rose 24,9%, the finished product only 11,6%.

On the other hand, the price of the finished product drops less when raw material costs go down: in 2010, the raw material cost fell 5,2%, the finished product 1,1%; in 2011, the raw material cost fell 7,4%, the finished product 4,0%.

In 2012 the situation changed as a result of market conditions: the export price of finished products continued to fall (2,0%), whereas raw material prices rose 3,2%.

In the long run, prices of finished products increase less than cost of raw material: 7% against 15% for the period 2006–2012.

4. Consumption

FRESH SOLE

Common sole (*Solea solea*) is the most consumed sole in the EU, followed by Senegal sole. It originates in capture fisheries. Sole is also produced by aquaculture, albeit in small quantities. For example, in 2012, Spain reported production of 194 tonnes of *Solea senegalensis*, and Portugal reported 45 tonnes of *Solea solea*.²⁶

Sole is one of the most valuable species, highly appreciated for its mild flavour and ease of cooking. In the EU, it is consumed mostly in Spain, Italy, the Netherlands, France and Belgium, and to a lesser extent in Germany and the UK. Sole is sold whole and in fillets (fresh and frozen).

In four EU Member States, Belgium, Italy, the Netherlands, and the UK, monthly retail prices for fresh sole, whole, 1 kg, have fluctuated, showing a slight overall decreasing trend. In France, the monthly retail price for fresh sole, whole of sizes 4–5–6 (up to 250 g) showed a seasonal pattern.

In **Belgium** between January 2012 and June 2013, the monthly retail price of sole oscillated between 27,00 and 32,00 EUR/kg and displayed a fairly seasonal pattern, with lower prices in April/May and a slightly decreasing trend in the period surveyed. In the first semester of 2013, the price fell, reaching ca. 30,00 EUR/kg in June 2013, a slight decrease compared with June 2012 and 2011, -7% and -9%, respectively.

In **France**, retail prices of sole fresh fillets, sizes 4-5-6 have fluctuated over the past three years between 19,00 and 25,00 EUR/kg. Nevertheless, they experienced a

decreasing trend: In 2013, the average monthly price was 10% and 7% lower than in 2012 and 2011, respectively.

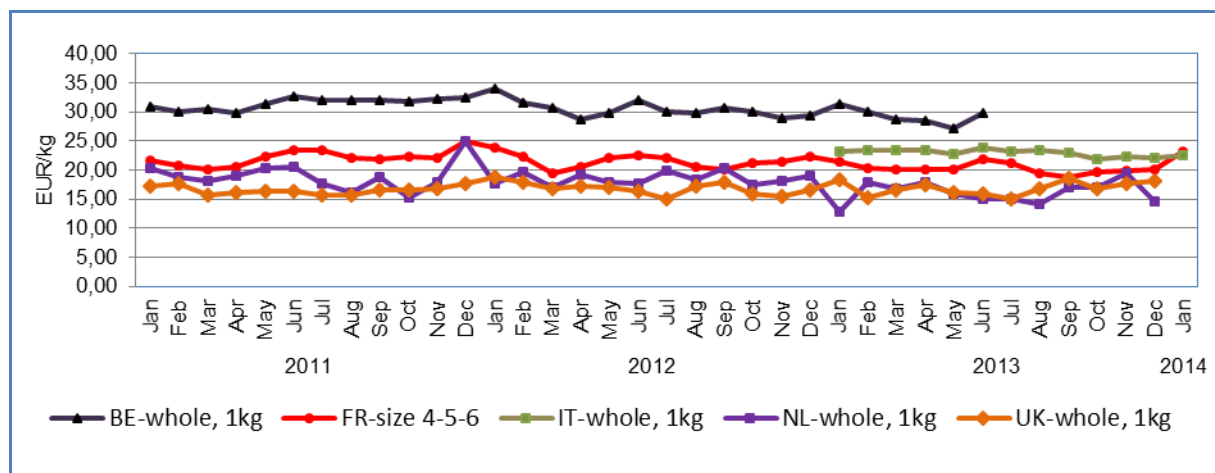
However, in January 2014, the retail price jumped to 23,20 EUR/kg, 15% higher than the previous month. In France, ca. 7.300 tonnes (live weight) of sole are consumed annually, of which ca. 60% are for household consumption. Most of the sole consumed is fresh (90%), and consumption displays a seasonality pattern, i.e. it is less in January/February (also corresponding to higher retail prices) and is greater in March/April and September/October, when retail prices are lower.²⁷

In **Italy**, the price of sole remained relatively stable in 2013, at ca. 23,00 EUR/kg. In January 2014, it was 2% higher than in December 2013. Italy imports between 6.600 and 6.800 tonnes of sole annually, representing ca. 30% of the total volume of sole imported by the EU. In 2013, the cumulative imports for the third quarters decreased 10%, compared with the year before (Q1–Q3 2012).

The monthly price of whole sole has fluctuated considerably in the **Netherlands** over the past three years, from 13,00 to 25,00 EUR/kg. The frequent monthly fluctuations do not appear to have a seasonal pattern. The average monthly price fell 13% and 15% in 2012 and 2011, respectively.

In the **UK**, retail prices of whole sole have remained fairly steady over the past three years, at 17,00 EUR/kg on average. Nevertheless, they increased slightly (2%) over 2011 and remained unchanged compared with 2012. However, in January 2014, the price was ca. 19,00 EUR/kg, 7% higher than in December 2013.

Figure 17. RETAIL PRICES OF FRESH SOLE



Source: EUMOFA.

5. Macroeconomic context

5.1. INFLATION

The EU annual inflation rate was 0,8% in January 2014, stable compared with December 2013; it was 2,0% a year earlier. In January 2014, the lowest individual annual rates were observed in Cyprus (-1,6%), Greece (-1,4%), and Bulgaria (-1,3%), and the highest in the UK and Finland (both 1,9%). Compared with December 2013, annual inflation increased in 4 EU Member States, remained stable in 7, and fell in 17 Member States.

Prices of food and non-alcoholic beverages increased slightly in the EU (0,4%), compared with the previous month (December 2013); however, they were 4,6% higher than a year ago.

Compared with December 2013, the price index of fish and seafood was 1,4% higher, and it has slightly overpassed the food index. Compared with a year ago, the fish and seafood index grew at a similar pace as the food index (4,4%).

Table 4. **HARMONISED INDEX OF CONSUMER PRICES IN THE EU (2005 = 100)**

HICP	Jan 2011	Jan 2012	Dec 2013	Jan 2014 ²⁸
Food and non-alcoholic beverages	117,35	120,68	126,25	126,86
Fish and seafood	116,18	121,52	125,12	126,96

Source: EUROSTAT.

5.2. EUROPEAN UNION ECONOMIC OVERVIEW

The EU economy is continuing its gradual recovery, with a GDP growth of 0,4% in Q4 2013, compared with 0,3% over the previous quarter. The growth rate in the euro area reached 0,3%. This positive development was the result of private consumption, government spending, investment, and exports.

Of the largest EU economies, **Germany** and the **UK** continued to expand in Q4 2013 at 0,4% and 0,7%, respectively. **France** and **Spain** registered a 0,3% growth rate, while the economy of **Italy** contracted 0,8%. Other EU countries, including **Belgium**, **Bulgaria**, **Czech Republic**, **Hungary**, **Latvia**, **Lithuania**, the **Netherlands**, **Poland**, and **Slovakia**, saw positive growth.²⁹

Teams from the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF) visited **Cyprus** during January–February 2014, and determined that the country's programme remains on track, with the macro-fiscal situation better than expected. However, the outlook remains challenging, owing to high unemployment and a contraction of the economy in the course of this year.

The EC and IMF concluded that in 2013 **Romania's** real GDP growth rate increased by an estimated 2,8%, owing mainly to strong exports. It is predicted that in 2014 the domestic demand will improve on the basis of a supportive policy framework and better absorption of EU funds. **Spain's** economy has continued to improve, but the challenges are considerable: structural reforms, fiscal consolidation, and a reduction of the high unemployment.³⁰

5.3. EXCHANGE RATES

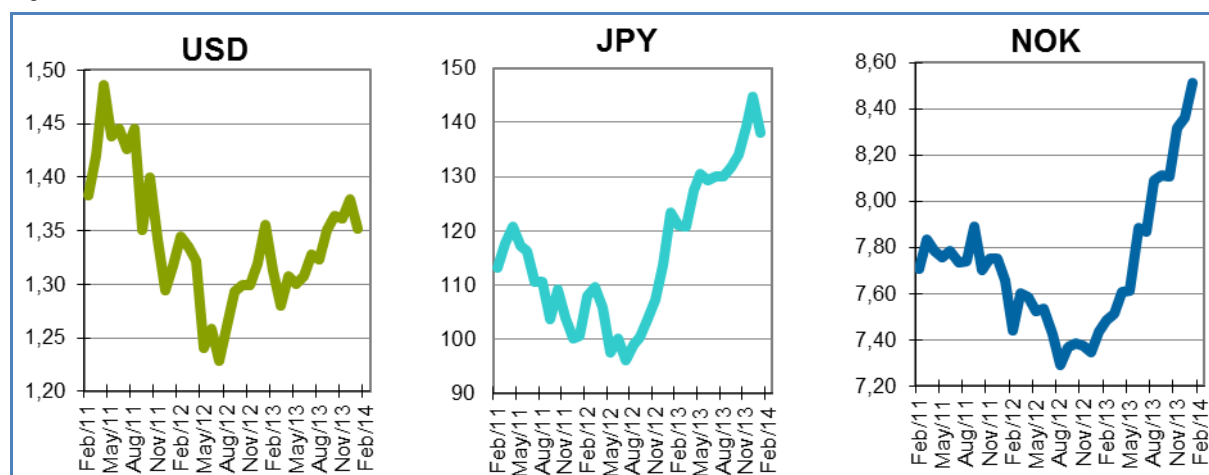
The euro depreciated in January 2014, against both the Japanese yen (by 4,5%) and the US dollar (by 1,9%). After reaching a 2-years high at USD 1,38, the euro–US dollar exchange rate fell to USD 1,35 in January 2014. A similar trend is observed for the euro–Japanese yen exchange rate, which fell to 138 in January 2014 after 6 months of continuous appreciation. The euro, however, continues the 2013 trend against the Norwegian krone and appreciated by 1,7% in January 2014.³¹

Table 5. THE EURO EXCHANGE RATES AGAINST THREE SELECTED CURRENCIES

Currency	Jan 2012	Jan 2013	Dec 2013	Jan 2014
USD	1,3176	1,3550	1,3791	1,3516
JPY	100,63	123,32	144,72	138,13
NOK	7,6560	7,4350	8,3630	8,5110

Source: European Central Bank.

Figure 18. TREND OF EURO EXCHANGE RATES



Source: European Central Bank.

5.4. FUEL

The price of Brent crude oil fell in January 2014 to 78,80 EUR/barrel, which is 6,8% lower than one year ago (January 2013) and 2,5% lower than the previous month. Global demand for oil is likely to decline in Q1 2014, and non-OPEC oil supply is expected to decrease slightly. Over the medium term, lower oil prices are expected.³²

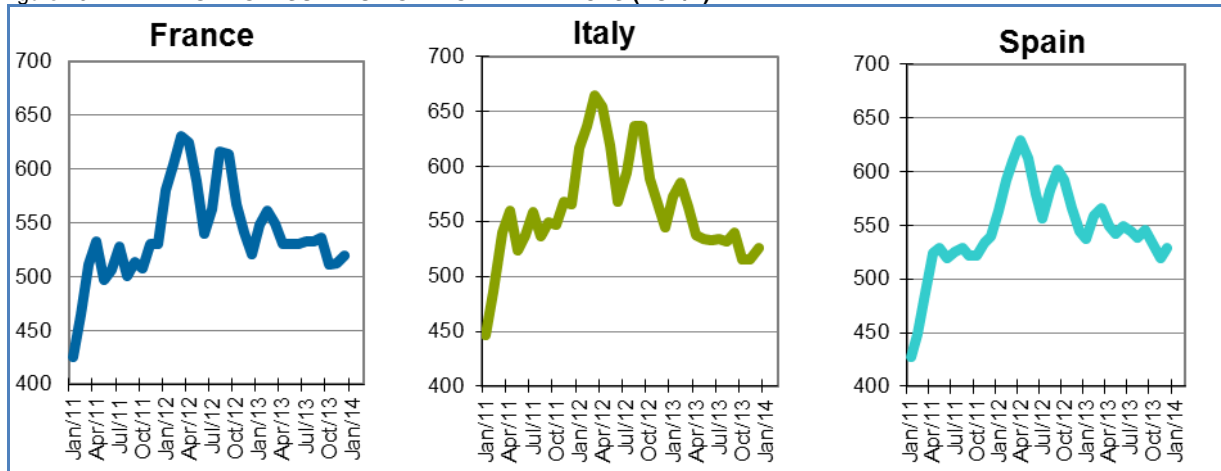
Demand for oil grew in three of the top five consuming countries: the USA, China, and Russia. It has remained stable in India and decreased in Japan.³³

Table 6. MONTHLY AVERAGE PRICES FOR LOW-SULPHUR OIL (EUR/T)

EU Member State	Dec 2013	% change from Nov 2013	% change from Dec 2012
France	519,59	1,4%	-0,8%
Italy	526,12	2,0%	-4,0%
Spain	528,92	1,8%	-2,5%

Source: International Energy Agency (IEA) – Oil market report – January 2014.

Figure 19. TREND OF LOW-SULPHUR OIL MONTHLY PRICES (EUR/T)



Source: IEA.

In December 2013, compared with previous month (November 2013), the average prices for low-sulphur oil (used by many fishing vessels) increased slightly in all three EU MS surveyed: France, Italy, and Spain. Compared with a year ago (December 2012), the opposite trend was observed: prices were lower, most notably in Italy (-4,0%).³⁴

Along Italy's Adriatic coast, the average price for marine diesel fuel for small boats in January 2014 was 0,6975 EUR/litre, unchanged from the previous month (December 2013) and 5,3% lower than a year ago (January 2013).³⁵

5.5. DEVELOPMENTS IN SELECTED ECONOMIES

The world economy continues to expand gradually, owing mostly to domestic and external demand in the advanced economies, as well as robust economic activities in general in the emerging markets.

The **US** economy continued to grow in the fourth quarter of 2013, albeit at a slower pace. The positive development was mainly the result of personal consumption expenditures, exports, non-residential fixed investment, private inventory investment, and state and local government spending.

In **Japan**, the economy picked up in Q4 2013, mainly because of increased industrial output. Measures included in the supplementary budget announced in December, along with the recently published spending plans for the fiscal year 2014, should offset some of the expected drop in demand following the consumption tax increase scheduled for April.

In the emerging markets, economic growth slowed slightly in **China** in Q4 2013, compared with Q3 2013, owing to industrial production and fixed investments, which recorded lower growth. However, overall, the economy remained strong in 2013. The economies of **Russia**, **Brazil**, and **India** saw moderate growth.³⁶

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FOR MORE INFORMATION AND COMMENTS:

Directorate-General for Maritime Affairs and Fisheries
B-1049 Brussels
Tel: +32 229-50101
E-mail: EUMOFA-MARE@ec.europa.eu

THIS REPORT HAS BEEN COMPILED USING EUMOFA DATA AND THE FOLLOWING SOURCES:

First sales: EUMOFA. Data analysed refers to the month of December 2013.

Global supply: European Commission, Directorate-General for Maritime Affairs and Fisheries (DG MARE); FAO; World Bank; GLOBEFISH; en.seafood.no; <http://www.seafood.vasep.com.vn>;

Case study: DTI; ECB; EUMOFA; EUROSTAT COMEXT and PRODCOM; FROZEN FISH INTERNATIONAL; PICKENPACK.

Consumption: EUMOFA; FranceAgriMer.

Macroeconomic context: European Central Bank (ECB); European Commission, Directorate-General for Economic and Financial Affairs (DG ECFIN); EUROSTAT; International Energy Agency (IEA); Chamber of Commerce of Forlì-Cesena, Italy.

The underlying first-sales data is in a separate Annex available on the EUMOFA website.

The European Market Observatory for Fisheries and Aquaculture Products (EUMOFA) was developed by the European Commission, representing one of the tools of the new Market Policy in the framework of the reform of the Common Fisheries Policy. [Regulation (EU) No 1379/2013 art. 42].

As a market intelligence tool, EUMOFA provides regular weekly prices, monthly market trends, and annual structural data along the supply chain.

The database is based on data provided and validated by Member States and European institutions. It is available in four languages: English, French, German, and Spanish.

EUMOFA website is publicly available at the following address: www.ec.europa.eu/fisheries/market-observatory.

6. Endnotes

- ¹ Bivalves and other molluscs and aquatic invertebrates, cephalopods, crustaceans, flatfish, freshwater fish, groundfish, other marine fish, salmonids, small pelagics, and tuna and tuna-like species.
- ² http://www.puertos.es/en/estadisticas/estadistica_mensual/index.html
- ³ Data for first sales for Greece covers the port of Piraeus, which is an important place of sale, representing about 30%–35% of country's total first sales and a benchmark for understanding prices in EL.
- ⁴ EUROSTAT.
- ⁵ EUROSTAT.
- ⁶ Flat fish, groundfish, small pelagics.
- ⁷ http://www.seafish.org/media/publications/SeafishResponsibleSourcingGuide_Monkfish_201310.pdf
- ⁸ http://www.ices.dk/sites/pub/Publication%20Reports/Advice/2013/Popular/ang-ivvi_popular.pdf
- ⁹ http://www.ices.dk/sites/pub/Publication%20Reports/Advice/2013/Popular/tur-nsea_popular.pdf
- ¹⁰ http://stecf.jrc.ec.europa.eu/documents/43805/581354/2013-09_STECF+13-15+-+AER+EU+Fleet+2013_JRC84745.pdf
- ¹¹ https://webgate.ec.europa.eu/maritimeforum/system/files/Annex%20VII_PT_country%20paper_final.pdf
- ¹² EUROSTAT.
- ¹³ http://ec.europa.eu/fisheries/documentation/publications/factsheets-aquaculture-species/seabass_en.pdf
- ¹⁴ http://www.ices.dk/sites/pub/Publication%20Reports/Advice/2013/Popular/bss-wosi_popular.pdf ;
<http://www.ices.dk/sites/pub/Publication%20Reports/Advice/2013/2013/Bss-8c9a.pdf>
- ¹⁵ http://ec.europa.eu/fisheries/marine_species/wild_species/sole_and_plaice/index_en.htm
- ¹⁶ <http://www.fao.org/docrep/019/i3640e/i3640e.pdf>
- ¹⁷ http://ec.europa.eu/information_society/newsroom/cf/mare/itemlongdetail.cfm?item_id=14522&subweb=347&lang=en
- ¹⁸ http://ec.europa.eu/commission_2010-2014/damanaki/headlines/press-releases/2014/02/20140205_en.htm
- ¹⁹ GLOBEFISH, European Price Report, February 2014.
- ²⁰ <http://www.gso.gov.vn/default.aspx?tabid=622&ItemID=14774>
- ²¹ http://www.seafood.vasep.com.vn/Daily-News/378_9063/Developing-rapidly-whiteleg-shrimp-farming-in-Vietnam.htm
- ²² http://www.seafood.vasep.com.vn/Fishery-Statistics/123_8987/Vietnam-seafood-exports-in-2013.htm
- ²³ <http://en.seafood.no/News-and-media/News-archive/Press-releases/Record-high-january-for-Norwegian-seafood-exports>
- ²⁴ Statistical trade public data do not identify "Alaska pollack fish fingers" separately. Statistical items refer either to all kind of fish fingers (including Alaska pollack) or to all prepared/preserved products from Alaska pollack (including fish fingers).
- ²⁵ EBIT (Earnings Before Interest and Taxes) is an indicator of a company's profitability. It is also referred to as operating margin.
- ²⁶ APROMAR. EUROSTAT.
- ²⁷ FranceAgriMer.
- ²⁸ Provisional.
- ²⁹ Eurostatistics Data for short-term economic analysis, Issue number 2/2014.
http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-BJ-13-011/EN/KS-BJ-13-011-EN.PDF
- ³⁰ http://ec.europa.eu/economy_finance/enewsletter/90_131212/
- ³¹ European Central Bank. www.ecb.int
- ³² European Central Bank – Monthly Bulletin – February 2014. <http://www.ecb.int/pub/pdf/mobu/mb201402en.pdf>
- ³³ <http://omrpublic.iea.org/omrarchive/21jan2014fullpub.pdf>
- ³⁴ International Energy Agency – Oil Market Report – January 2014. <http://omrpublic.iea.org/omrarchive/21jan2014tabpub.pdf>
- ³⁵ Chamber of Commerce of Forlì-Cesena. <http://www.fc.camcom.it/prezzi/listino/prodotti/prodotto.jsp?id=1440>
- ³⁶ Eurostatistics Data for short-term economic analysis, Issue number 2/2014 and European Central Bank – Monthly Bulletin – February 2014.