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GLOBEFISH HIGHLIGHTS

A QUARTERLY UPDATE ON WORLD SEAFOOD MARKETS

4th ISSUE 2020, with January–June 2020 Statistics

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Food and Agriculture Organization of the United Nations
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ABOUT GLOBEFISH

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GLOBEFISH forms part of the Products, Trade and Marketing Branch of the FAO Fisheries Division and is part of the FISH INFOnetwork. It collects information from the main market areas in developed countries for the benefit of the world's producers and exporters. Part of its services is an electronic databank and the distribution of information through the European Fish Price Report, the GLOBEFISH Highlights, the GLOBEFISH Research Programme and the Commodity Updates.

The GLOBEFISH Highlights is based on information available in the databank, supplemented by market information from industry correspondents and from six regional services which form the FISH INFOnetwork: INFOFISH (Asia and the Pacific), INFOPESCA (Latin America and the Caribbean), INFOPECHE (Africa), INFOSAMAK (Arab countries), EUROFISH (Central and Eastern Europe) and INFOYU (China).

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GLOBEFISH Highlights

A quarterly update on world seafood markets

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Dear Reader,

The impacts of COVID-19 continue to mold many markets worldwide, particularly in the fish and aquaculture sector. The sector is highly labor-intensive, employing many people worldwide, particularly in Asia and developing countries, with high participation of women in post-harvest activities. The first sales of the sector are around USD 400 billion worldwide. Many of these problems the sector faces due to the pandemic can be related to its complexity, importance, and length of its value chains.

The sector of fisheries and aquaculture is considerably different from other animal proteins. The number of unique fish species produced and traded is almost ten times more than for cattle, poultry, and pork. Even the big fish producing nations cannot produce every single fish species demanded by its population, creating almost a natural incentive for international trade. 37% of global production enters international trade with an export value of USD 165 billion. In addition, fish represents 56% of global exports in value terms of animal proteins.

Fish and fish product value chains are indeed complex and intricate. If we consider that production can be originated from both aquaculture and wild-capture, the associated value chains are usually too long, and the stakeholders involved vary substantively. Consequently, in the case of exports, many of the same stages (processing, transportation, and distribution) will take place twice – at the production and the destination countries, but with many different actors based on the origin of production (wild-captured or farmed).

Considering all these fundamental characteristics and nuances, the sector became highly susceptible to different simultaneous impacts. In the case of wild capture fisheries, restrictions of movements of people implemented by many countries created problems in replacing vessel crew, combined with the reduced operation of fishing ports generating barriers for unloading fish cargo. Furthermore, measures implemented by governments setting officials to work from home created burdens for monitoring, control, and enforceability of fishing activities in some countries. For aquaculture, distribution problems affected inputs to be received by fish farms, combined with logistic issues on production outflows. The reduction of commercial flights, with the consequence cancelation of cargo load utilization opportunities, have caused effects on the transportation of specific species, particularly high-value species, as well as a reduction in tourism with impacts in the hospitality, restaurant, and catering (HORECA) sector and the associated demand for specific species. Of course, these effects can vary enormously among countries.

The pandemic also brought a proliferation of online events. In many of those events, participants of the fish or aquaculture value chains have highlighted a general "shortening" of the value chains as a vital mitigation measure, mainly through exploring alternative markets, usually located close to supply sites.

However, the intrinsic nature of fish and fish products being an international commodity will always exist. Some species groups (shrimps, salmon, tuna, cods and squids) are genuinely global commodities with a steady international flow and demand, regardless of temporary demand changes. In addition, market opportunities for fish and fish products are continually being assessed, particularly considering the increasing demand for home cooking, accelerated during the pandemic.

The expansion of local and regional markets for fish and fish products cannot be seen as a trade-off with international trade. The traditional global demand for fish and fish products will continue, subject to market fluctuations. There is an evident expansion of new local markets with new products leading to increased fish consumption. If carried out on a sustainable and responsible basis, particularly taking into consideration the principles of the [FAO Code of Conduct for Responsible Fisheries](#), this expansion can generate steady positive corollaries for the sector in terms of production, sales, income generation, species consumption diversification, and better nutrition aspects. A truly win-win-win situation for the business, society, and the environment.

Challenges can always be seen as strategic moments for reassessments to incorporate new opportunities and sustainably expand our business portfolio.

Happy readings and stay safe!



Audun Lem Ph.D

Deputy-Director

Fisheries - Natural Resources and Sustainable Production
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ACRONYMS AND ABBREVIATIONS

GLOBEFISH HIGHLIGHTS

ASEAN	Association of Southeast Asian Nations
ASC	Aquaculture Stewardship Council
ATQ	Autonomous Tariff Quota System
CETA	Comprehensive Economic and Trade Agreement
COVID-19	Coronavirus Disease 19
EEZ	Exclusive Economic Zone
EPO	Eastern Pacific Ocean
ESA	Endangered Species Act
FAD	Fish Aggregating Devices
FAO	Food and Agricultural Organization of the United Nations
FOB	Fright On Board
FPI	FAO Fish Price Index
GAA	Global Aquaculture Alliance
HORECA	Hotellerie-Restaurant-Catering
IATTC	Inter-American Tropical Tuna Commission
ICES	International Council for the Exploration of the Sea
IMARPE	Peruvian Maritime Institute of Peru
IUU	Illegal, unregulated and unreported fishing
MARD	Viet Nam Ministry of Agriculture and Rural Development
MENA	Middle East and North Africa
MSC	Marine Stewardship Council
NMFS	National Marine Fisheries Service
NQSALMON	Nasdaq salmon index
NSC	Norwegian Seafood Council
TAC	Total Allowable Catch
VASEP	Vietnam Association of Seafood Exporters and Producers
WCPO	Western and Central Pacific Ocean

GLOBAL FISH ECONOMY

GLOBEFISH HIGHLIGHTS

Global aquaculture production set for contraction as COVID-19 challenges persist



Fish supply, consumption, prices and trade revenues are all expected to decline this year due to the impact of COVID-19 containment measures. While there is significant variation between market segments, overall demand has weakened, negatively affecting businesses which must also contend with costly logistics, labour challenges and widespread uncertainty. Global fish production is expected to fall by some 1.7 percent, with declines in both wild capture and aquaculture outputs. If realized, the forecasted drop in aquaculture output of 1.4 percent would be the first recorded annual contraction of the sector in almost 60 years.

This drop in aquaculture harvests reflects the strong response of farmers worldwide to deteriorating market conditions and operational challenges. However, this response has varied significantly depending on the specific biological characteristics of the farmed species. Shrimp's short production cycle allows for relatively swift adjustment of output, and shrimp harvests are expected to fall significantly in 2020. In contrast, Atlantic salmon take 2 to 3 years to reach harvestable size, restricting the ability of farmers to respond to market developments. The growth curve and feeding requirements of the species are additional considerations. Most bivalve species have relatively long production cycles but can be kept at marketable sizes for significantly longer at relatively low cost compared with most farmed finfish.

Meanwhile, global capture fisheries production is likely to fall by some 2 percent largely due to reduced fishing effort in many regions as a result of COVID-19-related restrictions on fishing vessel crews and because of market effects associated with the pandemic. However, again there is significant variation according to species, with lower cost, retail-targeted species that may be frozen or otherwise preserved generally faring better in the current environment.

Aggregate prices for 2020, as measured by the Fish Price Index, are down year-on-year for most traded species. Prices for farmed whitefish and salmon, in particular, were significantly lower in the third quarter of 2020 as supply exceeded demand. These declines, combined with lower per capita consumption of fishery products globally, have translated into trade contractions for most major exporters and importers. In particular, imports into all of the world's largest seafood markets — China, Japan, the United States of America and the European Union — are set to fall in 2020. Meanwhile, most major exporters will see reduced revenues.

The importance of retail sales has significantly increased at the expense of foodservice, as the hospitality sector has remained subdued. Species such as cephalopods and seabass and seabream are particularly susceptible to this shift in focus, as traditionally these are popular restaurant options. Consumers are concerned about the possibility for new lockdowns, and at the same time are generally wary of frequent social interactions such as those involved in regular trips to grocery stores or fish markets. These considerations are driving demand for preserved and prepared products, while demand for fresh fish has waned. In addition, they are acting as a catalyst for the development of e-commerce sales channels, take-out and home delivery services, while the necessity of home cooking is a new focus for marketing campaigns and product innovations centered on convenience.

Meanwhile, economic downturns and rising unemployment are affecting household incomes, and demand for luxury products such as lobster, oysters and fresh tuna are weakening. The same drivers are responsible for boosted sales of canned tuna, sardines and mackerel.

The outlook for the next few months is continued uncertainty and a strong tendency towards risk aversion on the part of businesses and consumers alike. The full effects of weaker economic fundamentals, and the associated effects on household spending, may not yet have been felt in many countries and stakeholders remain wary. The recent uptick in cases in many countries underlines the continuing threat to market stability. Another potential threat to business margins is the expected increase in the supply of several key species in 2021. The effect on prices, however, will be heavily dependent on the extent to which the COVID-19 crisis has subsided. On the positive side, product innovations, new distribution channels and the shortening of value chains that have coincided with this upheaval are likely to benefit the seafood industry for many years to come.

BIVALVES

GLOBEFISH HIGHLIGHTS

COVID-19 cuts oyster demand

Bivalve trade has been severely affected by COVID-19, but while lower priced species are recovering in the second half, oysters were the most severely impacted. The bivalve industry is again at a turning point, as there is some concern that the "second wave" of COVID-19 in Europe may depress demand. However, bivalve producers and traders have adapted quite quickly to the changing environment and are better prepared now for eventual lockdowns all over Europe. Buyer focus has shifted towards convenience seafood products and towards delivery services, especially for live bivalves.

Producers have started to grow their bivalves for longer periods of time and are not restocking the aquaculture areas. Compared to other aquaculture producers, bivalve growers do not need to feed their brood, so the product can stay in the water, to wait for a recovery in the market.

Mussels

Trade of mussels during the first half of 2020 declined sharply when some 120 000 tonnes were imported, 15 percent less than in the same period of last year. France continued to be the main importing country of mussels in the world but reported a 33 percent drop in imports. This sharp decline was due to the closing of restaurants. Prices of mussels declined in the second quarter of the year, but recovered strongly during the summer period, as restaurants reopened and reported good sales during the holiday season. However, the COVID-19 situation is now changing again. On 5 October the Paris region was declared a maximum alert zone, therefore restaurants can stay open with a reinforced sanitary protocol which will be reviewed after two weeks. This revival of partial lockdown should once again have an impact on the French mussel market.

Chile, despite social unrest and logistical challenges experienced during the COVID-19 crisis, continued to be the main mussel exporter in the world, even managing to expand sales. In the first half of the year, Chile exported some 47 200 tonnes, an 8 percent increase over the same period of 2019. Spain and New Zealand, the other major exporters, however, reported lower shipments in 2020. The latter was especially hit by logistical problems, caused by the COVID-19 and had difficulties to get its green mussels to the global market.

Clams

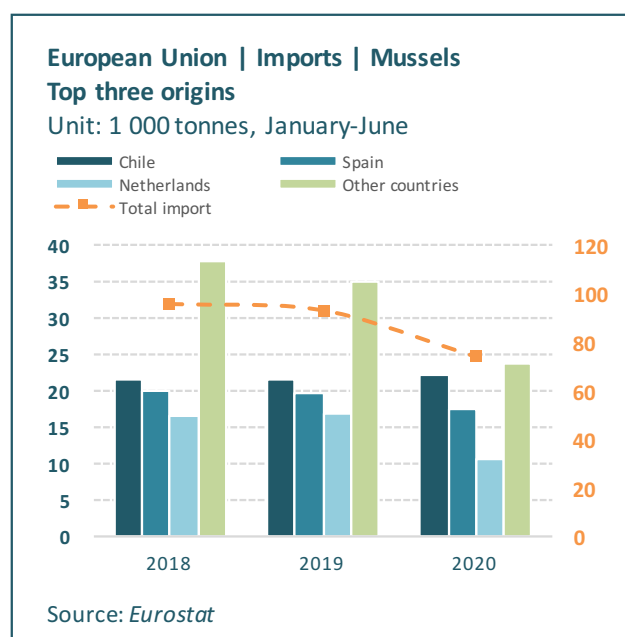
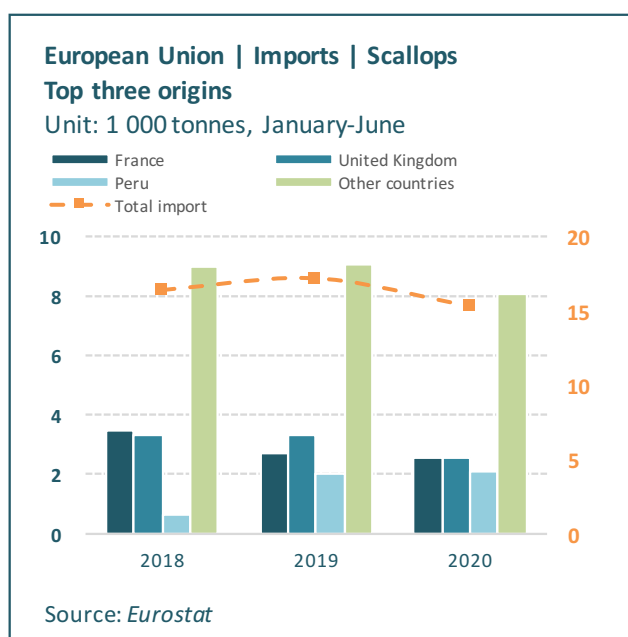
During the lockdown period (March-May) prices of clams were about 20 percent lower than last year's price level. However, during the summer period, when restaurants and holidays resorts reopened, demand for clams was very strong, and prices of clams returned to 2019 price levels.

Trade in clams is mainly an Asian affair, with Japan and the Republic of Korea as main markets, and China as main exporter. Trade of clams slowed down by 10 percent in the first half of the year, compared with the same period of last year. As Japan and the Republic of Korea were successful in fighting COVID-19, the impact on clam trade is likely to become less important. In fact, trade was about stable in the second quarter of the year, and is likely to recover in the closing months of the year.

Scallops

Scallop trade was only marginally impacted by COVID-19. As a matter of fact, trade in the second quarter of 2020 increased, in line with recovery of Chinese demand for scallops.

BIVALVES



China continues to be the main importing country, after the setback in the first quarter of the year. Total imports of scallops in the first half of the year reached 29 000 tonnes, even a small increase over the same period of 2019, driven up by huge imports in May and June.

Peru, which had reported a good recovery of its scallop production and exports last year, reported a 20 percent decline of exports in the first half of 2020 when compared with the same period of 2019. This decline was due to the fact that Peru has been one of the Latin American countries hardest hit by the pandemic during the second quarter of the year.

The United States of America, during the first half of 2020, reported small increases in scallop imports. The domestic production of scallops was disappointing during this year, while demand was quite strong. As a result scallops were selling for an average price of USD 11.80 per pound in October 2020, which is almost double the price in June 2020. This strong demand and high price is reviving imports, and in the second half of the year US imports will likely expand strongly.

Oysters

Oysters are considered a festivity product, and a luxury treat when going to restaurants. The lockdown of restaurants in Europe led to a sharp drop in demand. Some of this uncertainty is reflected in trade figures, even though oysters are generally staying close to their production place. Imports in the first half of 2020 were 22 800 tonnes, a 22 percent decline over the same period of last year. The United States of America, the main importer of the product, is reporting stable imports. However, European imports declined by more than 50 percent, due to the economic crisis caused by COVID-19.

Outlook

The Gross Domestic Product in southern Europe is projected to decline by more than 12 percent in 2020, and demand for high-end bivalves, especially oysters, will remain depressed. However, low-end products, such as mussels, are likely to experience good market conditions. New delivery formats, such as direct sales from the farm to the consumer, will likely continue during the COVID-19

BIVALVES

World imports/exports of scallops
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
China	47.6	28.9	29.1
United States of America	9.7	7.3	7.6
France	5.2	6.0	5.4
Other countries	30.3	31.7	28.6
Total	92.9	73.8	70.7
Exports			
China	14.1	13.9	12.4
Peru	1.3	3.9	3.0
United States of America	3.1	3.6	2.8
Other countries	28.6	23.0	16.6
Total	47.1	44.4	34.8

Source: Trade Data Monitor

World imports/exports of mussels
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
France	31.2	30.9	21.2
United States of America	15.0	18.4	15.5
Italy	18.2	18.5	14.2
Other countries	79.7	74.3	69.9
Total	144.1	142.1	120.8
Exports			
Chile	45.2	43.8	47.2
Spain	25.6	25.1	20.4
New Zealand	16.4	18.8	16.2
Other countries	79.5	81.8	50.1
Total	166.7	169.5	133.9

Source: TDM

World imports/exports of oysters
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
United States of America	5.8	4.7	4.7
Japan	4.0	4.2	3.9
Hong Kong SAR	3.2	2.9	2.3
Other countries	17.4	19.8	11.9
Total	30.4	31.6	22.8
Exports			
Republic of Korea	6.7	7.0	6.2
France	5.4	6.2	3.8
China	3.5	3.1	3.2
Other countries	20.3	18.8	13.1
Total	35.8	35.1	26.3

Source: TDM

World imports/exports of clams, cockles and ark shell
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
Japan	40.0	38.0	36.0
Republic of Korea	27.0	27.0	23.0
Spain	16.0	17.0	17.0
Other countries	55.0	58.0	50.0
Total	138.0	141.0	126.0
Exports			
China	78.1	78.4	65.8
Republic of Korea	8.1	8.6	8.6
Indonesia	1.8	5.2	4.9
Other countries	39.4	39.7	34.5
Total	127.4	131.9	113.8

Source: TDM

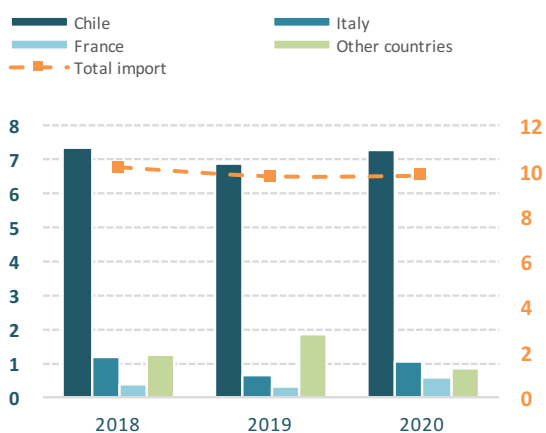
period, and probably beyond. This is especially true for the younger generations, and these new types of delivery might open up new consumer groups, especially if the bivalves are sold as ready cooked items. However, this direct marketing may lead to sanitary problems and control issues, which have to be taken into account by national standard food control systems.

BIVALVES

Spain | Imports | Mussels

Top three origins

Unit: 1 000 tonnes, January-June

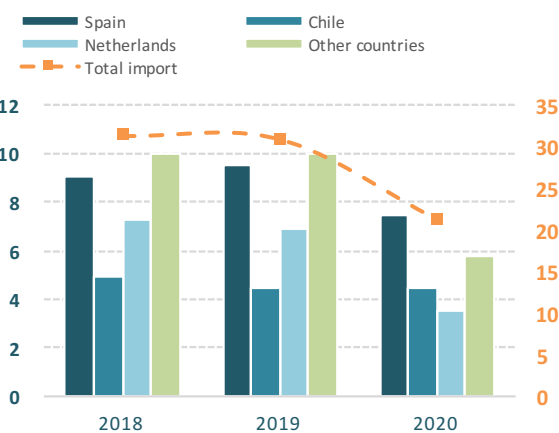


Source: Agencia Tributaria

France | Imports | Mussels

Top three origins

Unit: 1 000 tonnes, January-June

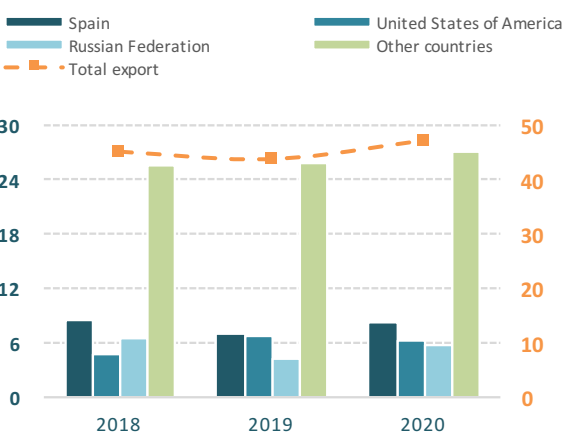


Source: Eurostat

Chile | Exports | Mussels

Top three destinations

Unit: 1 000 tonnes, January-June

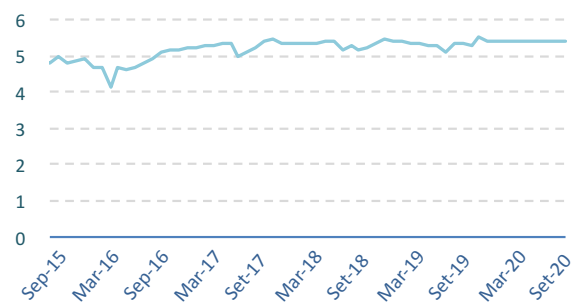


Source: Chile National Customs Office

Prices

Mussels: France

EUR/kg



Monthly average consumer prices in metropolitan France

Source: European Price Report

CEPHALOPODS

GLOBEFISH HIGHLIGHTS

Cephalopods sector suffering under COVID-19

Cephalopods are a favourite item on restaurant menus, but perhaps less popular for home cooking, at least in western industrialized countries. This is reflected in the poor performance of the sector during the COVID-19 pandemic. As restaurants have had to close down, sales have dwindled and international trade has suffered. However, as some economies started to open up again, foodservice recovered partly, but then the “second wave” hit.

Octopus

Morocco increased its quota for octopus fishing during the summer by some 2 000 tonnes. At the same time, the length of the fishing season was increased. This went against the wishes of Spanish processors, who had petitioned against an increase in June.

China has for many years operated a considerable distant-water fishing fleet, for a number of species. In August, news broke out that three new vessels were launched to go into operation in the octopus fishery off Morocco. Demand for octopus is generally good in China, but the domestic fleet is unable to satisfy demand.

Japan's imports of octopus (all types) declined by 6.9 percent during the first half of the year compared to the same period in 2019. Asian suppliers, like China and Viet Nam, experienced significant declines in shipments to Japan. Imports from China declined by 14.7 percent to 4 398 tonnes, and imports from Viet Nam went down by almost 26 percent to 3 008 tonnes. However, imports from the main supplier, Mauritania, exploded: up 115.9 percent to 6 456 tonnes.

Imports of octopus by the Republic of Korea declined by 8.4 percent to 32 158 tonnes during the first six months of the year. But the performance by the major suppliers varied a great deal. Imports from China increased by 7.9 percent, while imports from Viet Nam declined by 19.6 percent.

The lockdown in major markets such as Spain wiped out restaurant sales, and this sector is extremely important to the sales of cephalopods. While imports into Spain registered a slight decline in February and March, import volumes dropped dramatically in April and May. Tourists were unable to visit Mediterranean countries, and demand for octopus dropped. This put heavy pressure on prices, and the situation was aggravated by the fact that processors had to eliminate large older stocks before they could resume buying.

During the first half of 2020 (January until 19 July) European imports of Moroccan octopus fell by as much as 27 percent. In addition, average prices fell by 14 percent.

The lack of demand is not limited to Europe, though. In the United States of America, octopus imports have been on a declining trend since October 2019. During September 2019, import volume hit a high at 1 983 tonnes, but then fell back to a level between 1 000 to 1 400 tonnes per month in the period from October 2019 until March 2020. In April 2020 imports fell to 806 tonnes, and then further to 547 tonnes in May and just 400 tonnes in June. By comparison, the United States of America imported 1 304 tonnes in June 2019.

Prices for frozen octopus started to fall immediately when the COVID-19 pandemic set in. In mid-summer, prices reached their lowest levels since 2016.

Another factor that has put even more pressure on octopus prices is the fact that Morocco increased its quota. Octopus supplies seem to be larger than demand, and prices declined until the restaurant

CEPHALOPODS

sector partly re-opened and prices started to recover. In many countries, though, the “second wave” of COVID-19 started to be felt in the early autumn, and consequently negative effects are expected.

Squid

Chinese vessels have been fishing for squid outside the exclusive economic zone (EEZ) of Argentina for years, and they are now observed in great numbers around the Galapagos Islands in the Pacific. Recently, the Chinese authorities confirmed that about 350 Chinese squid jiggers were fishing in the area during the summer.

The California market squid season, which started on 1 April 2020, looks promising, although it is too early to call it a good year. Most of the catch is in the 8 – 10 count size range. Demand is down, and very little squid is being shipped abroad.

The European Union had a further decline in squid and cuttlefish imports during the first half of 2020, as import volumes dropped from 136 707 tonnes in 2019 to 97 069 tonnes in 2020 (-29 percent). The greatest reduction was registered for imports from the Falkland Islands (Malvinas), which fell from 42 949 tonnes to just 17 758 tonnes (-58.7 percent). Morocco, on the other hand, increased shipments to Spain by just over 20 percent. In fact, Morocco has shipped a lot more squid and cuttlefish to the European Union this year. As of 26 July, the European Union had imported 40 percent more squid from Morocco compared to the same period in 2019. Prices, on the other hand, dropped by no less than 37 percent.

Japan's imports of squid and cuttlefish have been on a slowly declining trend for some years. However, the decline in 2020 was only marginal. During the first six months of the year imports fell by 5.4 percent compared to the same period in 2019. The largest supplier was China, which only lost about 4.7 percent, but accounted for as much as 63 percent of the total. Peru shipped 56 percent less than in 2019, while Chile increased its exports to Japan.

China's squid and cuttlefish exports dropped by almost 20 percent during the first half of 2020 compared to the same period in 2019. The major markets were Japan, Thailand and the Republic of Korea.

Chinese imports of squid and cuttlefish, on the other hand, has been on a rising curve until 2019, but declined in 2020. During the first six months of 2020 imports fell to 151 433 tonnes from 189 371 tonnes in 2019. Indonesia held its own and became the major supplier, with 36 853 tonnes. Peru experienced a massive drop in shipments during this period, from 55 298 tonnes during the first half of 2019 to just 21 894 tonnes in 2020. US exports of squid and cuttlefish to China were just slightly lower in 2020 compared to 2019 but declined by 47.7 percent compared to the same period in 2018. The United States of America was also characterized by lower imports. The declining trend noted in 2019 continued, and imports of squid and cuttlefish fell by another 20 percent during the first half of the year. The major supplier is still China, accounting for 44 percent of the total in the first 6 months of 2020.

US squid imports rose nicely during January of 2020 and fell just slightly in February through April, but then fell dramatically once the COVID-19 pandemic struck. In May, imports fell by 57 percent compared to the same month in 2019, and in June imports fell by 64 percent. Prices also weakened.

CEPHALOPODS

United States of America | Imports | Squid and cuttlefish | Top three origins

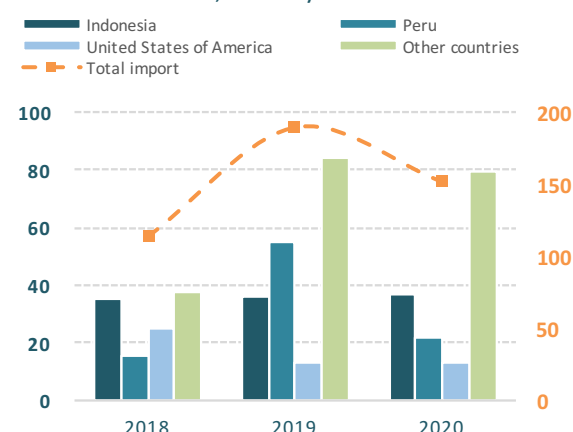
Unit: 1 000 tonnes, January - June



Source: NMFS

China | Imports | Squid and cuttlefish | Top three origins

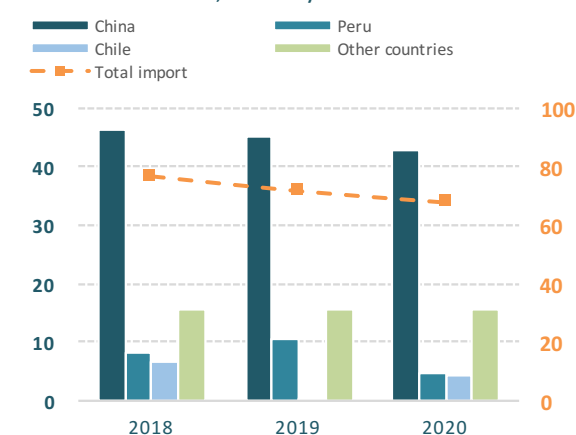
Unit: 1 000 tonnes, January-June



Source: China Customs

Japan | Imports | Squid and cuttlefish | Top three origins

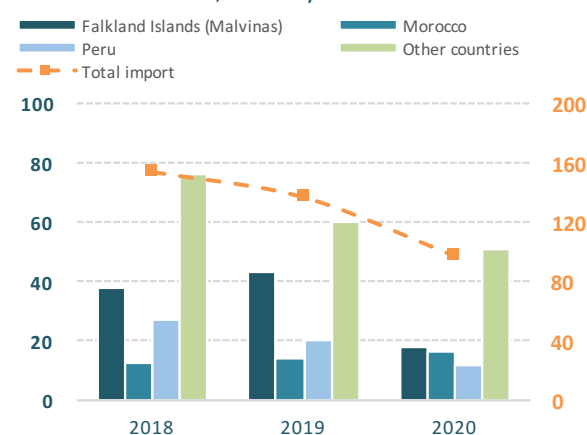
Unit: 1 000 tonnes, January-June



Source: Japan Customs

Spain | Imports | Squid and cuttlefish | Top three origins

Unit: 1 000 tonnes, January-June



Source: Agencia Tributaria, Spain

Outlook

As the cephalopods industry is relying to a large extent on the restaurant sector as a main distribution channel, it cannot be expected that the market will recover until restrictions are lifted and the situation approaches some measure of normality. Unfortunately, the outlook for lifting restrictions is not very good, and in fact getting worse as many countries now seem to be heading for a “second wave” of the pandemic.

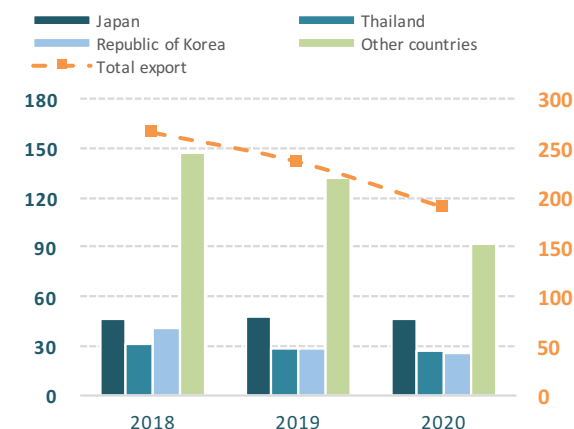
Octopus supplies are expected to stay abundant, especially as Morocco has increased its summer quota, and squid supplies should also be adequate. With the lack of demand through the restaurant and tourist sector, this will mean that the market may be over-supplied. Prices will remain low and likely fall even lower.

CEPHALOPODS

China | Exports | Squid and cuttlefish

Top three destinations

Unit: 1 000 tonnes, January-June

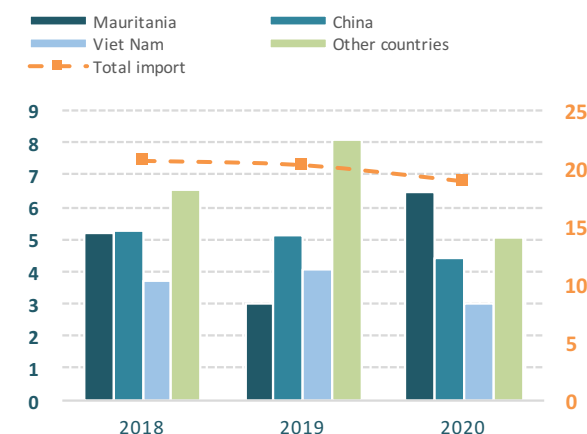


Source: China Customs

Japan | Imports | Octopus

Top three origins

Unit: 1 000 tonnes, January-June

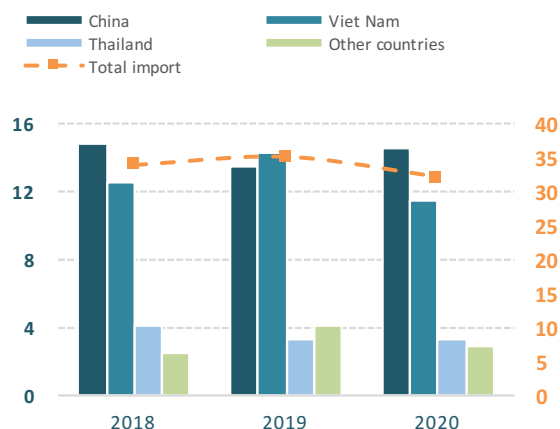


Source: Japan Customs

Republic of Korea | Imports | Octopus

Top three origins

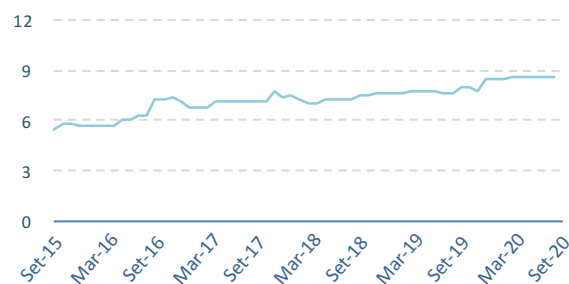
Unit: 1 000 tonnes, January-June



Source: Korea Trade Statistics Promotion Institute

Prices

Squid: Italy



Whole, FAS, middle size, origin: South Africa

Source: European Price Report

Mixed picture for crab industry

The crab sector seems less affected by the COVID-19 pandemic than other sectors in the seafood industry. Demand for crab seems to be good in the United States of America, and home deliveries are to some extent taking over from foodservice. International trade as a whole is suffering a decline, but US imports are largely unaffected.

Supplies

The Dungeness crab fishery in Southeast Alaska was off to a very good start during the summer. From 15 June through 15 August, a total of 5.8 million pounds (2 631 tonnes) were landed. This is the second largest catch registered after the record 2002 – 2003 season, and more than double the 10-year average. The fishing effort was also great: a total of 192 permit holders were active, compared to the 10-year average of 147 permit holders.

Dungeness crab catches further south on the US west coast looked to be more or less average in 2020. In the state of Washington, a little less than 12 million pounds (5 443 tonnes) had been landed by early July. This was slightly below the 10-year average. In Oregon, just short of 20 million pounds (9 072 tonnes) had been caught, compared to 23 million pounds (10 432 tonnes) in 2018 and 18.7 million pounds (8 482 tonnes) in 2019. In California, total Dungeness crab landings during this period amounted to 13.8 million pounds (6 260 tonnes) in 2020, compared to 13.5 million pounds (6 124 tonnes) in 2019.

In mid-September, there was still some uncertainty about the outlook for the Alaska snow crab season. The TAC was not set, but in general, industry observers expected that it would be more or less the same as last year, when the quota was 34 million pounds (15 422 tonnes). Missing survey data caused by cancelled surveys would tend to make regulators cautious and result in the TAC being reduced. The Canadian snow crab season continued in Newfoundland and Labrador, and by the beginning of August about 90 percent of the 28 510 tonne quota had been caught.

Global supplies of snow crab are expected to be about 100 000 tonnes this year, but thanks to very active promotions in the retail sector, demand is expected to remain good.

The new red Russian king crab season started on 1 September with a quota of no less than 16 305 tonnes. The fishing season will last until the end of 2020. Asia is an important market for this fishery, and the live market is particularly interesting, as prices for live king crab in Asia are high.

The Norwegian king crab fishery in the Barents Sea accounts for much less than the Alaska and Russian fisheries, and it looks like 2020 will on a par with 2019. Norwegian king crab exports from January through June amounted to 470 tonnes, compared to 494 tonnes during the same period in 2019. The largest market is the Republic of Korea followed by the United States of America and Viet Nam.

One solution to the problem of closed restaurants and foodservice outlets is the home delivery option. Established online sales nearly quadrupled during the COVID-19 pandemic. It may well be that the growth of home delivery is a permanent result of the pandemic.

International trade

Global imports of crabs (all types) declined from 191 165 tonnes the first half of 2019 to 163 055 tonnes during the same period in 2020 (-14.7 percent). The main importer was the United States

CRAB

of America, which showed just a very slight reduction in imports (-1.4 percent). The second largest importer was the Republic of Korea, with 26 569 tonnes compared to 27 043 tonnes during the same period in 2019.

So far, total US crab imports do not appear to be affected by the COVID-19 situation. During the first six months of 2020, a total of 59 343 tonnes were imported, compared to 60 201 tonnes during the same period in 2019. US imports of crab from Canada went up sharply during the first half of 2020. In June alone, a total of 14 845 tonnes were imported from Canada.

China's imports of crab, on the other hand, dropped by over 31 percent, to 25 713 tonnes. All suppliers felt the reduction. The largest supplier was the Russian Federation, which shipped 12 percent less than during the same period in 2019. The United States of America was the second largest supplier, followed by Bangladesh. China is the largest market for live crab and is expected to maintain its ranking in 2020. China and the rest of Asia are expected to take over 50 percent of Russian live crab.

Republic of Korean imports of live king crab amounted to 3 339 tonnes during the first half of 2020. The Russian Federation was the largest supplier accounting for over 90 percent. The Republic of Korea is also an important importer of live king crab from Norway. The Norwegian crab is getting a somewhat higher price at USD 39.78 per kg, compared to USD 35.27 per kg for Russian crab (prices for June 2020).

The Japanese market has slipped in recent years but during the first half of 2020, imports of frozen king crab increased to 1 202 tonnes, compared to 1 046 tonnes during the same period in 2019. Prices for frozen king crab also went up. However, Japanese snow crab imports dropped by 26 percent to 9 362 tonnes.

Russian exports during the first half of the year dropped by 13.5 percent to 26 796 tonnes. The main market by far was the Republic of Korea, which accounted for no less than two thirds of the total volume.

US imports of swimming crab during the first six months of 2020 amounted to 11 386 tonnes, which was only 7 percent less than during the same period in 2019. Indonesia alone accounted for no less than 53 percent or 6 077 tonnes of this amount. However, supplies from Indonesia are expected to slow down between the summer and the new year, as swimming crab landings normally peak during the rainy season, which ended in July. Production is not expected to pick up again until the next rainy season starts in January, which means that increased supplies will only start arriving on the US market some time in February 2021. Prices are expected to rise.

Prices

The outlook for the snow crab sector was cautiously optimistic before the COVID-19 outbreak. Demand was good and increasing. But the pandemic shut down the foodservice sector, and sales faltered. However, sales through the retail and takeout sector replaced some of what was lost in the foodservice sector. Prices have been low for some time.

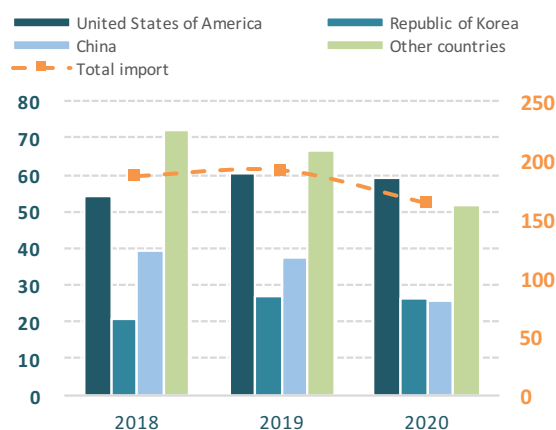
In June, there was a significant price increase for Canadian snow crab. Supplies were limited and demand was very good. However, even with the price surge, prices in 2020 were below the three-year average.

CRAB



World imports of crab Top three importers of crab

Unit: 1 000 tonnes, January-June



Source: TDM, estimates

Prices for blue swimming crab dropped immediately when the COVID-19 pandemic set in but have slowly recovered. Even so, in June prices were still about USD 1.00 below prices in January. For the most part the collapse of the foodservice sector has brought prices down.

Outlook

Supplies will be adequate for the coming months, and prices are expected to rise a little. With the return of the foodservice sector, some of the sales volumes will undoubtedly move back to this sector from the retail and takeout sector.

The Russian king crab season, which started on 1 September 2020, is expected to give good results, and a lot of the production will be shipped as live crab to Chinese and Republic of Korean markets.

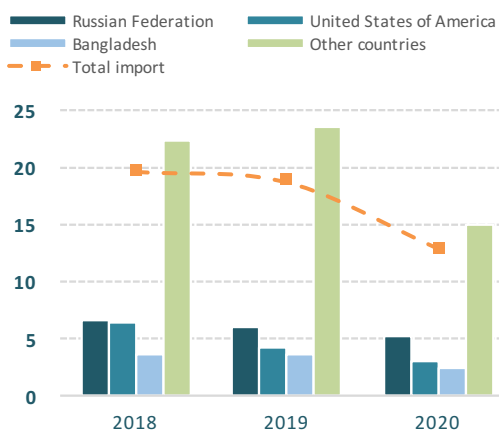
Supplies of swimming crab will be tight for the rest of the year because of lower production in Indonesia, and prices will rise until supplies improve in the new year.

CRAB

China | Imports | Crab

Top three origins

Unit: 1 000 tonnes, January-June

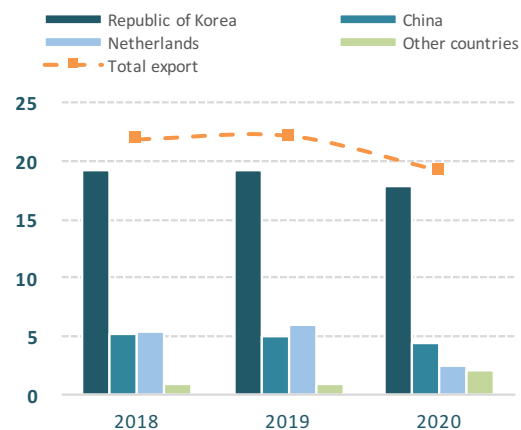


Source: China Customs, estimates

Russian Federation | Exports | Crab

Top three destinations

Unit: 1 000 tonnes, January-June

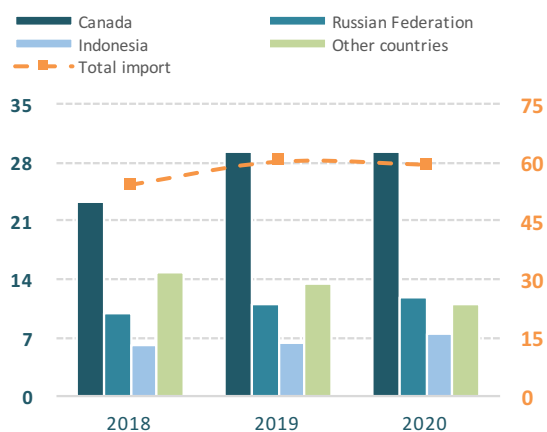


Source: Federal Customs Service of Russia

United States of America | Imports | Crab

Top three origins

Unit: 1 000 tonnes, January-June

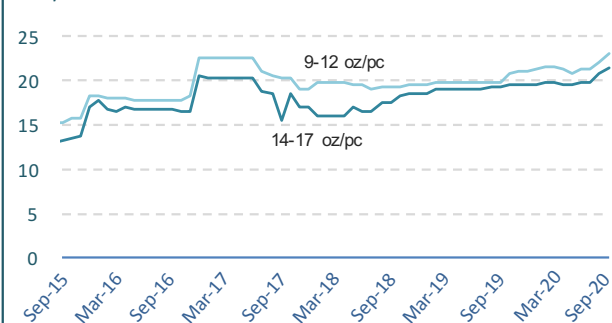


Source: US Census Bureau

Prices

Crab: United States of America, Japan

USD/lb



Claw and sections, red, EXW New York

Source: INFOFISH Trade News

FISHMEAL & FISH OIL

GLOBEFISH HIGHLIGHTS

Fishmeal trade is back on track

The first anchovy fishing season in the north-central area in Peru concluded on 15 August with a total authorized quota of 2.41 million tonnes. The quota was fully taken despite mixed difficulties due to the pandemic during fishing operations. Since early 2020, prices have been gaining further upward momentum mainly due to the pandemic. However, the bump harvest from Peru has started to exert downward pressure on prices.

Production

In September 2020, Peru's Ministry of Production began scientific research on the biomass along the Peruvian coast. In the meantime, the government had announced the Total Allowable Catch (TAC) quota for the first fishing season in the southern area at 435 000 tonnes which officially started on 1 August and will run until December 2020.

For the first 8 months of 2020, a total of 2.37 million tonnes of raw material for fishmeal production was landed in ports along the Peruvian coast, revealing a 2 percent decrease in comparison to the same period of 2019. Consequently, the shrinkage of raw materials has translated into an almost identical drop in fishmeal output in Peru, registering 557 411 tonnes from January to August 2020.

Similarly, fishmeal production in Chile was hovering at around 265 000 tonnes during the review period, slightly lower than the same period in 2019.

Cumulative production of fishmeal in Northern Europe increased during January - August 2020 by around 12 percent, while fish oil was up by 26 percent.

During January to August 2020, fish oil production from Peru and Chile amounted to 80 408 and 97 640 tonnes respectively.

Exports

Peruvian fishmeal exports tumbled to merely 265 841 tonnes in the first half of 2020, a drop of 58 percent compared to the same period of 2019. The plunge is largely due to the pandemic's impact on many countries, and in particular the main markets in Asia have exerted stricter border controls as precautionary measures. In addition, the bleak performance of the second fishing season of 2019 saw a significant reduction in raw material landings which translated into a shortage in early 2020.

In terms of fish oil, Peruvian exports decreased by 51 percent from 95 910 tonnes in 2019 to 46 848 tonnes in the first half of 2020. Traditionally, Denmark is the main destination market for Peruvian fish oil, however, during the reporting period, Belgium took over Denmark to become the largest importer.

Markets

China, the largest consumption market for fishmeal, has seen a drop of imports by 27.6 percent from 779 597 tonnes in the first half of 2019 to 564 368 tonnes in the same period of 2020, mainly as a result of contracted sourcing from Peru coupled with seasonal low demand on feed inputs. In general, the reported linkage between frozen seafood and COVID-19 has made Chinese authorities more cautious in the control and inspections of imported products.

In addition, there were nearly no fishing activities along the Chinese sea from May to September 2020 due to the moratorium, which has led to lower domestic raw material supply to fishmeal plants. Another fact worth mentioning is that China has implemented tariff exemption for fishmeal imported from the United States of America. In addition, the Gulf menhaden sector is playing an increasing role in supply the world with high quality feed.

FISHMEAL & FISH OIL

Fishmeal production (1 000 tonnes)

	2015	2016	2017	2018
Peru	858.2	632.7	734.9	1 405.5
China	480.0	460.0	375.0	520.0
Thailand	386.6	313.9	287.7	391.4
Chile	322.1	234.4	331.0	371.8
Viet Nam	285.0	288.0	295.0	300.0
Others	2 487.6	2 590.5	2 798.0	2 814.3
Total	4 819.5	4 519.5	4 821.6	5 803.0

Source: *IFFO*

Fish oil production (1 000 tonnes)

	2015	2016	2017	2018
Peru	99.6	113.9	98.7	227.0
Viet Nam	150.0	150.0	155.0	185.0
Chile	107.2	81.0	120.2	151.2
United States of America	83.0	100.8	76.6	94.0
Japan	60.6	62.3	78.0	79.0
Others	448.8	423.0	459.0	547.1
Total	949.2	936.0	992.5	1 283.3

Source: *IFFO*

In terms of fish oil, Norway remained the biggest importer, registering 81 844 tonnes from January to June 2020, a decrease of 14 percent compared to the same period of 2019.

Prices

Starting from early 2020, prices have been gaining a further upward momentum. On the one hand, the pandemic has been impeding the economic performance in many countries, however, recovering demand in China and other economies keep absorbing the products. Since the start of the first fishing season in Peru, the bump harvest started to soften the hiking trend slightly.

Outlook

This year, the cumulative production of fishmeal and fish oil has remained slightly down with respect to 2019. However, the production achieved so far is considered to be a big success considering the pandemic resulting in a global economic downturn. Currently, there is no negative news concerning the upcoming second fishing season in Peru, which also suggests increased confidence for the sector.

Peru has exported less fishmeal to China due to the impact of the pandemic. It is foreseeable that more Peruvian shipments will arrive at Chinese ports along with resumed economic activities worldwide.

It is expected that the negative impact of COVID-19 on the trade of fishmeal and fish oil will decrease. Firstly, the government and relevant competent authorities have had sufficient time and more experience to deal with the pandemic, and to formalize adaption plans. Secondly, on the demand front, China, which usually absorbs 80 percent of the Peruvian production of fishmeal, seems to have recovered quickly from the pandemic as aquaculture and terrestrial farming activities have begun to normalize.

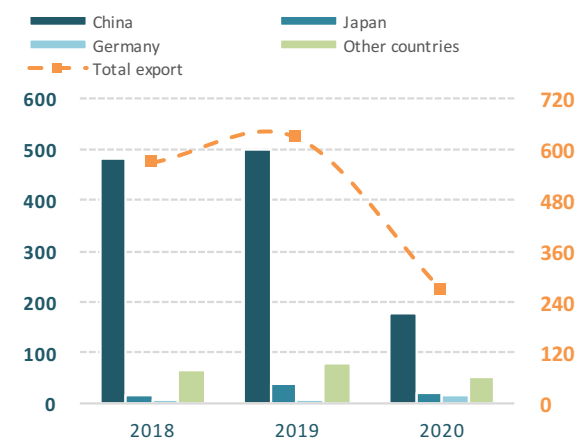
Prices of fishmeal and fish oil have hovered at a high level for several months already in 2020. In the short term, prices are expected to subside a bit with the ample supply from Peru. However, the evolution of the pandemic will probably be a decisive factor in determining if global economic activity will ever return to normal.

FISHMEAL & FISH OIL

Peru | Exports | Fishmeal

Top three destinations

Unit: 1 000 tonnes, January-June

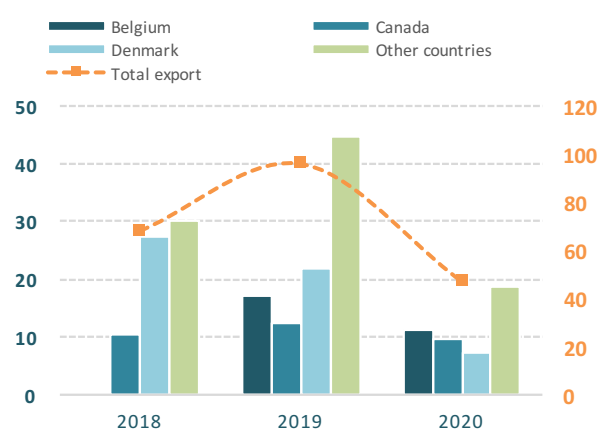


Source: Peru Statistics Office - SUNAT

Peru | Exports | Fish oil

Top three destinations

Unit: 1 000 tonnes, January-June

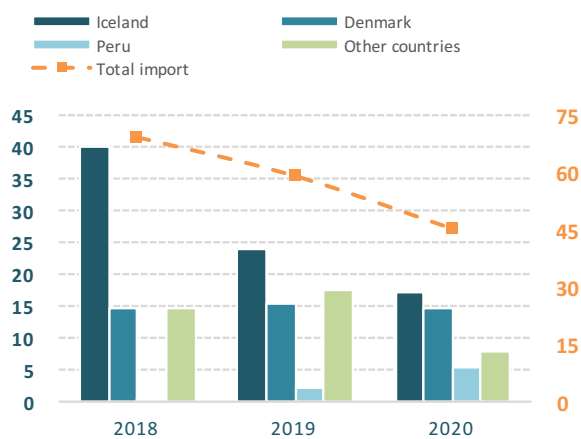


Source: Peru Statistics Office - SUNAT

Norway | Imports | Fishmeal

Top three origins

Unit: 1 000 tonnes, January-June

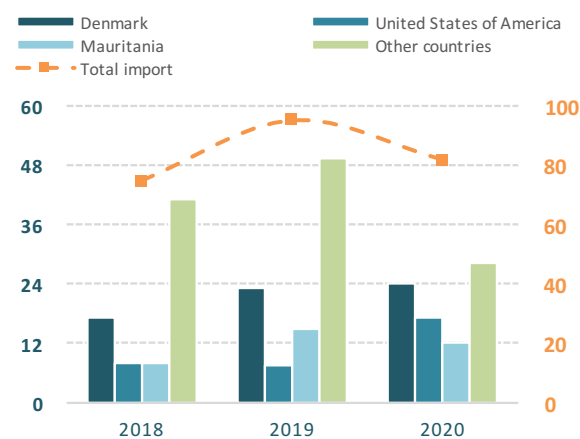


Source: Norway Bureau of Statistics

Norway | Imports | Fish oil

Top three origins

Unit: 1 000 tonnes, January-June

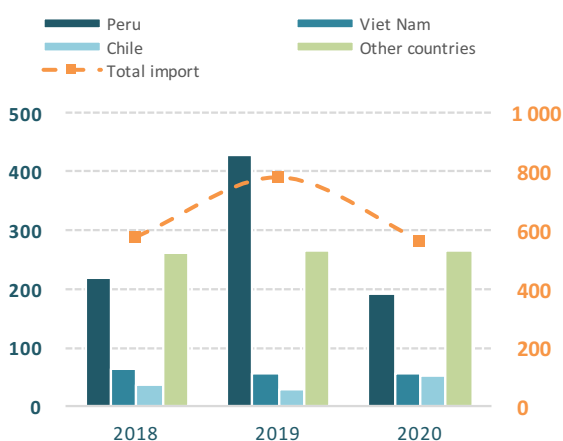


Source: Norway Bureau of Statistics

FISHMEAL & FISH OIL

China | Imports | Fishmeal Top three origins

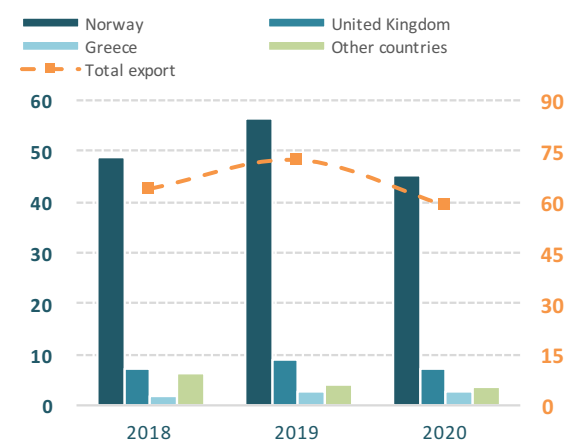
Unit: 1 000 tonnes, January-June



Source: China Customs, estimates

Denmark | Exports | Fish oil Top three destinations

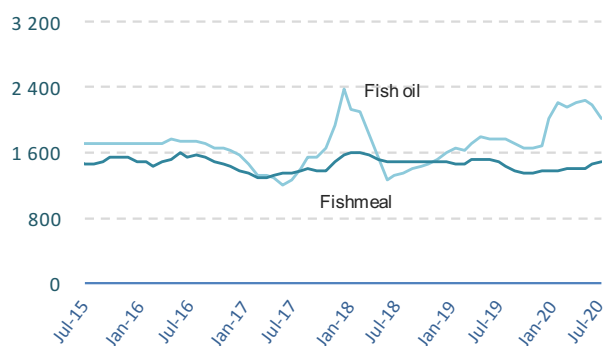
Unit: 1 000 tonnes, January-June



Source: Eurostat

Prices Fish oil and fishmeal: Europe

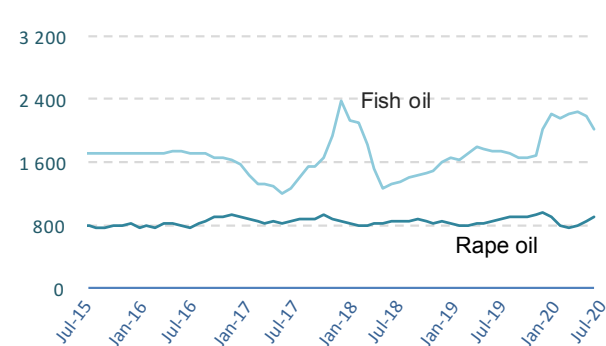
USD/tonne



Source: Oil World

Prices Fish oil and rape oil: Europe

USD/tonne



Source: Oil World

GROUND FISH

GLOBEFISH HIGHLIGHTS

Bleak outlook for groundfish as COVID-19 impacts intensify

Although demand in general has been fairly stable, it is expected that it will weaken as the economic effects of the pandemic start to be felt. Prices are expected to decline with both weakening demand and purchasing power in many markets. Supplies are expected to decline somewhat, particularly for Alaska pollock.

Supplies

The Atlantic cod fisheries of the US Northeast and Canada have been a tale of abundance, overfishing, decline, and doom. While this fishery produced 300 000 to 400 000 tonnes annually in the 1960s and 70s, and in the early 1980s catches jumped to over 560 000 tonnes, by the turn of the century it was all over. In 2017 total US catches of Atlantic cod had dropped to just 842 tonnes, while Canadian landings had dropped to 22 743 tonnes.

The European Commission proposed further cuts in the total allowable catches (TAC) of cod in the western Baltic by 11 percent, to 3 395 tonnes, and for the eastern Baltic the Commission proposes a 70 percent cut to just 595 tonnes. According to Commission Implementing Regulation (EU) 2019/1248 of 22 July 2019, fishing for cod is prohibited in ICES 24,25 and 26 Baltic subdivision.

RECENT NEWS

Cod farming was very popular twenty years ago, and there was a lot of optimism in Norway. However, several factors combined to make cod farming a gigantic disaster, financially. Several biological challenges in production, low first-hand cod prices, high production costs and a rapidly expanding farmed production of other competitive products all led to disaster. It is estimated that Norwegian cod farmers lost as much as NOK 1 billion (USD 110 million) on the adventure.

However, at present a number of investors have gone into cod farming again. One firm expects to harvest 6 500 tonnes in 2021, increasing to 9 500 tonnes in 2022. Whether these targets will be met, and whether they will produce a profit, remains to be seen. As most of the farmed cod will be targeting the upper-end restaurant market, the outlook may be so-so in view of the expected after-effects of the COVID-19 pandemic.

In September, it was rumoured that the Alaska pollock sector in the Russian Federation could face a 50 percent cut in the 2021 quota, but the Russian Pollock Catchers Association expects that the quota will decline by 15 to 20 percent by 2024, to between 1.60 to 1.65 million tonnes. The 2020 quota of 1.83 million tonnes is the highest in 20 years, and as much as 1.2 million tonnes was allocated to the Sea of Okhotsk alone. As of 14 September 2020, Russian landings of Alaska pollock had reached 1.545 million tonnes, an increase of 4.5 percent compared to the same period of 2019.

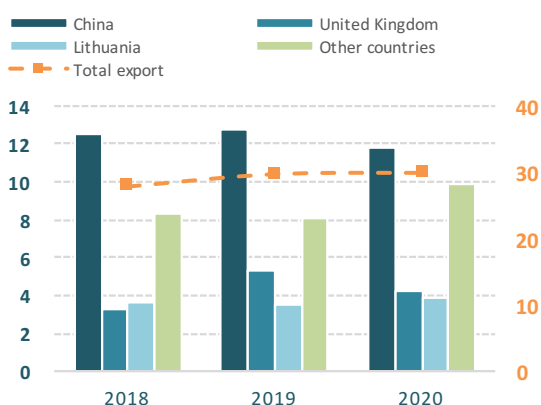
Markets

The Association of Genuine Alaska Pollock Producers (GAPP) is stepping up marketing efforts in Europe. The association is undertaking market research in some of the main markets for Alaska pollock, including France, Germany, the Netherlands, Belgium and the United Kingdom of Great Britain and Northern Ireland, and they are investing more than USD 1 million in building demand for Alaska pollock in Europe. The emphasis is on origin: "Wild Alaska Pollock".

GROUND FISH

Norway | Exports | Cod | Frozen whole Top three destinations

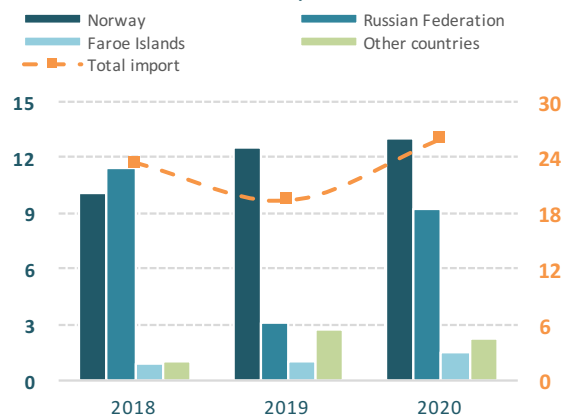
Unit: 1 000 tonnes, January-June



Source: Norway Bureau of Statistics

Netherlands | Imports | Cod | Frozen whole | Top three origins

Unit: 1 000 tonnes, January-June



Source: Eurostat

China imports of Alaska pollock, frozen whole January - June (1 000 tonnes)

	2018	2019	2020
Imports			
Russian Federation	385.3	424.6	435.0
United States of America	28.0	25.2	16.8
Japan	2.5	6.5	4.4
Other countries	0.6	6.5	1.9
Total	416.3	462.8	458.1

Source: TDM

Russian Federation exports of Alaska Pollock, frozen whole, January - June (1 000 tonnes)

	2018	2019	2020
Exports			
China	360.2	423.9	420.3
Republic of Korea	73.1	65.2	80.3
Belarus	5.8	4.2	5.0
Other countries	5.9	4.6	5.3
Total	445.0	498.0	510.8

Source: TDM

GAPP is also very active on the North American market and is now planning to expand its “Wild Alaska Pollock Week” from its base in Seattle to other cities. In particular, GAPP is targeting the restaurant sector, which is suffering very badly from the effects of the COVID-19 pandemic. While Alaska pollock has been a popular item in fast-food restaurants and as a frozen food in the retail sector, it has not had much success in the white-tablecloth restaurant segment. GAPP hopes to change this with its campaign that is aimed at “expanding the placement of wild Alaska pollock into more fine dining establishments.”

Demand for Alaska pollock in the European Union is rising, and reached an all-time high in 2019, when a total of 305 000 tonnes were imported (all product forms). This represented an increase of 9 percent compared to 2018. Prices also went up, so that the value of these imports, at EUR 840 million, increased by a healthy 38 percent.

Among the importers, the United States of America (95 000 tonnes), European Union (44 000 tonnes) and China (165 000 tonnes) accounted for the bulk of imports in the first half of 2020. China was the main processor of Alaska pollock destined for the European Union market. As much as 93 percent of Alaska pollock imports from Europe consisted of frozen fillets. The strong trend of 2019 continued into 2020, and European imports increased by 2 percent to 87 000 tonnes during the first half of the year.

Trade

Norwegian exports of whole frozen cod have been remarkably stable over the past three years. Exports during the first half of 2020 reached 29 923 tonnes, slightly higher than in the same period in 2019. Exports to China declined a bit (-7.3 percent) to 11 804 tonnes, while exports to Lithuania went up by 23 percent to 9 923 tonnes.

Norwegian exports of fresh cod declined slightly during the first 6 months of 2020, from 28 211 tonnes in 2019 to 27 317 tonnes in 2020. However, the unit price went up, so that the FOB value of exports increased from NOK 1.05 billion (USD 115 million) in 2019 to NOK 1.09 billion (USD 120 million) in 2020.

Russian exports of Alaska pollock during the first half of 2020 went up compared to the same period last year, from 497 957 tonnes to 510 800 tonnes. Again, there was a small decline in exports to China, but a strong increase in exports to the Republic of Korea (+23.2 percent) and a more moderate increase to Belarus.

The Netherlands imported 34.5 percent more whole frozen cod during the first 6 months of 2020 compared to the same period in 2019. The largest supplier was Norway, with just over 50 percent of the total, followed by the Russian Federation and the Faroe Islands.

China's imports of round frozen Alaska pollock stayed level with the same period in 2019, with just a 1.0 percent decline. The largest supplier, the Russian Federation, showed an increase of 2.4 percent to 434 958 tonnes, while imports from the United States of America dropped by 33.3 percent to 16 808 tonnes.

China's exports of frozen Alaska pollock fillets dropped by a noticeable 30 percent during the first half of 2020. Shipments to the largest market, Germany, declined by over 33 percent, while exports to the United States of America dropped by almost 40 percent.

Round frozen cod imports into China declined slightly during the first six months of the year, from 89 885 tonnes in 2019 to 80 777 tonnes in 2020. The Russian Federation was the main supplier, accounting for 45 890 tonnes or 57 percent of the total, followed by Norway with just over 19 percent of the total.

China exported 48 426 tonnes of frozen cod fillets during the first 6 months of 2020, compared to 58 494 tonnes in the same period in 2019 (-17.2 percent). Exports to the United States of America declined by 10 percent, while exports to Germany dropped by as much as 35 percent.

Surimi

Surimi production in Alaska during the B season was off to a slow start, with lower catches and many small fish. Catch levels until 8 August 2020 were 67 percent of the quota, compared to 74 percent during the same period in 2019. Surimi production until 8 August was 41 000 tonnes, down by 23 percent compared to the same period in 2019.

US exports of Alaska pollock surimi to Japan have been falling. During the first half of 2020 (January to early July), exports fell by as much as 74 percent, to 18 896 tonnes, down from 73 131 during the same period in 2019. Unit prices also fell by about 7 percent.

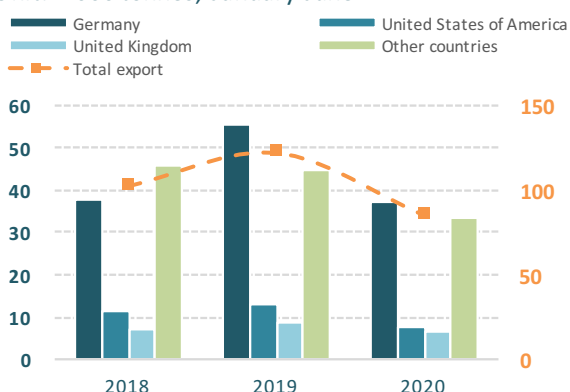
GROUND FISH

China | Exports | Alaska pollock |

Frozen fillets

Top three destinations

Unit: 1 000 tonnes, January-June

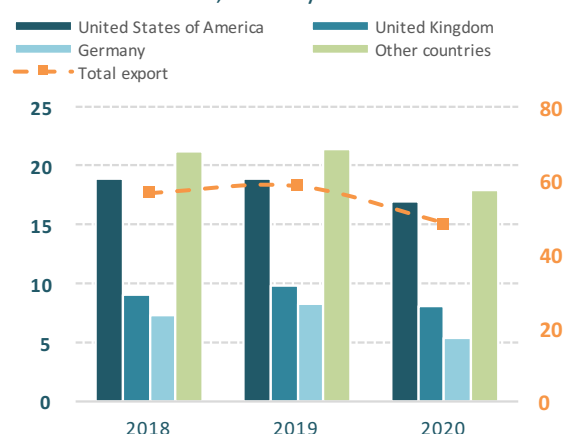


Source: China Customs, estimates

China | Exports | Cod | Frozen fillets

Top three destinations

Unit: 1 000 tonnes, January-June

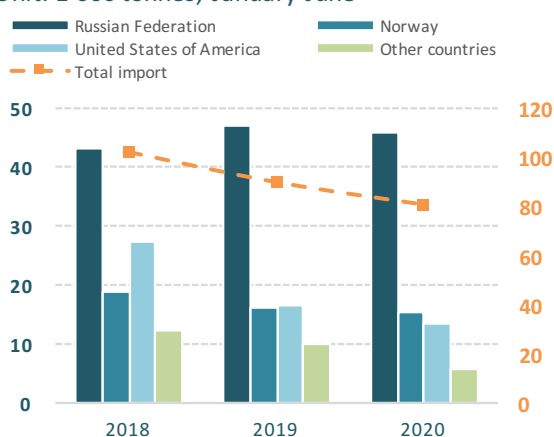


Source: China Customs, estimates

China | Imports | Cod | Frozen whole

Top three origins

Unit: 1 000 tonnes, January-June

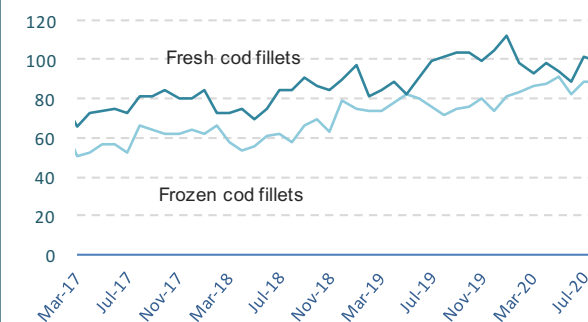


Source: China Customs, estimates

Export price

Cod: Norway

NOK/kg



Source: Norwegian Seafood Council

During the first half of 2020 there was a 30 percent increase in US exports of Alaska pollock surimi to the European Union. Export volume increased from 13 132 tonnes in 2019 to 17 070 tonnes in 2020. Prices also went up, so the value of exports increased from USD 34.1 million to USD 46.0 million (+35 percent).

Prices

The slow start to the Alaska pollock B season may result in higher prices. Prices for pin-bone-out blocks have been declining since late 2019, but as supplies are now tightening, producers are expecting that prices will rebound.

Cod prices had been on an upward trend for about five years, but the pandemic stopped this. The restaurant sector practically closed down, and sales through the foodservice sector weakened dramatically, while the retail sector took over part of the market. It is expected that low demand in the foodservice sector and strong sales in the retail sector will continue for the rest of 2020.

With the onset of COVID-19, prices for groundfish fillets in the United Kingdom of Great Britain and Northern Ireland dropped as a result of weakening sales in the fish-and-chips sector. However, demand has been quick to recover as shops first introduced home delivery and then opened again. Both haddock and cod prices recovered after the initial drop, and by early August demand was building. For the autumn, observers are expecting prices to remain stable and possibly strengthen, unless the COVID-19 situation does not deteriorate.

Outlook

The full effect of the COVID-19 pandemic has probably not yet been seen. Observers expect a global recession to set in, with weaker purchasing power for most people. This will have an effect both on demand and prices.

Supplies of Alaska pollock are expected to tighten as the start of the B season in Alaska was slow and fish were small. This may counteract any effects that a recession would have, and thus higher Alaska pollock prices are expected.

Demand for cod and some other groundfish species has been remarkably stable since the onset of COVID-19, but prices have begun to decline a little. Sales of fresh fish have fallen as the foodservice sector closed down. There has been some recovery thanks to innovative sales approaches (home delivery and take-out services), but one must expect a decline in the sector as a whole. Latin American exporters are reporting strong demand for hake, while South African and Namibian producers experience a stable demand.

LOBSTER

GLOBEFISH HIGHLIGHTS

COVID-19 triggers big drop in lobster prices

The COVID-19 pandemic has had a devastating effect on the lobster industry. Demand has dropped in major markets, partly because restaurants have closed their doors, and overall demand is down because of COVID-triggered recession. As a result, prices have fallen significantly in all markets. There is no immediate relief in sight.

Supplies

The Australian lobster industry was hit by COVID-19 when China shut down imports. Consequently, a large part of Australia's market disappeared. However, China is now slowly opening up again, and in order to help the lobster industry benefit from this and recoup their losses earlier in the year the Australian lobster fishery will open two weeks earlier than usual. Prices are still lower than before the pandemic, though.

In Western Australia, lobstermen have experienced a surge in landings, but a decline in prices. Since the beginning of the COVID-19 pandemic, prices for Western Australian rock lobsters have dropped significantly. In May 2020, export prices were down by 19 percent compared to the same time in 2019. There are several reasons for the price declines, among them the difficulty of finding air transport capacity. In addition, there has been an increase in supplies of rock lobster from New Zealand and Tasmania. Also, the closure of many restaurants in Hong Kong SAR and other large Chinese cities have put a damper on demand. Most of China's imports of lobster are live, transported by air. The scarcity of flights have made this trade more difficult.

Indonesia has the potential to increase its production of spiny lobster significantly. However, present legislation prohibits the catch of lobster juveniles and their use for aquaculture. Instead, a lot of juveniles are caught illegally and shipped to Viet Nam, where they are on-grown to marketable size. It is estimated that if juveniles were to be legally caught for aquaculture in Indonesia, annual production of market-size spiny lobsters could be increased by some 12 500 tonnes.

RECENT NEWS

The Maine lobster industry – which accounts for most of the lobster catch in the United States of America – has been in trouble for some years now, and things have not improved with the onset of the COVID-19 pandemic. The pressure has come from a multitude of areas: a court case threatened the suspension of the lobster industry; the MSC suspended the certification of the fishery because of concerns related to this court case; the trade war against China hurt the export industry and reduced sales to China dramatically; and the industry saw the necessity of launching a “Save Maine Lobster” campaign as a result of all this.

Now the NOAA Fisheries' Sea Grant is funding a new study to be undertaken by the University of Maine to determine the resilience of the industry. However, the results of the study are still uncertain, but it is clear that action is needed to strengthen the lobster industry in the United States of America.

The main season for Maine lobsters runs from July through November. In Canada, the season closes earlier, so to some extent the two countries complement each other. In 2020, the summer lobster harvest has been so-so in Canada and New England. The largest volumes put some pressure on

LOBSTER

prices. The spring lobster season in Prince Edward Island was marked by labour shortages at the processing plants as a result of COVID-19. Then, landings became good, and created a glut in the market, pushing prices down.

RECENT NEWS

A Canadian First Nation group called Sipekne'katik has launched an off-season, rights-based lobster fishery in one of the country's most important lobster fishing areas (LFA 34). This has resulted in anger and protests on the part of non-indigenous commercial lobstermen, who claim that the fishery is illegal, as it is conducted during a closed season. The First Nation group is planning to catch only about five percent of the lobsters in the area, but this does not pacify the commercial lobstermen.

International trade

During the first 6 months of 2020 there was a serious decline in world lobster trade. Global exports dropped by 24.4 percent, to 63 402 tonnes. US exports declined massively by 44.6 percent to just 4 583 tonnes, while Canada suffered a 17.8 percent drop to 40 092 tonnes. On the import side, China imported 18.4 percent less (18 596 tonnes) compared to the first six months of 2019. The largest importer, the United States of America, imported 24 326 tonnes or 11.5 percent less than during the same period in 2019.

Just over 90 percent of US lobster imports come from Canada, and imports during the first 6 months of 2020 amounted to 22 075 tonnes or 11.7 percent less than during the same period in 2019. China's imports of lobster also dropped, and all main suppliers registered a decline. Imports from Canada went from 11 595 tonnes in the first half of 2019, to 8 579 tonnes in the same period in 2020 (-26.0 percent). The European Union registered a 22.2 percent drop in lobster imports during this period, with total imports amounting to 10 625 tonnes.

Canada has been the main benefactor of the Maine lobster industry's troubles. But the US administration has now achieved a few breakthroughs that may change the balance in favour of the United States of America. Recently, the United States of America signed an agreement with China removing the 35 percent tariff that gave Canadian lobster a competitive advantage in the Chinese market.

The United States of America has also signed a deal with the European Union that removes the tariff on US lobsters. Irish lobster catchers are upset about this deal. The Irish lobster industry has been hit by the effects of the COVID-19 pandemic, which has put a damper on demand because of economic decline, and prices have dropped by 20 to 30 percent so far. The COVID-19 prompted recession is expected to push consumers away from high-priced products like lobster and over to cheaper crustaceans like shrimp and crayfish.

Prices

The outlook for the rest of 2020 is very uncertain. While demand seems to pick up somewhat in some Lobster prices in Viet Nam have dropped significantly as a result of the COVID-19 pandemic. Exports slowed down when China closed its borders, and after the country re-opened to some extent, inspections have been very strict, and market demand is still weak.

In Viet Nam, lobsters are farmed mainly in the central provinces, and the main market has been China. But as the pandemic set in, shipments to China were severely reduced. Lobster farmers then

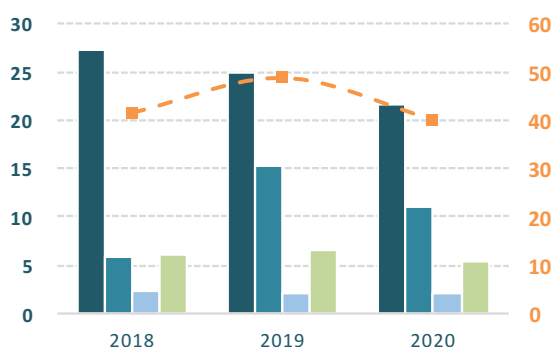
LOBSTER

Canada | Exports | Lobster

Top three destinations

Unit: 1 000 tonnes, January-June

United States of America
China
Republic of Korea
Other countries
Total export



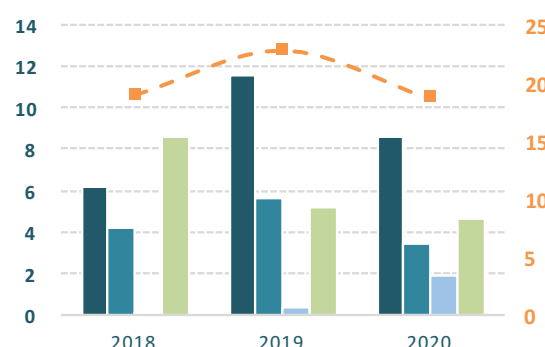
Source: Canada Statistics

China | Imports | Lobster

Top three origins

Unit: 1 000 tonnes, January-June

Canada
Australia
Viet Nam
Other countries
Total export



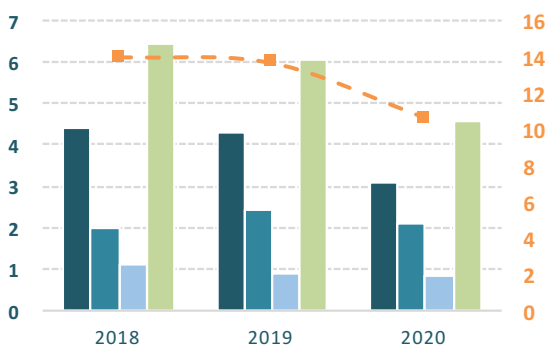
Source: China Customs, estimates

European Union | Imports | Lobster

Top three origins

Unit: 1 000 tonnes, January-June

Canada
United Kingdom
Denmark
Other countries
Total import

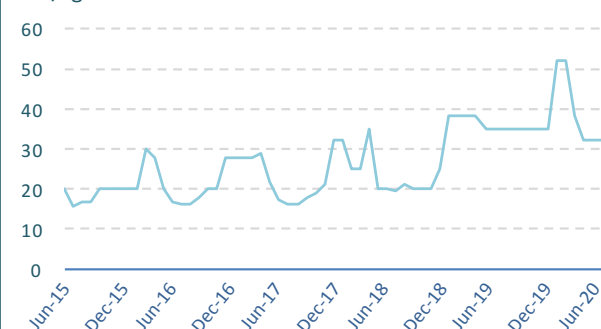


Source: Eurostat

Prices

European lobster: Europe

EUR/kg



Live, origin: Ireland; 400–600, 600–800 g/pc

Source: European Price Report

lowered prices on the domestic market to sell more here. But at the moment, prices are so low that farmers are losing money.

Lately, there have been several storms hitting the southern United States of America. Storms in Florida will probably impact the price of spiny lobsters from this region, as catches will decline. But prices are extremely volatile, and have ranged from USD 4.00 to USD 8.59 per lb. In 2019, the average beach price for spiny lobsters in Florida was USD 7.80 per lb. So far in 2020, the average price is USD 7.62 per lb, in spite of the fact that landings dropped from 1 867 tonnes to just 281 tonnes.

LOBSTER

United States of America imports/exports of lobster
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
Canada	27.2	25.0	22.1
Honduras	0.6	0.4	0.5
Bahamas	0.6	0.6	0.5
Other countries	1.5	1.5	1.3
Total	29.8	27.5	24.3
Exports			
China	5.5	1.9	1.6
Canada	0.6	1.2	0.7
Hong Kong SAR	1.3	1.1	0.6
Other countries	4.5	4.1	1.7
Total	11.7	8.3	4.6

Source: TDM estimates

World imports/exports of lobster
January - June (1 000 tonnes)

	2018	2019	2020
Imports			
United States of America	29.8	27.5	24.3
China	18.9	22.8	18.6
France	2.3	2.2	1.9
Other countries	22.4	21.5	15.1
Total	73.4	73.9	59.9
Exports			
Canada	41.5	48.8	40.1
United States of America	11.7	8.3	4.6
Australia	6.1	5.8	3.7
Other countries	35.0	21.0	15.0
Total	94.3	83.9	63.4

Source: TDM estimates

Outlook

The outlook for the lobster market is bleak everywhere. It may become worse as more economies get into trouble. Luxury items like lobster are usually hard-hit during periods of economic downturn, and many expect that the world economy will further contract, and for a considerable period of time. Thus, trade will be reduced, and prices will continue to be low, or fall even lower. Also, supplies may go down because fishers do not find it worthwhile because of the low prices.



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Pangasius prices plunge as pandemic impact lingers on

The effect of the global COVID-19 pandemic on world seafood markets has accelerated a downward price trend that began in early 2019. However, the severity of the impact for Vietnamese producers has been mitigated somewhat by a resilient US market and effective management of the virus within Viet Nam itself.

Production

In Viet Nam, the world's main supplier of pangasius, the public health impact of COVID-19 has been limited relative to many other countries. However, the industry has not escaped the wider market effects of the virus as weak demand persists in the United States of America, Europe and China. Farmers in the Mekong Delta had already begun to adopt a more conservative approach in late 2019 in response to the price drop, and this sharp supply correction is continuing. Financial pressure is increasing as fish are now being sold at a loss, with producers reportedly losing around VND 3,500 (USD 0.15) to VND 5,000 (USD 0.22) per kg. Heavy investment into infrastructure and capacity expansion that was taking place prior to 2019 has now slowed to a crawl as the focus shifts to increasing value addition along the supply chain to boost margins. Farmers are also reducing feeding to slow growth until market conditions improve. Salt water intrusion in rivers in the Cuu Long region have also negatively affected farming activities. According to Viet Nam's Ministry of Agriculture and Rural Development (MARD), production in the first half of 2020 fell by around 6 percent compared with 2019, to just over half a million tonnes.

In China, the emerging pangasius farming industry has been seeking to expand its share of a growing Chinese domestic market that is currently supplied primarily by Viet Nam. However, COVID-19 and the sluggish recovery in China are adding to a number of other challenges that hamper progress. Low quality broodstock and fingerlings, seasonal limits on breeding, inconsistency of final product, and a general lack of experience are among the issues that are protecting the dominant position of Vietnamese producers in the Chinese market. So far in 2020, Chinese producers and other downstream businesses are struggling to maintain profitability, similar to their Vietnamese counterparts.

Trade and markets

Demand in Viet Nam's top export markets for pangasius, the United States of America and China, has remained subdued despite some optimism in the second quarter of 2020. There were signs that a recovery was underway as US inventories began running low and some normality returned to China. Even though China returned to low growth in the second quarter, sharp economic contractions were experienced in both countries in the first half of the year and the impact on pangasius trade has been significantly negative. The swift evaporation of buyer demand caused problems for Vietnamese businesses who were left with stocks of product that could not be exported amidst collapsing prices and accumulating debt.

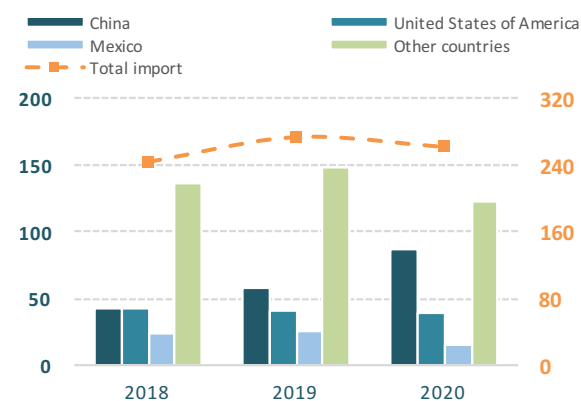
In the second half of the year, consumers remain wary of eating out in restaurants despite the loosening of restrictions and this is keeping restaurant occupancy rates low. In the United Kingdom, fish and chips shops, one of the most important sources of demand for pangasius in Europe, have reduced their purchases. At the same time, home cooking has become considerably more popular, driving retail demand for convenience ready-to-cook products and home delivery. E-commerce is also becoming more important as a marketing and distribution channel for seafood, particularly in Asia. For the Vietnamese pangasius industry, hit by low prices and tightening margins, value added products are receiving renewed attention. Marketers have also increased their focus on the Vietnamese domestic market in light of the poor outlook for the main export markets.

PANGASIUS



Viet Nam | Exports | Catfish | Frozen fillets Top three destinations

Unit: 1 000 tonnes, January-June



Source: TDM, estimates

Viet Nam's exports to all 10 of its leading pangasius markets fell significantly in value terms in the first half of year. The value of shipments to China, the United States of America and the European Union fell 15.5 percent, 24.4 percent and 36.6 percent respectively compared with the same period in 2019. Exports to the United States of America picked up briefly in the third quarter of 2020 but the postponement of reopening plans in multiple states has slowed this recovery once again.

Prices

Export prices for frozen pangasius fillets in the first half of 2020 have showed no signs of recovery from exceptionally low levels of USD 2 per kg (FOB). Farmgate prices also remain heavily depressed, reportedly ranging from VND 17 500 (USD 0.76) to VND 19 000 (USD 0.82) per kg.

Outlook

The pangasius sector is currently focusing on damage mitigation strategies, including market and product diversification, as well as conservative stocking and growth targets. Investment will continue to be diverted away from capacity expansion towards research and development (R&D), value addition infrastructure and cost efficiency. Demand forecasts are characterized by uncertainty above all else, with COVID-19 now re-emerging in many countries. The heightened importance of retail and home cooking is very likely to persist for some time even if foodservice demand picks up, and this additional source of demand could eventually help to lift prices.

Optimism persists in farmed salmon sector despite price lull

Continuing growth in farmed Atlantic salmon supply has put downward pressure on prices as boosted retail sales have not fully compensated for the evaporation of foodservice demand. The medium-term outlook is more positive due to tighter supply and anticipated market recovery in 2021.

Production

Atlantic salmon

Estimates for growth in global production of farmed Atlantic salmon in 2021 average around 3 percent. The major contributors to this growth are Norway and Chile, with increases of around 2 and 6 percent respectively. Scottish harvests will be approximately flat year-on-year after a strong rebound in 2019. By far the most rapid growth is now taking place in emerging producer countries such as Australia, Iceland, China and the Russian Federation. A general recognition that the traditional producers will be unable to supply booming demand given current physical and regulatory constraints has been the catalyst for heavy investment into salmonid aquaculture in these countries in recent years. The total increase in supply from these smaller producers (all producers excluding Norway, Chile, United Kingdom of Great Britain and Northern Ireland, Canada and the Faroe Islands) is expected to be some 16 percent this year.

In Norway, salmon production was 169.9 million fish in the first 6 months of the year, 3 percent above the same period in 2019. The COVID-19 pandemic's primary impact has been on logistical costs and on harvesting schedules, with many farmers keeping fish in the pens for longer than planned. Valuations of Norwegian salmon aquaculture firms dropped significantly as investors digested the darkening market outlook but overall the sector has continued to operate relatively smoothly. Other indicators, such as average harvest weights and sea lice levels, have generally improved as the year has progressed although there is some concern over a spike in infectious salmon anaemia (ISA) cases. Otherwise, costs have been manageable despite a sustained lull in prices in the second half of the year due to weaker market conditions and higher than anticipated volumes.

In Chile, the farmed salmon sector endured several challenging months in 2020 due to the combined impact of COVID-19 restrictions, falling prices and a truck drivers' strike in the second half of the year. However, plants have now been able to resume operations at close to normal levels after adopting many safeguards and protective measures to avoid contagion of personnel. Despite suffering losses, most Chilean salmon farmers are in relatively strong financial positions and were able to survive. Chilean salmonid production grew 8.2 percent to 470 400 tonnes in the first 6 months of 2020. Atlantic salmon represented 370 200 tonnes or 80.4 percent of this total.

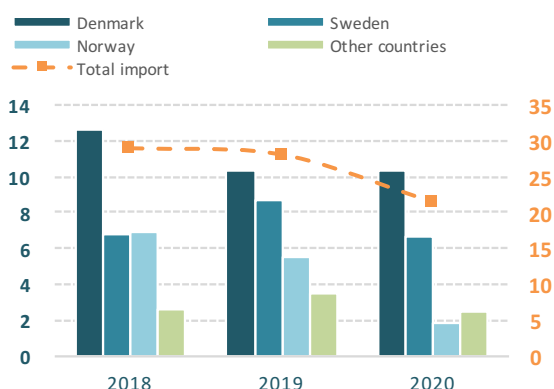
Other salmonids

In the first half of 2020, Chilean farmed coho production increased by 44.5 percent compared to the same period of 2019 to 47 800 tonnes. This jump is a result of the renewed focus on coho farming in Chile which started in 2019, with the objective of consolidating the industry's position in the Japanese market. However, following the COVID-19 outbreak, the excess supply has compounded losses suffered by the Chilean salmon farmers. Over the same period, Chile's rainbow trout harvests increased by 11.3 percent to 52 100 tonnes. Meanwhile, Norwegian trout farmers harvested 12.5 million fish, a 1 percent increase when compared to the same period in 2019.

Germany | Imports | Salmon | Fresh whole

Top three origins

Unit: 1 000 tonnes, January-June

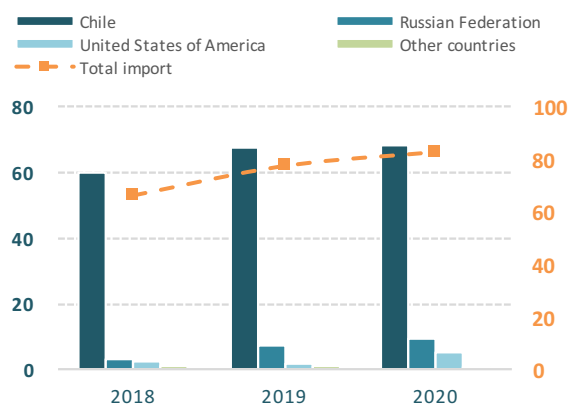


Source: Eurostat

Japan | Imports | Salmon | Frozen whole

Top three origins

Unit: 1 000 tonnes, January-June

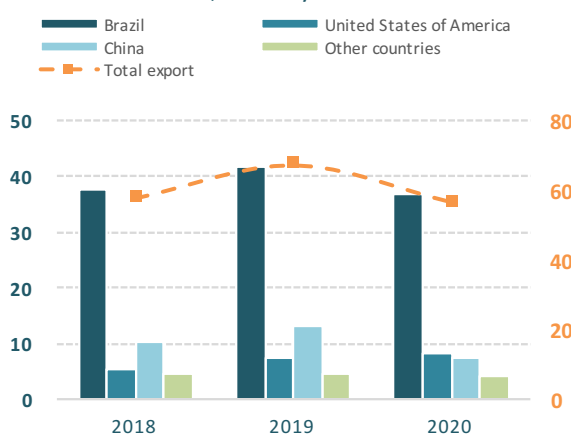


Source: Japanese Ministry of Finance and the Customs

Chile | Exports | Salmon | Fresh whole

Top three destinations

Unit: 1 000 tonnes, January-June

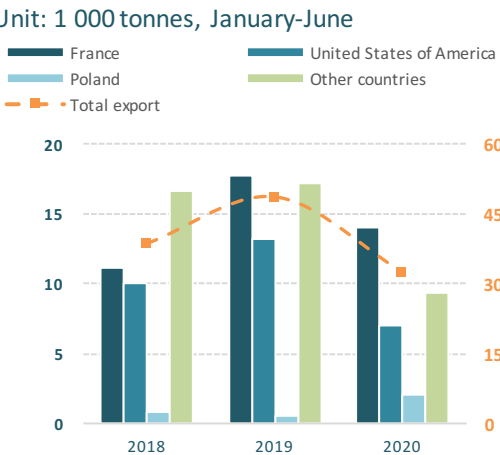


Source: Chile National Customs Office

United Kingdom | Exports | Salmon | Fresh whole

Top three destinations

Unit: 1 000 tonnes, January-June



Source: Eurostat

Wild salmon

Weak runs and high costs associated with COVID-19 preventative measures negatively affected wild salmon catches in 2020 in Alaska and the Russian Far East. A reported 272 000 tonnes of salmon were caught in the Russian fisheries, 40 percent lower than 2019 and 50 less than in 2018. In Alaska, catches amounted to some 241 000 tonnes, 42 percent lower than 2019 and 12 percent lower than 2018.

Markets

As in other seafood markets, demand for salmon was significantly affected by lockdowns, business closures and other containment measures that swept across the globe in early 2020. The most important shifts in market dynamics have been the increased importance of retail at the expense of foodservice, stronger demand for prepared and preserved products at the expense of fresh, and the proliferation of new home delivery services and e-commerce distribution channels. However, salmon generally weathered the effects of the pandemic better than most other major species, particularly in Europe. Salmon's versatility, together with the sector's marketing experience and financial resources, meant that the adjustments necessary to shift sales focus to retail could be made rapidly and effectively. This transition was aided by the dip in prices observed in the second half of the year, opening up opportunities for promotional campaigns. Some industry stakeholders have claimed that newly developed retail demand has in fact almost entirely compensated for the reduction in foodservice sales.

Despite the relative stability in most markets during 2020, there have been some exceptions. The previously booming Chinese market has been an important target of salmon marketing efforts in recent years, but the majority of salmon consumption in China is still foodservice sales as home consumption remains limited. This magnified the effect of the restaurant shutdown in China from the perspective of the salmon sector, and was further compounded by the discovery of COVID-19 on chopping boards used for imported salmon at a Beijing market, which reportedly led to an almost total halt on imports of fresh salmon. In response, the Chilean industry has committed to spend USD 200 000 on a digital marketing campaign to revitalize Chinese demand. However, it should be noted that no scientific evidence has been found linking farmed salmon with the spread of the virus.

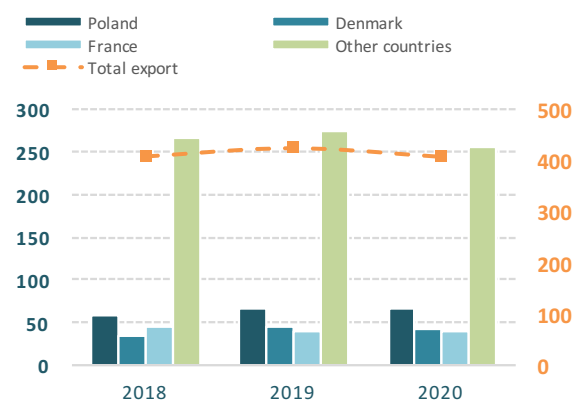
In the Russian Federation, demand has also reportedly weakened substantially. Russians have enforced an embargo on salmon from certain Western countries, including Norway, since 2014. Hence the market downturn is instead creating difficulties for exporters in Chile and the Faroe Islands, who have sought to fill the gap left by their Norwegian counterparts. Chile is also highly exposed to the United States of America and Brazil as their main supplier, and both countries have been heavily affected by the pandemic. In addition, fresh salmon supply has been impacted by the large-scale cancellation of passenger flights, which are one of the primary means of transportation. This translates into significantly higher air freight costs. This latter development, together with large-scale foodservice shutdowns, have created a challenging market for Chilean fresh fillets, for which restaurant sales in the United States of America represent an important source of demand.

Trade

Despite the effects of the pandemic, the average price of Norwegian fresh whole Atlantic salmon exports increased year-on-year in the first 6 months of 2020. With volumes remaining at the same level at around 500 000 tonnes, this translated into an increase in revenue of NOK 598 million for the 6-month period. This is an increase in value of 2 percent compared with the same period in 2019. Salmon exports to the European Union, Norway's most important market, slowed down during the height of the first wave of the pandemic but subsequently volumes recovered quickly. Meanwhile, Norwegian salmon exports to China have been volatile in 2020, falling to almost zero in February with the imposition of widespread lockdown measures, before recovering and then dropping again in June as fresh salmon imports were halted due to supposed contagion risk. China's total imports of fresh salmon are expected to fall by 40 000 tonnes, a decline of around 50 percent. At the same time,

Norway | Exports | Salmon | Fresh whole Top three destinations

Unit: 1 000 tonnes, January-June



Source: Norway Bureau of Statistics

United States of America imports/exports of salmon January - June (1 000 tonnes)

	2018	2019	2020
Imports			
Chile	58,1	63,1	65,7
Norway	9,1	8,9	8,1
Canada	4,7	3,4	4,1
Other countries	5,3	6,4	6,4
Total	77,2	81,9	84,3
Exports			
Canada	35,9	35,4	35,2
Norway	3,9	5,6	7,3
Chile	10,8	9,9	7,1
Other countries	12,6	16,4	11,2
Total	63,2	67,4	60,8

Source: TDM

however, the Norwegian Seafood Council (NSC) reported stable growth in the Republic of Korea, where e-commerce sales for salmon have rapidly replaced lost foodservice demand.

In Chile, during the first 6 months of 2020, 246 806 tonnes of Atlantic salmon were exported worth USD 1 731 million, representing an increase of 2.62 percent in terms of volume and a drop of 12.9 percent in value. The United States of America was the top destination for Chilean Atlantic salmon.

According to the US National Oceanic and Atmospheric Administration (NOAA), salmon imports into the United States of America during the same period totalled 214 140 tonnes valued at USD 2.1 billion. This is an increase of 2 percent in terms of volume and a fall of 3.1 percent by value compared with the same period of 2019. Chile's shipments to the US market continued to increase in terms of volume (10 percent) but declined in value (-1.6 percent). Chilean exporters are actively seeking to diversify their export markets to compensate for the sales drop in China.

In Japan, reported imports of salmon increased 5 percent in the first half of 2020 to 120 000 tonnes. The major component of this increase was farmed coho from Chile, which were in surplus supply this year. A drop in the average import price of Chilean coho meant a 10 percent decrease in Japan's total salmon imports in value terms in the first half of 2020 compared with the first half of 2019.

In addition, Chile shipped 82 764 tonnes of coho (+ 8.6 percent) worth USD 421 million (-17 percent) and 30 778 tonnes of rainbow trout (+ 6.7 percent) worth USD 271 million (+ 2.54 percent) in the first half of 2020. Meanwhile, Norway exported 31 600 tonnes of trout worth NOK 1.8 billion over the same period, representing increases of 29 percent and 10 percent respectively. Trout is highly exposed to the rise in air freight costs and this pushes prices down relatively more than those of salmon.

Prices

As 2020 has progressed, mounting volumes and uncertain markets have pushed salmon prices down from safely profitable levels in the first half of the year to low levels. As of week 41, the NASDAQ salmon index, measuring average export prices for fresh whole farmed Atlantic salmon out of Norway, was NOK 43.39 (USD 4.70) per kg, compared with NOK 45.70 (USD 5.01) per kg in the same week last year. Meanwhile, September prices for Chilean fresh fillets into the United States of America were down to USD 3.95 per kg, relative to USD 4.95 one year ago. In Chile in particular, these prices are approaching breakeven for some companies.

Outlook

While salmon prices are in somewhat of a lull compared with the historically high levels achieved over recent years, the salmon industry as a whole remains positive. Retail gains are already largely offsetting foodservice losses, and these gains are likely to persist even when the hospitality sector is fully reopened. The wider adoption of e-commerce and home delivery services, as well as new products centered around home cooking represent beneficial market developments in the long term. At the same time, a sharp reduction in Chilean production, of almost 10 percent, is expected in 2021 due to COVID-19 difficulties and weak market conditions. This will slow overall growth and help maintain a tight market balance. In Norway, meanwhile, production is forecast to increase by some 4 percent in 2021, while Scottish harvests are predicted to rise by 2 percent. Forecast for prices of fresh whole Norwegian Atlantics for 2021 are stable at around NOK 60 (USD 6.49) per kg, reflecting the moderately upbeat market outlook. In the longer term, the relevance and competitiveness of land-based salmon production continues to grow, with a recent report by Kontali indicating that currently planned projects would equate to 1.7 million tonnes of extra production when completed.



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SEABASS & SEABREAM

GLOBEFISH HIGHLIGHTS

Tighter market balance mitigates COVID-19 impact for seabass and seabream sector

Given the high proportion of seabass and seabream sales that are dependent on the severely impacted restaurant sector, the industry was at risk of being severely affected by the pandemic. However, a timely drop in production has pushed up prices and staved off the worst effects of widespread lockdowns for now.

Production

A recent report by market research firm Kontali has estimated the total drop in production in 2020 at 6.3 percent, a total decline of around 30 000 tonnes. A contraction in supply was expected due to sharp drops in juvenile stocking for both species in the major producing countries, Greece and Turkey, over the previous year. Persistently low prices since 2018, a lack of price competitiveness for Greek exports and a deteriorating economic environment in Turkey all contributed to this reversal of a strong multi-year upward production trend. The fragile Greek industry has been more cautious about expansion than its Turkish counterparts, focusing instead on consolidation.

In addition to the drop in output in Greece and Turkey, Spanish farmers experienced heavy losses due to Storm Gloria earlier in the year, which will see Spain's harvests fall by some 40 percent on an annual basis. Of the smaller producers, Croatian harvests have apparently been good this year after a concerted effort to expand the industry there. All farmers have reported added logistical costs due to COVID-19 restrictions affecting haulage, which have been particularly challenging for smaller producers.

Trade and markets

COVID-19 restrictions saw restaurants shut down all across the continent and severely depressed activity in tourism centres all around the Mediterranean. For seabass and seabream, which are popular seasonal restaurant species, this was a significant blow to aggregate demand, translating into an estimated drop in sales of 20 to 30 percent. This impact has been relatively greater in the market for larger fish (> 600 g+), which fetches the highest prices. For more distant export markets such as the United States of America, which had previously been important sources of new demand, spiking logistical costs saw export volumes fall significant in the first half of 2020.

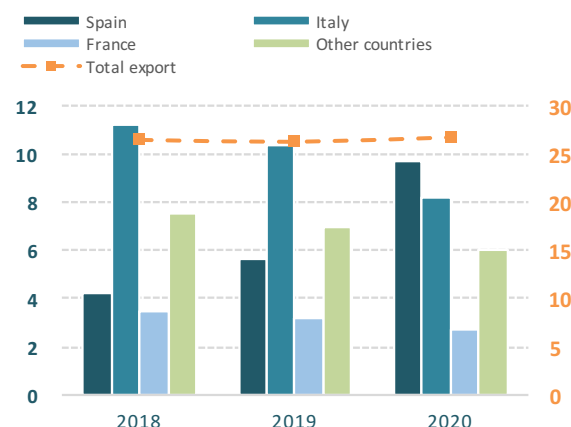
However, the dramatic drop in Spanish supply due to the Storm Gloria escapes turned out to be something of a buffer against the worst market effects of the pandemic. Excess volume from producing countries, particularly Greece, could now be directed to the Spanish market to make up the shortfall. Rapid marketing adjustments to avail of increased demand at retail and a delay of harvesting schedules also helped to prop up prices and maintain cash flow.

Prices

Tighter supply in 2020 saw prices for both seabass and seabream rise compared with last year, despite the pandemic's effects on Hotellerie-Restaurant-Café (HORECA) demand. In the first six months of the year, export prices for fresh whole seabass out of Turkey and Greece averaged EUR 3.76 per kg (+7 percent) and EUR 4.90 per kg (+8 percent) respectively. Meanwhile, Turkish and Greece exports of fresh whole bream averaged EUR 3.70 per kg (+11 percent) and EUR 4.88 per kg (+6 percent) respectively.

Greece | Exports | Seabream | Fresh Top three destinations

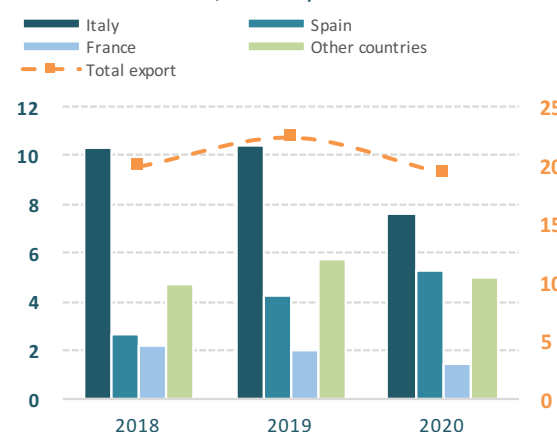
Unit: 1 000 tonnes, January-June



Source: Eurostat

Greece | Exports | Seabass | Fresh Top three destinations

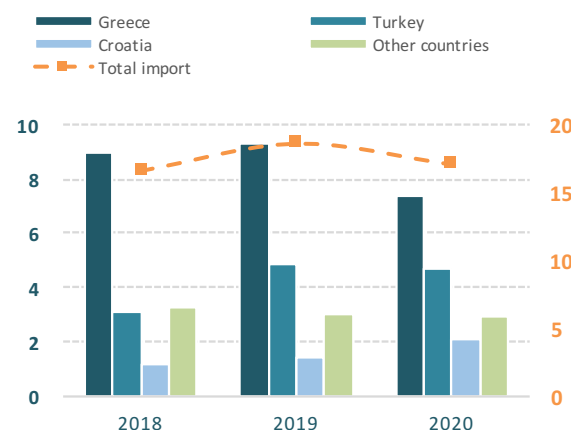
Unit: 1 000 tonnes, January-June



Source: Eurostat

Italy | Imports | Seabream | Fresh Top three origins

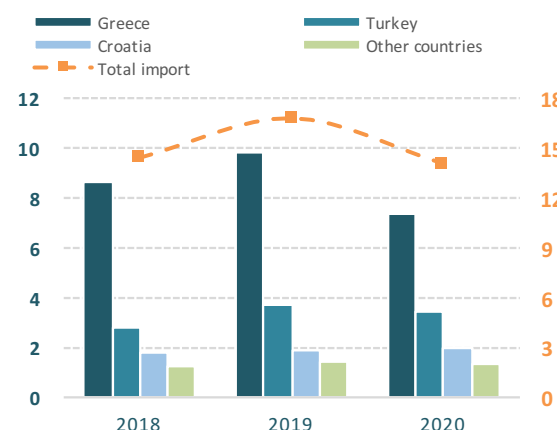
Unit: 1 000 tonnes, January-June



Source: ISTAT - National Institute of Statistics

Italy | Imports | Seabass | Fresh Top three origins

Unit: 1 000 tonnes, January-June



Source: ISTAT - National Institute of Statistics

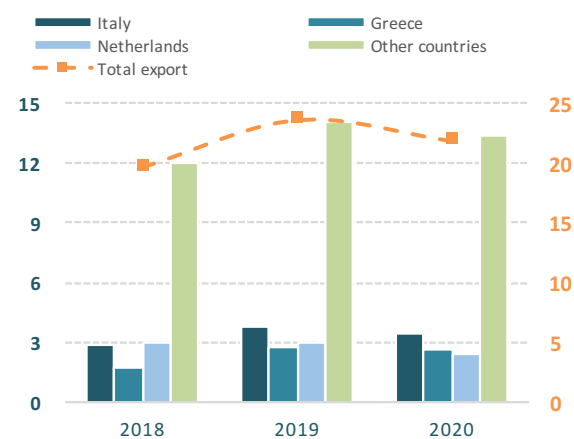
Outlook

The end of the year is generally a weak period for the seabass and seabream sector and prices have already taken a downturn as we move into the last quarter. While the effects of COVID-19 on the market have been somewhat less severe than expected, the sector is still faced with significant uncertainty, high logistical costs and accumulating biomasses. Delayed harvests also mean increased harvest weights at a time when demand for large fish is very weak. Thus, seabass and seabream aquaculture firms can expect continuing financial pressures as they work to adapt their marketing strategies and product compositions to the new market landscape. On the bright side, however, tight supply is expected to continue into 2021, and prices could rise further if the HORECA sector shows significant recovery.

SEABASS & SEABREAM

Turkey | Exports | Seabass | Fresh Top three destinations

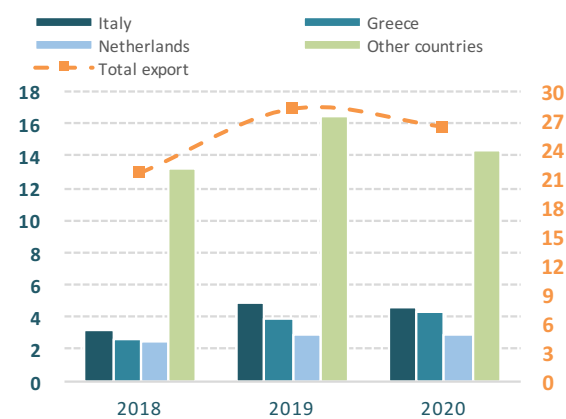
Unit: 1 000 tonnes, January-June



Source: Turkey Statistical Institute

Turkey | Exports | Seabream | Fresh Top three destinations

Unit: 1 000 tonnes, January-June



Source: Turkey Statistical Institute



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Global shrimp prices on the rise

The COVID-19 pandemic reduced overall demand for shrimp in 2020. While international and domestic shrimp markets were characterized by strong retail trade, the foodservice sector encountered huge losses. Lately there has been a big boom in China's catering industry associated with the mid-autumn festival in October. This may lead to the further opening of China's restaurant industry in the coming months.

Supply

The shrimp aquaculture season in Asia was delayed in 2020 due to the COVID-19 outbreak. After the early season's panic harvests in April, pond stockings were delayed in most of the producing countries and resulted in the reduction of actual farming days during the lockdown period. Shrimp farmers also adopted low density aquaculture because of low ex-farm prices that persisted until August 2020.

In India, raw materials were short supplied during April - August 2020 while ex-farm prices remained at record low levels following the sharp contractions in global demand from the foodservice sector. In Viet Nam and Indonesia the supply situation was better. Export processors in those countries focused on value-added products and retail packaging in response to the changes in market demand.

Production in Thailand was low in 2020 compared with 2019 affecting raw material supplies for export processing. Thai farmers were discouraged by the weak ex-farm prices and tumbling tourism. In China, the domestic production also declined in 2020 due to shrimp disease and adverse weather conditions.

Latin America

Since mid-March, farmed shrimp production in Ecuador has slowed down significantly due to the COVID-19 outbreak in the main farming and processing area-Guayaquil, record drops in ex-farm and export prices, and fluctuating import demand from the top market China. To reduce losses, many farmers moved to low density production, causing a supply short fall during July to September 2020. Production has started to recover since October.

Cumulative landings of red shrimp (*Pleoticus muelleri*) in Argentina fell by 27 percent during January - September 2020 compared with the same period in 2019, causing declines in exports and price increases.

International trade

The sector continues to adopt the shifting demand pattern in the international market. Characterized by strong retail demand but significant demand losses in the catering trade (70-80 percent) during April - June 2020, the market maintained some balance as production declined. Although foodservice business improved during the summer months in North America and Europe, in most cases restaurants have had to operate at only 25 to 30 percent capacity following the mandatory social distancing measures. Demand for air travel has also suffered significantly and has yet to recover due to the persistent travel restrictions worldwide.

Despite these limitations, global shrimp trade remained relatively steady with reduced supplies, particularly from Asia during April-August 2020. Nonetheless, imports increased in the two largest markets of China and the United States of America, where retail sales were record high during April - September 2020.

SHRIMP

**World top exporters of shrimp, all types
January - June (1 000 tonnes)**

	2019	2020	% change 2020/19
Ecuador	315.1	356.0	+13.0
India	284.9	256.9	-10.0
Viet Nam-(e)	134.1	131.0	-2.3
Indonesia	94.2	114.8	+21.9
China	74.9	63.7	-14.9
Thailand	76.9	70.3	-8.6
Denmark	41.8	47.2	+12.9

Source: National Data

Note: (e) estimate

**World top importers of shrimp, all type
January - June (1 000 tonnes)**

	2019	2020	% change 2020/19
China	285.9	383.6	+33.6
European Union	364.7	341.6	-6.3
United States of America	301.5	309.7	+2.6
Japan	93.4	89.6	-4.1
Rep. of Korea	37.6	34.8	-7.5
Russian Federation	22.0	24.6	+11.5
Canada	24.3	23.9	-1.6

Source: National Data

Note: ** including estimated imports through border trade with Viet Nam and Myanmar

**China imports/exports of shrimp
January - June (1 000 tonnes)**

	2018	2019	2020
Imports			
Ecuador	27,5	117,1	205,2
India	9,2	60,9	60,4
Argentina	16,2	16,3	17,8
Other countries	47,2	91,6	100,2
Total	100,0	285,9	383,6
Exports			
Japan	14,5	11,6	16,7
United States of America	19,3	13,3	9,9
China, Hong Kong SAR	7,3	6,2	5,8
Other countries	51,6	46,5	33,1
Total	92,7	77,7	65,6

Source: China Customs, estimates

**European Union imports/exports of shrimp
January - June (1 000 tonnes)**

	2018	2019	2020
Imports			
Ecuador	49,6	47,7	48,7
Greenland	27,9	30,6	35,7
India	33,3	31,8	31,8
Other countries	259,9	254,5	225,4
Total	370,7	364,7	341,6
Exports			
Germany	18,6	20,9	20,8
France	15,5	14,1	14,0
China	6,5	7,2	14,0
Other countries	117,6	117,7	104,5
Total	158,2	159,9	153,4

Source: TDM



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**India exports of shrimp
January - June (1 000 tonnes)**

	2018	2019	2020
Exports			
United States of America	105.8	116.7	102.8
China	13.9	64.9	58.3
Japan	12.8	13.9	18.3
Other countries	161.2	89.9	77.6
Total	293.7	285.3	257.0

Source: TDM

Exports

Supplies increased from the top two exporters, Ecuador and Indonesia, during the first half of 2020. Ecuador was supported by record low export prices and increased sales to the United States of America, while Indonesia's exports of processed shrimp grew during the review period. Exports of processed shrimp also increased from other countries, but not from Thailand and China. Cooked frozen shrimp exports were 35 percent higher in both India and Indonesia during the review period compared to the same period in 2019.

Sea-caught shrimp exports from Argentina declined by 16 percent to 45 000 tonnes because of lower catches during the review period.

Imports

China became the top shrimp importer during January-June 2020. Imports increased marginally in the United States of America, but declined in the European Union, Japan, Canada and many more emerging markets worldwide.

Increased demand of processed shrimp characterized US imports during this period, whereas raw head-on and headless shell-on shrimp remained the dominant products in China's imports.

Imports in Viet Nam (for re-exports) had a record decline at only 22 000 tonnes, 75 percent less compared with January-June 2019. This decline came from significant and continued control by the Chinese authorities of unreported imports from this country.

European Union

Affected by the COVID-19 crisis, shrimp consumption was weak in Europe during the first half of 2020. Unlike the United States of America and China, retail demand remained low in the European Union, while purchase by restaurants, where most of shrimp consumption generally takes place, shrunk significantly until June. During the first half of 2020, shrimp imports in the European Union were 6.3 percent lower at 341 651 tonnes including 70 000 tonnes of processed products (-10.6 percent).

However, during the summer months, shrimp demand improved in the Northern European markets supported by increased sales in the restaurant trade. Many people stayed home during summer holidays and opted to dine in local restaurants.

China

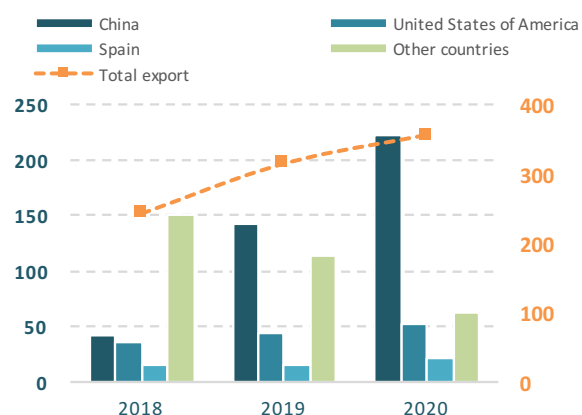
Home consumption of shrimp remained good in China throughout April - September 2020. Domestic inventory that had built up during the early lockdown period (January - April), started to decline from May with the easing of the lockdown. Monthly imports peaked in June at 80 000 tonnes, resulting in cumulative imports of 382 000 tonnes during the first half of 2020. Ecuador had a 53.7 percent share in these supplies. The temporary export suspension of three Ecuadorian shrimp companies to China caused sharp declines in imports during July and August 2020 from this source. However, according to the Ministry of Production, Foreign Trade, Investment and Fisheries in Ecuador, exports of shrimps to China are back to normal now. Imports also increased from most other sources to China during January-June 2020 but declined from India.

SHRIMP

Ecuador | Exports | Shrimp

Top three destinations

Unit: 1 000 tonnes, January-June

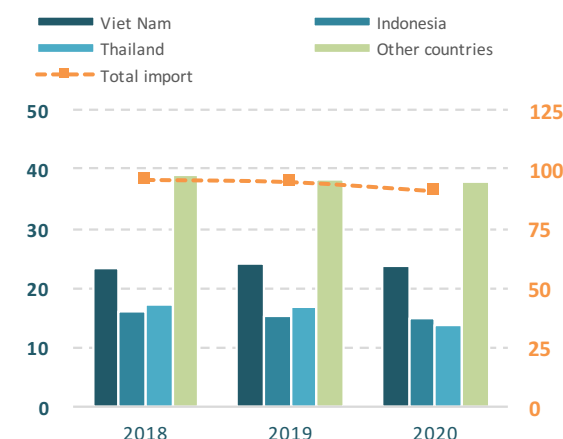


Source: EuroStat

Japan | Imports | Shrimp

Top three origins

Unit: 1 000 tonnes, January-June

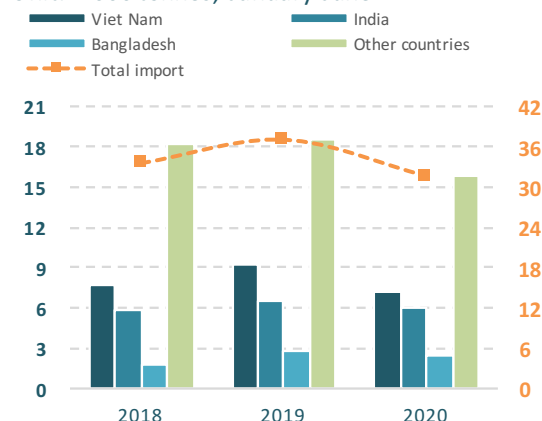


Source: Japanese Ministry of Finance

United Kingdom | Imports | Shrimp

Top three origins

Unit: 1 000 tonnes, January-June



Source: EuroStat

United States of America | Imports | Shrimp

Top three origins

Unit: 1 000 tonnes, January-June



Source: US-NMFS

Cumulative Chinese imports of shrimp from January to August 2020 were 13.4 percent higher than the same period in 2019.

United States of America

The US foodservice sector, that takes the lion share of shrimp sales (75 percent) during normal years, suffered 70 to 80 percent declines in revenue during April to May 2020 due to COVID-19. During the summer period, shrimp sales increased as many restaurants across the United States of America switched to take-away and delivery services. However, in-dining is only operating at 25 percent capacity due to social distancing rules.

SHRIMP

Retail sales of shrimp have been very strong this year and may increase to 30 to 35 percent of total shrimp sales, compared with 25 percent of normal years. Nonetheless, the increase in retail sales of shrimp was not enough to compensate for the shortfalls in the catering trade. The fall in average disposable income attributed to increased unemployment and economic insecurity also curbed shrimp demand in the US market.

From January to June 2020, total US imports increased marginally (+2.6 percent) due to the falling demand of raw products. In particular, there was lower consumer demand for peeled shrimp that is generally used in restaurants. Imports of processed shrimp increased by 13 percent to 73 000 tonnes in comparison to the same period of 2019.

Total shrimp imports increased by 6.5 percent during January to August 2020 indicating a steady demand trend in the US market during summer months.

Japan

Consumer demand for shrimp in Japan remained dull during the high consumption periods of April to May and also in the summer months. Even at low international prices, half-yearly imports in 2020 fell by 4 percent at nearly 90 000 tonnes compared to 93 400 tonnes recorded in 2019. The negative trend also persisted during January to August 2020 with imports falling by 3.7 percent to 128 215 tonnes.

Asia/Pacific and others

With movement control and social distancing measures in place, shrimp imports declined in many regional markets. During the first half of 2020, the Republic of Korea, Hong Kong SAR, Singapore, Australia and New Zealand all reported declines in imports.

On the contrary, in India, on-line domestic sales of fresh and frozen shrimp increased significantly in many large cities. The trend was similar in Thailand and Malaysia.

Prices

Shrimp prices in the international trade were low until August 2020. Ecuador was the worst hit country where prices crashed to record low levels in July following the partial import ban from China. However, from September onwards prices began to recover. This trend may continue until January 2021.

Outlook

The late seeding of ponds in 2020 will result in low to moderate supplies until the end of the year particularly in areas not affected by winter (Indonesia, Malaysia, southern Thailand, Andhra and Tamil Nadu states in India). However, the low season will persist from November to February in China, eastern parts of India, Viet Nam, Thailand, Myanmar, and Bangladesh. Farmed shrimp production in Asia is forecast to be 15 to 20 percent lower in 2020 than in 2019.

In China, the mid-autumn festival and the National Day holiday in October gave a big boost to the shrimp market when outdoor eating increased significantly. With COVID-19 still raging in the United States of America and Europe, many Chinese consumers have opted to travel domestically. Inventories of frozen shrimp in China have declined which will support imports in the coming months.

SHRIMP

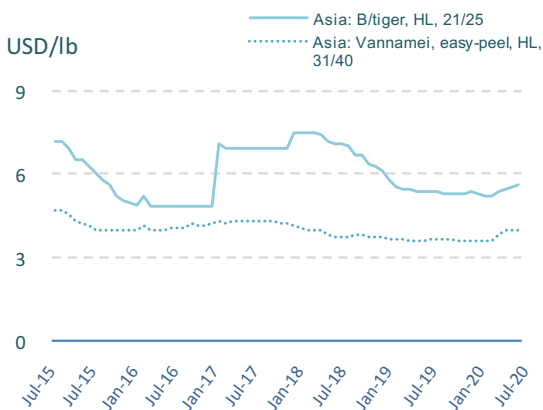


©pixabay/jackmac34

Prices

Shrimp: United States of America

USD/lb



FROZEN SHRIMP, USA (ex-warehouse NY, US\$/lb)

Source: INFOFISH Trade News

Increased US imports during the third quarter of the year will allow for sufficient stocks for year-end consumption. Meanwhile, restaurant sales will likely slowdown in winter months. The consumption trend will be similar in Europe and in Japan with some improvement in demand expected during the Christmas/New year period.

From September 2020, ex-farm prices bottomed out for Asian and Ecuadorian shrimp. The seasonal short supplies in Asia and expected good demand from China until the 2021 Lunar New Year will lead to price increases. As China lifted bans on Ecuadorian shrimp, Chinese imports from this country will likely go up in coming months.

Meanwhile the e-commerce and home delivery of shrimp in importing and producing countries has opened up new marketing and sales opportunities worldwide. This trend will continue in the long run.

SMALL PELAGICS

GLOBEFISH HIGHLIGHTS

ICES quota advice for 2021: herring up, mackerel down

ICES has announced their revised advice for the 2021 quotas for the northeast Atlantic, and suggests a 24 percent increase in the herring quota and an 8 percent cut in the mackerel quota. Demand for frozen pelagics is good, partly as a result of the COVID-19 pandemic, as consumers are buying frozen fish to secure supplies during difficult times.

Mackerel

The International Council for the Exploration of the Sea (ICES) has published its advice for the 2021 season for pelagic species in the northeast Atlantic. For mackerel, ICES proposed an 8 percent reduction in quotas to 852 284 tonnes. In 2020, total allowable catches (TAC) for mackerel in this area amounted to 1.1 million tonnes, as a result of unilateral quotas set by some countries, in addition to the negotiated quotas.

Mackerel fishing in Norwegian waters was hampered by bad weather at the end of September. Very strong winds kept the fleet tied up in port. For September as a whole, only 3 300 tonnes were landed, compared to 139 000 tonnes landed during September 2015, which was a record month.

At the end of September, Norwegian vessels landed the first “winter mackerel”. The fish was caught east of Shetland, but the quality was not very good.

At the same time, Iceland wrapped up its mackerel season. The quota for Iceland was 148 400 tonnes, but at the close of the fishery, 18 900 tonnes remained of the quota. Fishers judged the season to be good, though. The landed catch was moderately higher compared to the 2019 season, when 125 500 tonnes were landed.

An international survey of the northeast Atlantic, which was completed in early August, showed that record levels of mackerel were found. The survey was performed by six research vessels from Norway, Iceland, the Faroe Islands, Greenland and Denmark. The survey's stock index for mackerel was 7 percent higher than in 2019. While mackerel was not found in Greenlandic waters, and a strong reduction was registered for Icelandic waters, the survey found more mackerel than for several years in central and northern parts of the Norwegian Sea.

Inventories of mackerel in North Atlantic fishing nations are relatively low, and at the same time demand is good in major markets. Consequently, prices are high, although not as high as last year. In the autumn of 2019, first-hand mackerel prices to Norwegian fishermen peaked at NOK 16.00 per kg. Later, prices dropped to around NOK 13.00 per kg, which is still reasonably good. Observers now expect prices to stay around that level throughout the year. Demand for frozen mackerel is good, partly due to the COVID-19 pandemic, as consumers have been buying more frozen fish.

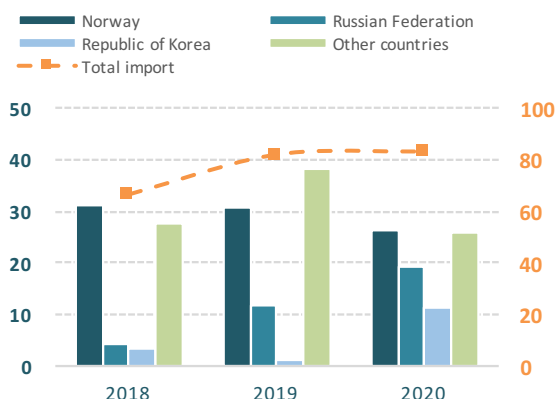
At the Marine Sustainability Conference organized by the National Fisheries Society in Peru in July 2020, scientists stated that there has been an increase in the biomass of jack mackerel, evidenced also by higher catches by the Peruvian fishing fleet. Information provided by Peruvian Maritime Institute of Peru (IMARPE) also supported this, pointing out that over the past two years, the jack mackerel population along the coast of Peru has increased.

Norwegian exports of frozen whole mackerel during the first half of 2020 increased by an impressive 46.1 percent compared to the same period last year, to 115 883 tonnes. Exports to the main markets, China and the Republic of Korea, increased by 8.2 and 10.4 percent only, (to 16 161 tonnes and 12 590 tonnes, respectively) while exports to Japan went up by 45.4 percent (to 11 536 tonnes) and to other countries by 67.8 percent to 19 204 tonnes.

SMALL PELAGICS

China | Imports | Mackerel | Frozen whole Top three origins

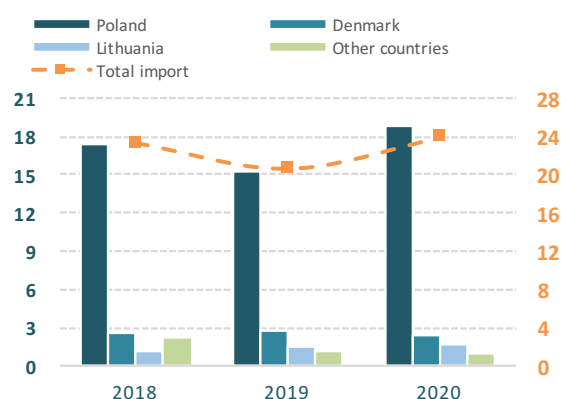
Unit: 1 000 tonnes, January-June



Source: China Customs, estimates

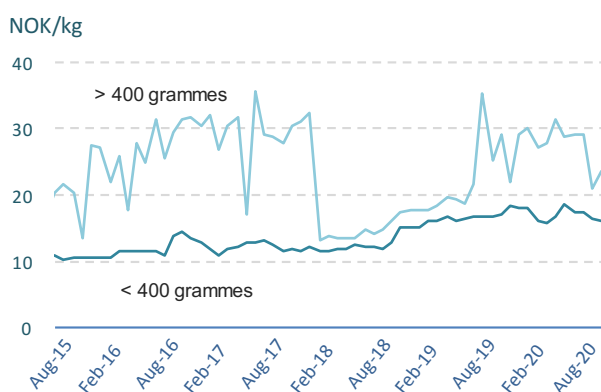
Germany | Imports | Herring | Prepared/preserved Top three origins

Unit: 1 000 tonnes, January-June



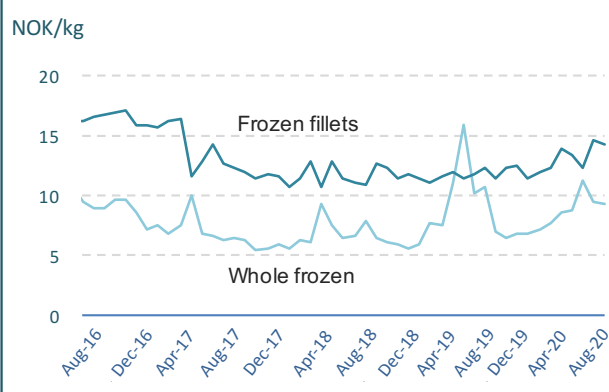
Source: Eurostat

Export prices Mackerel: Norway



Source: Norwegian Seafood Council

Export prices Frozen herring: Norway



Source: Norwegian Seafood Council

China's imports of whole frozen mackerel during the first half of 2020 stayed more or less on par with the same period in 2019 at 83 000 tonnes. However, there were some major shifts among the suppliers. The Russian Federation increased shipments to China by 66 percent.

Herring

The new catch advice by ICES for the northeast Atlantic pelagic species for 2021 includes a 24 percent increase of the herring quotas, from 525 594 tonnes in 2020 to 650 033 tonnes in 2021. Since several countries set their own unilateral quotas, the total for 2020 amounted to 693 915 tonnes.

SMALL PELAGICS



Norway exports of frozen whole small pelagics January - June (1 000 tonnes)

	2018	2019	2020
Mackerel			
China	9.3	14.9	16.2
Republic of Korea	8.0	11.4	12.6
Japan	10.2	7.9	11.5
Other countries	48.8	45.0	75.6
Total	76.3	79.3	115.9
Herring			
Egypt	14.0	26.1	25.7
Netherlands	8.2	8.9	10.3
Lithuania	10.3	12.7	10.2
Other countries	34.7	37.1	28.9
Total	67.2	84.8	75.0

Source: TDM

By the middle of September, the Norwegian North Sea fishery for herring roe was coming to an end. By mid-September 40 000 tonnes of roe herring had been caught. Demand for herring roe has been extremely good in 2020, as have prices. This is mainly due to the fact that no capelin has been caught in Iceland or Norway this year, and therefore no capelin roe has been produced, and herring roe is the preferred substitute.

The North Sea winter herring fishery for other purposes started in week 35 (1 September). Landings of North Sea herring have been declining since 2018, but at the same time, prices have gone up substantially. First-hand prices averaged NOK 5.43 per kg in 2019, but in 2020 they have increased to NOK 6.42 per kg.

Norwegian exports of whole frozen herring declined during the first 6 months of 2020 by 11.5 percent to 75 027 tonnes. While exports to the largest market, Egypt, declined by 1.7 percent, exports to the second largest market, the Netherlands, went up by 15.7 percent.

Russian exports of whole frozen herring declined by 16.4 percent during the first half of the year, to 69 874 tonnes. The largest market was China, which took 57 338 tonnes or 82 percent of the total. The Republic of Korea imported 62 percent less Russian herring during this period, while the Ukraine increased imports from the Russian Federation by 4.2 percent.

Germany's imports of prepared or preserved herring increased by 15.7 percent during the first half of 2020. The largest supplier, Poland, increased shipments by 23.3 percent to 18 730 tonnes or almost 79 percent of the total. The second largest supplier, Denmark, registered a decline of 8.3 percent in shipments during this period compared to the same period in 2019.

Anchovy/Sardines

The US Pacific Fishery Management Council (PFMC) in September voted to support a re-building plan for the northern Pacific sardine fishery. The plan includes an option to keep the maximum

SMALL PELAGICS

quota at 4 000 tonnes per year, or to move it up or down depending on the biomass. The decision was welcomed by the commercial harvesters, who feared that a stricter alternative favoured by conservationists would be approved. Further cuts in the quota, as favoured by the conservationists, could have put a number of companies out of business. The Pacific sardine fishery has a long history on the US west coast, and production of canned sardines in this region have been going on for more than a century.

Peru's Production Ministry (PRODUCE) in early August opened the anchovy fishery season for the south region, with a capture limit of 435 000 tonnes. The anchovy fishery in Peru is divided into a north-central and a south zone, and these have different capture limits and seasons. The north-central fishery closed on 15 August after a very successful season, landing almost 100 percent of the 2.41 million tonne capture limit. The south region season will run through 31 December 2020.

The European Union's imports of frozen sardines from Morocco appears to be more or less on par with imports in 2019. A total of 20 627 tonnes were imported from 1 January through 6 September, an increase of almost 1 percent compared to the same period of 2019. The average import value increased by 20 percent in September.

Outlook

Supplies of herring will increase in 2021, while supplies of mackerel might decline a little. ICES's advice is clear, but it is not the final word. Normally, the final quotas tend to be higher than what ICES suggests.

Mackerel prices are likely to rise further, while herring prices will most likely remain stable or perhaps decline a little. Demand for both species is good.

Herring roe is in very good demand because of the lack of capelin roe on the market. As capelin fisheries are banned both in Norway and Iceland for 2021, no capelin roe is likely to enter the market next year, thus herring roe is in great demand, and prices are high.



Emerging producers set to increase market share at Asia's expense

The tilapia market has been relatively well equipped to weather the COVID-19 pandemic due to the species affordability and its suitability for prepared and preserved retail products. In China, however, labour issues due to pandemic restrictions and a sluggish domestic market recovery will see production drop this.

Production

Production forecasts presented at the Global Outlook for Aquaculture Leadership (GOAL) conference in October put the total farmed tilapia harvest in 2020 at around 6.9 million tonnes, approximately on par with last year. In China, the world's largest producer of tilapia, production is expected to decline by 3 percent to 1.7 million tonnes. The combined impact of sector uncertainty relating to the (now lifted) 25 percent tariff applied to Chinese tilapia imported into the United States of America, the slowdown in processing and farming activities due to COVID-19 restrictions, and a sustained lull in domestic demand are the primary factors behind this decline. Similar declines are predicted for the other large Asian producers, including Indonesia and the Philippines, although a 12 percent increase is expected in Viet Nam. Total Asian production is expected to contract by around 1 percent to 4.55 million tonnes.

Production in the Middle East and North Africa (MENA) will continue to follow a strong upward growth trajectory in 2020, reaching 1.37 million tonnes, up from 1.32 million in 2019. Despite some reoccurring issues with disease outbreaks at farms in some Sub-Saharan producing countries, there has been substantial investment into the tilapia sector in Africa over recent years. A small proportion of production is exported to Europe but the majority is absorbed by domestic markets.

Farmed tilapia output in Latin America is expected to increase somewhat, to 946 500 tonnes in 2020, compared with 930 400 tonnes in 2019. Brazil is by far the largest producer of tilapia in Latin America, with around 70 percent of the total. Brazilian supply is anticipated to expand by 10 000 tonnes. The majority of Brazilian production is destined for the domestic market. Other producers such as Colombia and Honduras focus more on exports of fresh fillets to the United States of America. In Honduras, authorities of the Secretariat of Agriculture and Livestock (SAG) and the Technical Commission of the Tilapia Chain forecast an increase of at least 10 percent in Honduran production of tilapia to 13 800 tonnes for 2020, compared with 12 500 tonnes last year. Honduras is one of the most important suppliers of premium fresh tilapia to the US market. In Ecuador, reports suggest that some shrimp farmers were switching to tilapia due to Chinese partial bans on imports of Ecuadorian shrimp, but this ban was lifted recently, so everybody will concentrate again on the more attractive shrimp farming. Elsewhere, the governments of El Salvador and Panama are both supporting the development of the tilapia farming sector, both for export and for the domestic markets. Local communities need to diversify their sources of income and sales of fresh tilapia present a potentially profitable opportunity.

Markets and trade

A variety of new products and marketing approaches are emerging as tilapia suppliers seek to minimize dependence on foodservice sales and adapt to the new reality which has magnified the importance of retail. Demand for pre-packed and value-added products has reportedly increased. In the United States of America, tilapia sales have been boosted by the increased necessity of home cooking. Tilapia competes strongly in this segment, not only with other seafood products, but also with other animal proteins such as pork, chicken and beef.

TILAPIA

United States of America imports of fresh or chilled tilapia fillets, January - June (1 000 tonnes)

	2018	2019	2020
Fresh or chilled fillets			
Honduras	3.9	3.6	4.0
Colombia	3.4	2.9	3.6
Costa Rica	2.1	2.6	2.1
Other countries	1.8	1.5	1.7
Total	11.2	10.7	11.3

Source: TDM

United States of America imports of frozen tilapia fillets January - June (1 000 tonnes)

	2018	2019	2020
Frozen fillets			
China	45.9	40.9	50.0
Indonesia	3.5	3.4	3.4
Mexico	0.7	1.2	1.0
Other countries	1.3	2.1	1.9
Total	51.4	47.5	56.4

Source: TDM

United States of America imports of frozen whole tilapia January - June (1 000 tonnes)

	2018	2019	2020
Frozen tilapia			
China	9.3	9.3	11.6
Taiwan (Province of China)	3.0	3.9	5.6
Viet Nam	0.8	0.6	0.4
Other countries	0.5	0.9	0.4
Total	13.6	14.7	18.0

Source: TDM



US imports of frozen tilapia fillet from China, the market's most important product type by volume, remained relatively steady during the first half of 2020 despite the setbacks associated with the pandemic. There was minimal disruption in price or supply in the US market due to careful annual planning and an abundance of frozen inventories to make up for shortfalls during the most difficult months of the lockdown.

In the large Brazilian market, while foodservice demand has suffered, households increased their consumption of tilapia as a means of diversifying their protein options during COVID-19 restrictions. With the subsequent return of social activities, this consumption has persisted, contributing to a possible increase in per capita consumption in 2020. Meanwhile, a favourable exchange rate made Brazilian tilapia more competitive in the US market, and Brazilian tilapia exports were up 24 percent to USD 4.7 million in the first half of 2020.

Elsewhere in Latin America, Ecuador's tilapia export industry is struggling following a dramatic drop in sales to the US market. Prices are down and Asian competition is negatively affecting the sector. However, Colombia and Honduras both increased exports to the United States of America, taking advantage of the tariff on Chinese tilapia earlier in the year.

Prices

Following a steep decline that began in mid-2019, wholesale tilapia prices in China picked up in the third quarter of 2020 as the market recovery gathered pace. After hovering at around CNY 7.8 (USD 1.16) for most of the year, as of week 41, prices for 500-800 g whole live tilapia (DAP, Guangdong) were at CNY 8.43 (USD 1.25) per kg, approximately on par with the same week in 2019. Chinese

TILAPIA

China exports of tilapia frozen fillets
January - June (1 000 tonnes)

	2018	2019	2020
Frozen tilapia			
United States	20.1	19.3	3.2
Mexico	8.9	6.6	0.9
Costa Rica	1.2	1.3	0.8
Other countries	19.1	16.4	6.9
Total	49.3	43.6	11.8

Source: TDM

China exports of frozen whole tilapia
January - June (1 000 tonnes)

	2018	2019	2020
Frozen tilapia			
Cote d'Ivoire	13.6	9.8	10.0
Burkina Faso	4.1	4.3	5.9
United States	10.2	10.2	3.3
Other countries	36.3	29.8	21.2
Total	64.3	54.0	40.5

Source: TDM

export prices (FOB) for frozen fillets to the US market were down by around 9 percent in the first half of the year, to USD 3.30 per kg. In Latin America, export prices for fresh tilapia fillets have been stable year-on-year in the first 6 months of 2020, at around USD 6.17 per kg (FOB, Honduras, Colombia and Mexico combined).

Outlook

The new consumer behaviours that have emerged due to the pandemic, such as the preference for pre-packed seafood options and a revived interest in home cooking, are likely to persist for some time. Product innovations and development of home delivery services also represent permanent advances, even after the future recovery from the effects of COVID-19. This is positive for tilapia marketers, and in fact many see this as an important opportunity, particularly Latin American producers who seek to take advantage of the strained US-China trading relationship and some negative consumer perceptions of lower priced frozen Chinese product. However, despite the moderately optimistic outlook, it must be kept in mind that suppliers are nevertheless still subject to the costs and risks resulting from hikes in air freight costs, repeat lockdowns of foodservice and general economic uncertainty.

Global demand for non-canned tuna softened

During July to September 2020, tuna catches worldwide remained low to moderate while skipjack prices increased by 15 to 20 percent compared with 2019. Even so, the canned tuna sector experienced good demand during this difficult pandemic crisis.

Supply

In general, tuna landings were low in the major fishing grounds worldwide during the third quarter of 2020. Catches were poor in the Western and Central Pacific Ocean (WCPO) during the 3-month FAD fishing closure period (July to September). In the Eastern Pacific Ocean (EPO) tuna landings were moderate during the first 72-day 'veda' (fishing ban) from 29 July until 8 October 2020 when 46 percent of the Eastern Pacific fleet was inactive.

Catches in the Indian Ocean were also low during July to August but improved in September with easing raw material supplies to the regional canneries and also for transshipment.

Fishing in the Atlantic Ocean was low to moderate during July to September 2020 causing a material supply shortage for canners in Abidjan.

Raw Material Imports

Increased worldwide demand for canned tuna has kept frozen tuna and cooked loin sales strong but at prices higher than 2019.

During the first 6 months of 2020, Thai imports of frozen skipjack declined by 13.5 percent compared with the same period of 2019, to 208 000 tonnes, indicating good local stocks with canneries. There were higher imports of frozen yellowfin, albacore and cooked frozen loins during this period compared with 2019.

Frozen tuna imports in the Philippines also increased during the review period to 80 115 tonnes (64 350 tonnes in 2019) , of which 74 percent consisted of skipjack due to increased demand from export markets for cooked loins and canned tuna.

Spain imported 146 785 tonnes of tuna raw material, an increase of 13 percent compared to the first 6 months of 2019. This total consisted of nearly 70 000 tonnes of cooked frozen loins and 77 000 tonnes of whole frozen tuna (47 500 tonnes yellowfin and 24 000 tonnes skipjack).

Frozen tuna imports in China during January to June fell from 38 710 tonnes in 2019 to only 14 735 tonnes in 2020. However, industry reports indicated increased purchases of raw fish at high seas by Chinese traders for processing into cooked frozen loins. China's exports of this product to the European Union increased by 45 percent to 37 630 tonnes during the review period.

Fresh and frozen tuna market (non-canned)

Since the COVID-19 outbreak, fresh tuna trade (both exports and imports) remain limited worldwide due to dwindling restaurant sales and limited international flights. Demand for frozen tuna loins was better, but also at lower volumes.

Japan

During the first three quarters of 2020, seafood sales in Japan, including sashimi tuna, declined by 40 - 50 percent due to shrinking business in sushi shops, restaurants, hotels and supermarkets.

TUNA

World top exporters of canned/processed tuna
January - June (1 000 tonnes)

	2018	2019	2020	% change 2020/19
Thailand	240.0	264.4	295.1	+11.6
Ecuador	108.3	113.9	122.2	+7.2
Spain	56.1	54.8	57.7	+5.3
China	46.8	52.9	56.8	+7.3
Indonesia	37.8	44.8	45.7	+2.0
Philippines	38.8	37.3	44.2	+18.7

World top importers of canned/processed tuna
January - June (1 000 tonnes)

	2018	2019	2020	% change 2020/19
European Union	364.8	383.6	437.4	+14.0
United States of America	102.3	104.3	121.3	+16.3
Japan	31.2	30.7	32.9	+7.0
Egypt	20.4	25.5	24.5	-3.7
Saudi Arabia	20.3	26.9	31.1	+15.7
Colombia	17.5	16.1	23.8	+47.7

European Union imports of canned and preserved tuna
January - June (1 000 tonnes)

	2018	2019	2020
Canned/preserved tuna			
Ecuador	65.2	72.5	79.7
Spain	55.4	54.5	66.8
China	16.8	26.2	37.8
Other countries	227.4	230.4	253.1
Total imports	364.8	383.6	437.4

Source: TDM

Thailand exports of prepared and preserved tuna
January - June (1 000 tonnes)

	2018	2019	2020
Prepared/preserved tuna			
United States of America	46.1	47.0	68.9
Egypt	19.4	20.9	28.0
Australia	20.1	18.2	20.4
Other countries	154.5	178.3	177.8
Total imports	240.0	264.4	295.1

Source: TDM

The Japanese market imported only 3 670 tonnes of fresh tuna during January - June 2020 which was nearly 38 percent lower compared with the same period in 2019. Imports of deep frozen tuna loins experienced a decline (-9.6 percent to 29 230 tonnes compared with the same period in 2019). There was a 21 percent rise in frozen tuna imports during this period because of the 62 percent increase in skipjack supplies meant for processing canned tuna and bushi/dried products.

Unlike in previous years, sashimi tuna sales remained dull during the July - August summer holiday season as many Japanese refrained from local travelling and stayed home due to the COVID-19 scare.

United States of America

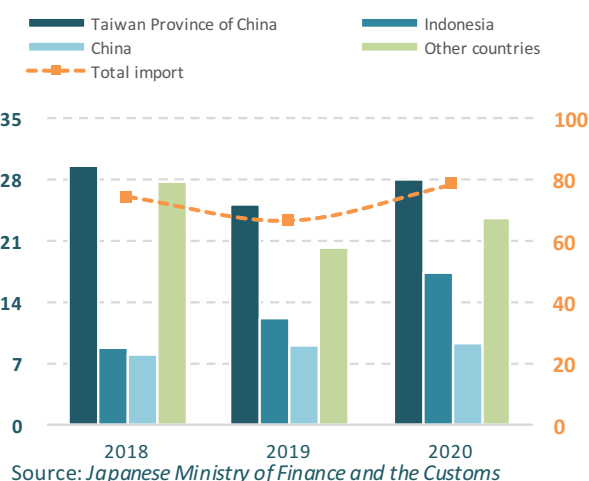
Poor restaurant demand halted growth in the US non-canned tuna market. There was a 19 percent decline in the half-yearly imports of fresh and frozen tuna compared to the same period in 2019. Frozen tuna fillets dominated supplies at 17 225 tonnes, however, there was a 14 percent drop in imports of this product.

Other Markets

Notably, imports of frozen tuna loins remained stable in the European Union with a moderate rise in imports (+5 percent to 17 110 tonnes) during January to June 2020 in comparison with the same period in 2019. Among the top markets, imports increased in France (+12 percent), Italy (+5.0 percent) and Germany (+30 percent), but declined in Spain (-6.0 percent) and in the United Kingdom of Great Britain and Northern Ireland (-5.7 percent).

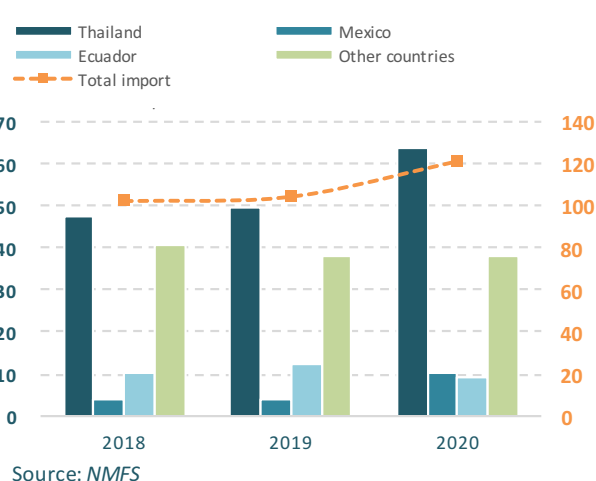
Japan | Imports | Tuna | Frozen whole Top three origins

Unit: 1 000 tonnes, January-June



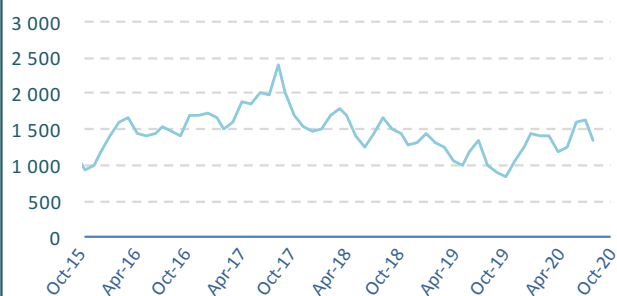
USA | Imports | Tuna | Prepared/preserved Top three origins

Unit: 1 000 tonnes, January-June



Prices Skipjack: Thailand

USD/tonne



1.8Kg lb/pc & up, CFR Bangkok, origin: Western Pacific
Source: INFOFISH Trade News

Frozen loin imports also fell by 28 percent to 1 650 tonnes in the Russian Federation during the review period. Imports in the Republic of Korea were lower by 13 percent at 3 700 tonnes. The weakening trend in Turkey's tourism industry curbed imports by 60 percent to only 180 tonnes during this period.

Canned tuna trade

Household demand for retail packs of canned and other types of processed tuna has been strong in traditional and emerging markets linked with the pandemic crisis in 2020. In comparison, recovery in the foodservice sector has been very slow even during the summer holiday months in North America and Europe.

Import demand for cooked frozen loins also increased from European packers and from Thailand for processing value-added retail packs.

Exports

Increased production of processed tuna and exports continued in all regions during the first 6 months of 2020. Exports increased from Thailand, China, Indonesia, the Philippines, Papua New Guinea, and the Solomon Islands. In Africa, supplies declined from Mauritius and Ghana, but increased from Senegal and Madagascar. Exports were up from Ecuador, Mexico, El-Salvador, Peru, Costa Rica, and Colombia. In Europe, Spain, France, Italy and Portugal all reported increased exports with strong intra-EU trade.

Imports

North and South America

The canned tuna market remains strong in the Americas.

In the United States of America, retail demand for both conventional (tuna in oil, brine) and value-added products (in-pouch, in-cups) has been strong but remains weak in the foodservice sector.

During the first 6 months of 2020, US imports of processed and canned tuna were 16 percent higher compared with the same period in 2019. Import growth rose further during January to August 2020 (+24 percent) against the corresponding period in 2019. The top suppliers were Thailand (+33 percent), Ecuador (-14 percent), Viet Nam (-2.6 percent) and Mexico (significantly high at +196 percent).

In Canada, half-yearly imports of canned tuna in 2020 increased by 28.6 percent to 20 344 tonnes, of which 84 percent was supplied by Thailand.

In South America, canned tuna imports increased in Colombia, Peru, and Chile during the review period, but declined in Brazil (-50 percent to only 734 tonnes) during January to June 2020.

European Union

Home consumption of canned/processed tuna in Europe increased while demand in the hotel, restaurant and catering (HORECA) sector dropped significantly throughout 2020 affecting supplies from some non-member countries to the European Union market. European canners in Spain, Italy, France, and Portugal largely benefited from the rise in retail demand.

Extra-EU imports of this product group (HS 160414) were 300 110 tonnes (+9 percent) during the review period in which 35 percent (105 430 tonnes) were cooked loins. The leading suppliers were China, Ecuador, Indonesia, Papua New Guinea, and the Solomon Islands.

Outside Europe, imports were record high in Switzerland at 5 705 tonnes posting a 49 percent rise in imports during January to June 2020. In the Russian Federation, imports also increased by 18.5 percent to 3 950 tonnes compared with 3 333 tonnes in the same period in 2019. Ukraine registered an 86 percent rise in canned tuna imports during this period.

Asia/Pacific and Others

For Asian canned tuna industries, the Middle East and North Africa (MENA) region remains an important focus for market development. Cumulative imports of canned tuna in this area were estimated to be 130 000 tonnes during January to June 2020, posting a 7 percent decline due to lower imports in Egypt (-4 percent). However, overall regional demand remains positive amidst the pandemic crisis.

In the East Asia and Pacific, canned tuna imports increased in Japan, Australia, Singapore, Malaysia, Taiwan (Province of China) and Sri Lanka during the review period. Domestic consumption also increased in the two large production bases of Thailand and the Philippines.

Prices

Rising demand for canned tuna and relatively lower catches in the major fishing regions pushed frozen skipjack prices 20 percent higher during July to September compared with the same period in 2019. The delivery price of skipjack to Bangkok from the Western Pacific reached USD 1 650 per tonne in September 2020. However, prices came down to USD 1 350 per tonne by mid-October.

In Ecuador, skipjack prices increased to USD 1 850 per tonne in September but softened at USD 1 650 per tonne in October. This price trend makes Ecuador products expensive for European buyers compared to Asian alternatives.

European prices for frozen skipjack remained stable during September - October 2020 but weakened for yellowfin due to lower demand from Spanish canners. Prices of cooked frozen skipjack loins remained steady in Europe.

Outlook

Regular fishing has commenced in the WCPO from 1 October 2020. Moderate catches were also reported in the EPO which may continue until the second “veda” will start on 9 November 2020. Fishing in the Indian Ocean has also improved in October enabling more transshipments from this source. In addition, lower demand particularly for skipjack from Thai canners, are foreseen in the coming months. All these factors are likely to keep skipjack prices under pressure during November - December 2020.

For canned tuna, retail demand will likely remain stable in the United States of America. In terms of the production of consumer packs, European producers will rely more on imported cooked frozen loins. However, for the foodservice sector, the future demand pattern remains uncertain until the COVID-19 crisis subsides.

For the non-canned sector, fresh tuna trade will be limited. Restaurant demand for tuna (sushi and sashimi) is likely to be latent in every market. This may further limit demand for deep frozen bigeye and bluefin loins meant for sashimi and sushi usage, particularly in Japan.

Demand for frozen loins for non-sashimi usage may improve for home consumption in the western markets. In Japan, sashimi tuna consumption may increase during the year-end/New Year high consumption period. Sales will likely pick up for take-away packs rather than for in-dining at restaurants.

FOOD SAFETY ISSUES

GLOBEFISH HIGHLIGHTS

Detentions and Rejections of tuna in Canada, the European Union, Japan and United States of America

The main importing countries of tuna are Japan, the European Union, the United States of America and Thailand. The major producing countries of tuna are Indonesia, the Philippines, and China. The following analysis portrays border rejections of tuna in the European Union, Japan and the United States of America in 2019. Border rejections are categorized by chemical, microbiological, histamine and other risk categories¹.

European Union

In 2019, there were 33 cases of detentions and rejections of tuna in the European Union, representing 13 percent of the total rejections of fishery and aquaculture products at the border; the exact same number as in 2018.

The majority of tuna border rejections were due to “other causes” with 14 cases, followed by histamine (12 cases), chemical (6 cases) and microbiological with only one case recorded due to the presence of *Salmonella*.

Among other causes, the main problems were related to poor temperature control, packaging issues, foreign body and unfit for human consumption.

There was a decrease of rejections due to other causes from 27 in 2018 to 14 in 2019. The only chemical problem detected was mercury content above the maximum limit with six cases. Both chemical and histamine cases increased by threefold when compared to 2018.

**Tuna rejected at the European borders
in 2019 by hazards**

Number cases	
Causes	
Histamine	12
Poor temperature control	10
Mercury	6
Packaging	2
Foreign body	1
<i>Salmonella</i>	1
Unfit for human consumption	1
Total	33

Source: RASSF

Japan

Detentions and rejections of tuna in Japan decreased from 12 in 2018 to 4 cases in 2019, representing 4 percent of the total rejections of fishery and aquaculture products at the border. Border rejections were only due to microbiological issues, in particular to the presence of coliform.

Detentions due to coliforms decreased from five in 2018 to four in 2019.

¹ The “other causes” category includes general issues such as packaging, labelling, improper health certificate and allergens. In general, it refers to all causes not included under chemical, microbiological, histamine and parasite.

FOOD SAFETY ISSUES

Tuna rejected at the Japanese borders in 2019 by hazards

Causes	Number cases
Coliform	4
Total	4

Source: Ministry of Health, Labour and Welfare

United States of America

Tuna detentions and rejections at US borders increased from 246 cases in 2018 to 257 in 2019, representing 20 percent of the total rejections of fishery and aquaculture products at the border. Most rejections were due to other causes, followed by histamine and microbiological causes.

Within the category of other causes, the leading specific cause was “filthy”² in 157 cases, followed by MfrHACCP³ (24 cases), adulteration (7 cases), labelling issues (4 cases) and no process (3 cases). There was an increase in the number of rejections due to other causes from 176 in 2018 to 195 in 2019. Histamine rejections were in 49 cases, with an increase in cases from 12 in 2018.

Among the microbiological issues, there were 13 rejections in 2019 due to the presence of *Listeria monocytogenes* (10 cases) and *Salmonella* (3 cases). In this cause there was a decrease from 57 cases in 2018.

Tuna rejected at the American borders in 2019 by hazards

Causes	Number cases
Filthy	157
Histamine	49
MfrHACCP	24
<i>Listeria monocytogenes</i>	10
Adulteration	7
Labelling	4
No process	3
<i>Salmonella</i>	3
Total	257

Source: FDA

² In the Food and Drug Administration (FDA) Violation Code Translation “filthy” is defined as a condition when “the article appears to consist in whole or in part of a filthy, putrid, or decomposed substance or be otherwise unfit for food.”

³ In the FDA Violation Code Translation MfrHACCP is defined as “product appears to have been prepared, packed, or held under insanitary conditions, or it may be injurious to health, due to failure of the foreign processor to comply with HACCP.”

FOOD SAFETY ISSUES

GLOBEFISH HIGHLIGHTS

Detentions and Rejections of shrimp in the European Union, Japan, and United States of America

According to the latest available trade data from 2018, the main importing countries of shrimp were the European Union, the United States of America, Japan, and China.

The major producing countries of shrimp by value were China, Indonesia and India. This section portrays the border rejections of shrimp in the European Union, Japan and United States of America. Rejections are categorized by chemical, microbiological and other hazard categories¹.

European Union

There were 19 alerts and border rejections of shrimp in the European Union in 2019, representing 7 percent of the total rejections of fishery and aquaculture products at European borders last year. The main cause for alerts and border rejections were due to the “others causes” category with 12 cases, of which 10 were due to poor temperature control and 2 for products being unfit for human consumption. The “other causes” category was followed by chemical reasons, with four cases (three due to nitrofurans and one due to chloramphenicol).

The third cause of alerts and border rejections was due to microbiological issues, in particular two cases of *Listeria monocytogenes* and one case of *Vibrio cholerae*.

It is important to highlight that cases of rejections in shrimp decreased from 29 in 2018 to 19 in 2019.

Shrimp rejected at the European borders
in 2019 by hazards

Number cases	
Causes	
Poor temperature control	10
Nitrofurans	3
<i>Listeria monocytogenes</i>	2
Unfit for human consumption	2
Cloramphenicol	1
<i>Vibrio cholerae</i>	1
Total	19

Source: RASSF

Japan

In 2019, there were 27 cases of border rejections of shrimp in Japan, representing 25 percent of the total rejections of fishery and aquaculture products at the Japanese border in 2019. The main causes of detentions were chemical issues with 15 cases recorded. The second cause of rejections was due to microbiological problems with 11 cases, of which 5 were due to the presence of live bacteria, and 3 cases each due to coliform and *Escherichia coli*. Only one case was recorded under the “other causes” category, due to radiation exposure.

¹ The “other causes” category includes general issues such as packaging, labelling, improper health certificate and allergens. In general, it refers to all causes not included under chemical, microbiological, histamine and parasite.

FOOD SAFETY ISSUES

Shrimp rejected at the Japanese borders in 2019 by hazards

	Number cases
Causes	
Enrofloxacin	6
Furazolidone	5
Live bacteria	5
Coliform	3
<i>Escherichia coli</i>	3
Sulfur dioxide	3
Additives	1
Radiation exposure	1
Total	27

Source: Ministry of Health, Labour and Welfare

United States of America

Shrimp rejections at US borders were 138 in 2019, representing 11 percent of the total detentions of fishery and aquaculture products at the border. Most rejections were due to chemical causes with 65 cases, of which 40 were due to nitrofurans, 21 to residues of veterinary drugs, three to additives, and one to pesticide. The second cause of detentions was due to microbiological issues with 44 cases, of which 43 cases were due to *Salmonella* and one case was due to *Listeria monocytogenes*.

Lastly, 29 cases of rejections were reported under the category “other causes”: 16 cases due to a category called filthy, 8 cases due to another category called MfrHACCP², 4 due to labelling and 1 due to additives. In comparison with the previous year, there was a decrease of shrimp rejections from 147 in 2018 to 138 in 2019.

Shrimp rejected at the American borders in 2019 by hazards

	Number cases
Causes	
<i>Salmonella</i>	43
Nitrofurans	40
Veterinary drugs	21
Filthy	16
MfrHACCP	8
Labelling	4
Additives	3
Allergens	1
<i>Listeria monocytogenes</i>	1
Pesticide	1
Total	138

Source: FDA

² According to FDA, MfrHACCP means that “The product appears to have been prepared, packed, or held under insanitary conditions, or it may be injurious to health, due to failure of the foreign processor to comply with HACCP.”



References:

- For further information you can visit the following website: www.fao.org/in-action/globefish/fishery-information/border-rejections/en/
- Rapid Alert System for Food and Feed (RASFF)
- Ministry of Health, Labour and Welfare (MHLW)
- US Food and Drug Administration (FDA)

REGIONAL HIGHLIGHTS

GLOBEFISH HIGHLIGHTS

Morocco puts the focus on scientific fisheries research



During a videoconference on the theme "Morocco post-COVID-19: how to act to make the blue economy a pillar of growth of Morocco's new development model", the Secretary General of the Ministry of Agriculture and Maritime Fisheries, estimated that MAD 1.15 billion (USD 0.13 billion) have been made available for scientific and technical fisheries research since 2010.

During the period 2010-2020 the Moroccan fisheries production increased by 28 percent in volume and 75 percent in value. In addition, exports increased in value by almost 70 percent.

The Secretary General of the Ministry of Agriculture and Maritime Fisheries believes that the marine sector is equally important as other sectors for economic recovery after COVID-19. The success of a fishing policy cannot be achieved without the conservation and protection of the marine ecosystem through sustainable fisheries management.

The Minister pointed out that the fishing sector has benefited during 10 years from an important investment to strengthen scientific research. Moreover, the sector should support the management measures put in place through the National Halieutis Strategy.

In addition, the development of 19 management plans, including the upgrading of the marketing infrastructures, the improvement of traceability and control of the fisheries, has allowed considerable progress with an important growth potential over the coming years.

REGIONAL HIGHLIGHTS

GLOBEFISH HIGHLIGHTS

Main developments of INFOPESCA during this turbulent year

1. The current situation, derived from the COVID-19 pandemic, has imposed various ways of social distancing that are significantly modifying people's nutritional habits. INFOPESCA and the Pan American Network for Inspection, Quality Control and Technology of Fishery Products (REDPAN), with the collaboration of FAO, conducted a survey to obtain information and draw conclusions on fish consumption habits in South America during the COVID -19 crisis. The survey was distributed through the regional networks that cover a wide variety of initiatives and areas, both in the public and private sector, including fishers, farmers, academics, fish inspectors and consumers. The information collected is intended to provide governments with tools for decision-making and rehabilitation actions for the fisheries sector. The survey was carried out during one month and is now in the analysis stage. The conclusions will be made available soon.
2. Ms Graciela Pereira, Executive Director of INFOPESCA, participated in the Virtual Dialogue of the FAO Committee on Fisheries (COFI) on the Impact of COVID-19 on fisheries and aquaculture in Latin America: effects, good practices and recommendations. The presentation included a diagnosis of the region, with good practices (protocols and contingency plans), and specific needs of each country.
3. The Korean Maritime Institute (KMI) commissioned INFOPESCA to carry out a regional report on the fishing industry in South America: current status, problems, laws and regulations. The work was implemented during the first semester of 2020. Based on this information, the 2020 Korea-Latin America Fisheries Forum (KOLAFF) "International Cooperation Between Korea and Latin America for Sustainability" was held in September with representatives from several countries of the region (Latin America and the Caribbean), the Republic of Korea, INFOPESCA and FAO. The main themes of the Forum were discussions on regional fisheries management, the resources survey, safety on fishing vessels, control over IUU fishing and role of regional Fisheries bodies (RFBs). Representatives of the region are looking forward to strengthening the relationship with the Republic of Korea and to receive financial and technical assistance.

REGIONAL HIGHLIGHTS

GLOBEFISH HIGHLIGHTS

INFOFISH Tuna fisheries in the Pacific amidst COVID-19 webinar



For the past few months, INFOFISH has been organizing a series of webinars relating to different aspects of Tuna fishery such as global trade and markets, certification and technology, and the conclusion of the recent Tuna 2021 virtual prelude, which is a lead up to the Tuna 2021 conference.

INFOFISH also organized a special webinar focusing on **Tuna fisheries in the Pacific amidst COVID-19** on 25 November 2020. Considering that the vast majority of tuna consumed around the world is caught in the Western and Central Pacific Ocean region, the impact of the COVID-19 pandemic in this region needed to be addressed, as well as engaging Frontliners from the Pacific Tuna industry

For any information regarding the program and registration, click on the following link:
<http://infofish.org/Webinar/index.php/tuna-fisheries-in-the-pacific-amidst-covid-19>

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