The market situation for tilapia in Europe

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Overview

- Did our predictions in 2010 come true?
- The whitefish market – a complex picture
- Seafood distribution
- Import requirements
- European tilapia market
- Future developments
- Conclusions and recommendations

Tilapia Conference 2010: Outlook & Conclusion

- European imports of tilapia will increase sharply
- Strong competition from Pangasius and other whitefish species
- Tilapia prices on the European market will fall
- Product differentiation will be important
- Production in Europe will supply local restaurant markets

Tilapia 2010 Conclusions:
I was wrong on most counts

- Very little growth on the European market
- Very little product development and differentiation
- Almost no local production of tilapia
- …but pangasius gave tilapia very strong competttion

Why were we wrong?

The whitefish market

- Traditional whitefish species (cod, saithe, haddock etc)
- Pangasius and catfish
- Seabass and seabream
- Barramundi (Asian seabass)
- Nile perch
- Cobia
- Tilapia

The whitefish market

- The luxury market:
- The home gourmet market
- The home nutrition market
- The institutional market
- The fast-food market

The whitefish market

- The luxury market
- The home gourmet market

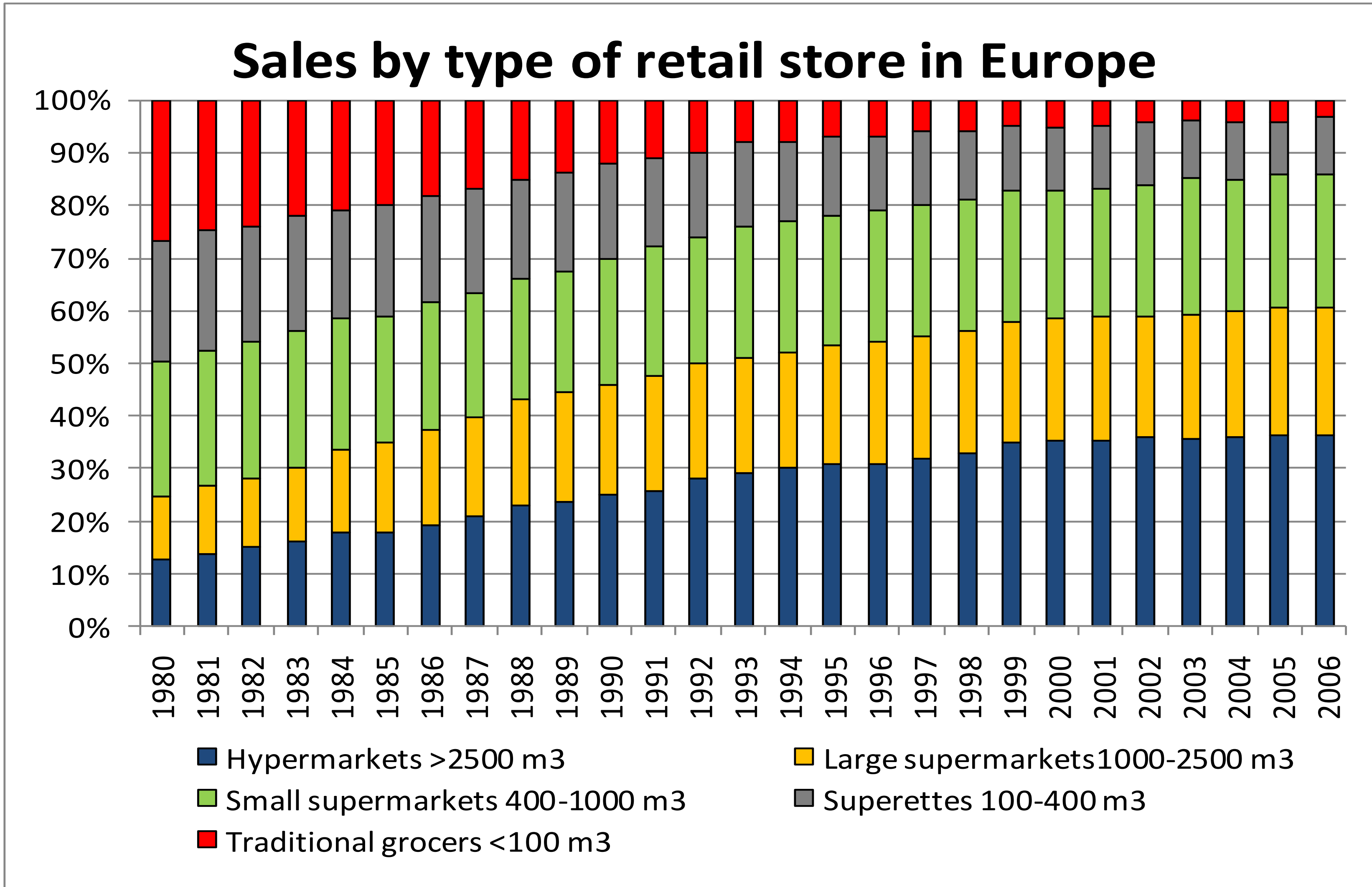
The whitefish market (cont'd.)

- The home week-day market
- The institutional market
- The fastfood market

International distribution

- **USA:** Top 20 retailer – 52 per cent of food sales
- **SPAIN:** Retail chains – 43 per cent of fish sales
- **GERMANY:** Retail chains – 82 per cent of fish sales
- **UK:** Retail chains – 60 per cent of fresh seafood sales

Sales by type of retail store in Europe



EU import requirements

- Compliance with EU Food Law and traceability
- Health control
- Contaminants
- Labelling

- More information: www.cbi.eu

Requirements of the distributors/supermarket chains

Findus Group

a passion for food

Policies

Ten Principles for Responsible Fish Procurement

Second Edition

MAY 2010

1. Legality

We take all reasonable precautions to ensure that we do not purchase fish which has been caught, landed or farmed illegally. We will deal only with suppliers who operate in an open and responsible manner and are able to demonstrate compliance with all the relevant national and international regulations. We will make every effort to investigate and ensure the legality of our supply chain.

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2. Objective assessment

We base our fish procurement decisions on unique formal selection criteria which clearly define and apply our understanding of 'responsible' procurement. We acknowledge that the status of aquatic eco-systems is dynamic and often poorly understood. We are conscious of the continuing development of scientific understanding and the flux of authoritative opinion and will regularly review our selection criteria and policy positions to ensure that we make decisions based on the most current information available.

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3. Communication

We operate a policy of transparency and aim to communicate openly in support of the consumer's right of choice. We will supply information that enables people to make informed purchasing decisions about our products – both on pack and through our website. We will provide information about the origin of the fish used, and use relevant eco-labelling to highlight those sourced from independently-certified sustainable fisheries and responsible fish farming operations.

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4. Promotion

As a major player in the marketplace we will use our influence to actively promote the principles of responsibly sourced seafood to consumers, and to communicate the benefits of such an approach. In doing this we will also seek to make optimum use of certified sustainable species in our portfolio, bearing in mind the changing nature of such schemes and the market availability of certified sustainable species.

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5. Continuous improvement

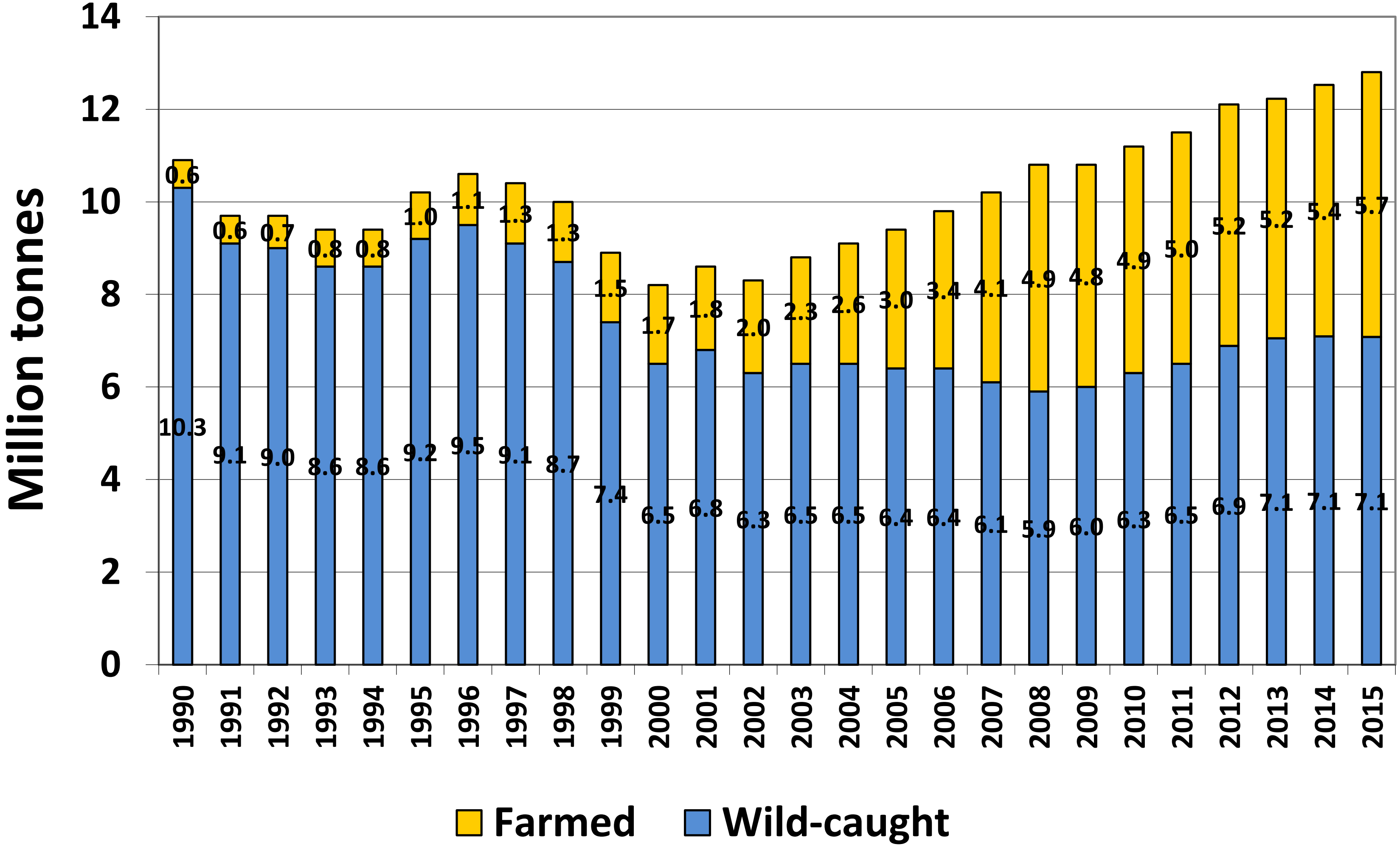
We understand the need for continuous environmental improvement in both wild capture fisheries and the aquaculture industry. We develop trading relationships only with suppliers who demonstrate an active awareness of the environmental impacts of their operations.

Also we actively encourage our suppliers to strive for improvement in the application of best practice and the implementation of new technologies to progressively minimise any environmental impacts of commercial fishing and fish farming.

Distributors' requirements

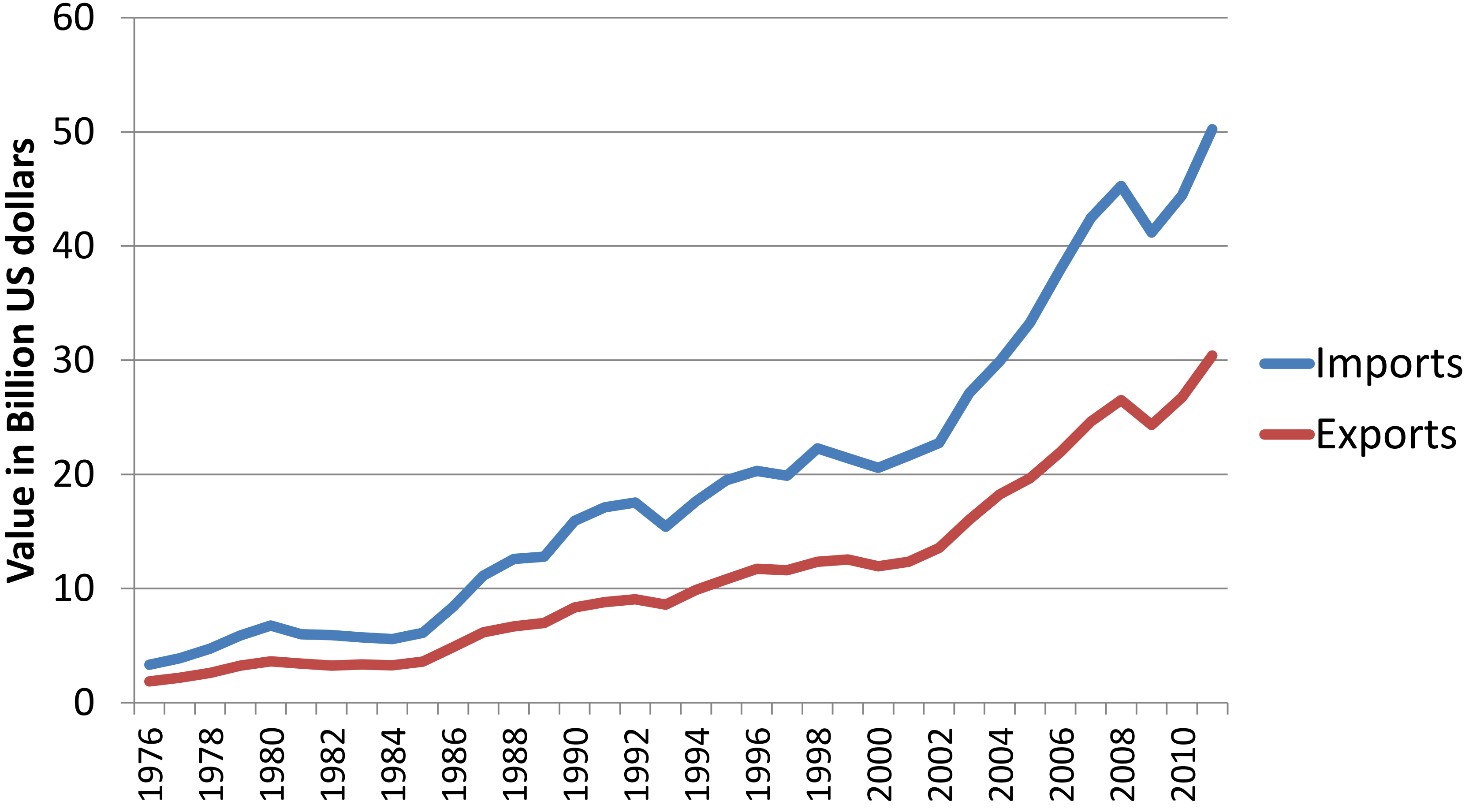
- Sustainability
- Traceability
- Ethics
- Environment
- Legality
- Transparency
- Responsible

Supplies of some major species
Wild-caught vs farmed



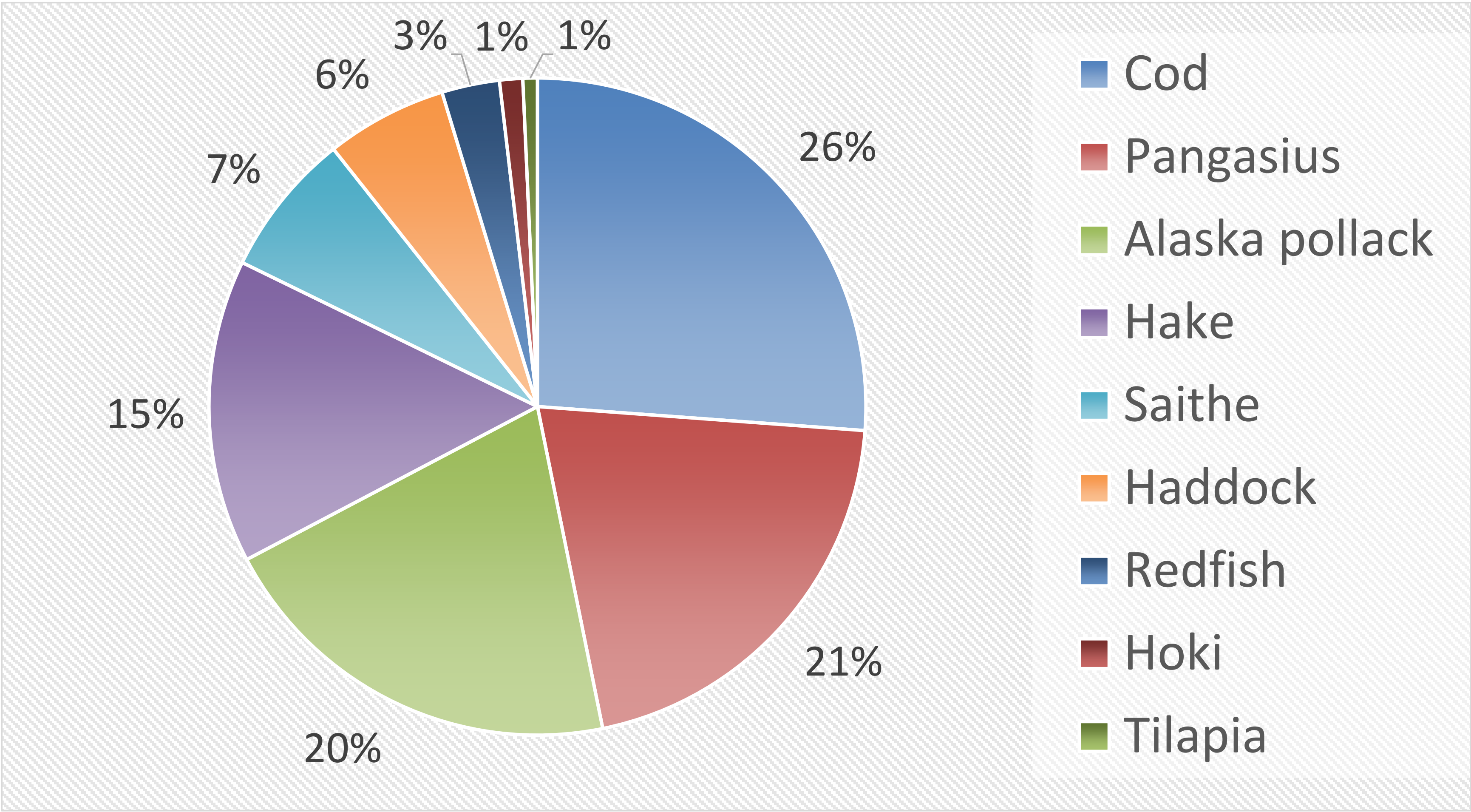
Source: FAO Fishstat and Groundfish Forum 2009 - 2014

EU imports and exports of seafood



Source: FAO Fishstat

The EU whitefish market by species



The European market for tilapia

- Growth has been slow
- Strong competition from other whitefish (cod, seabass, seabream, pangasius)
- Awakening interest from the major supermarket chains and distributors
- Very strict requirements from the distributors
- Lack of interest from tilapia producers
- Consumer confusion

EU imports of tilapia

Volume in tonnes. Source: Eurostat

Origin	2012	2013	2014	% of total
China	24 446	28 616	21 148	67.9 %
Vietnam	392	1 683	4 691	15.1 %
Indonesia	1 687	2 462	2 622	8.4 %
Thailand	1 768	609	2 129	6.8 %
Taiwan	25	141	181	0.6 %
India	120	98	172	0.6 %
Others	778	307	185	0.6 %
TOTAL	**29 216**	**33 916**	**31 128**	**100.0 %**

EU tilapia import developments 2010 - 2014

- Slower import growth
- China losing market share: from 88% in 2010 to 72% in 2014
- South East Asia increasing market share: from less than 15% in 2010 to 31% in 2014
- Growing interest also in the rest of Europe

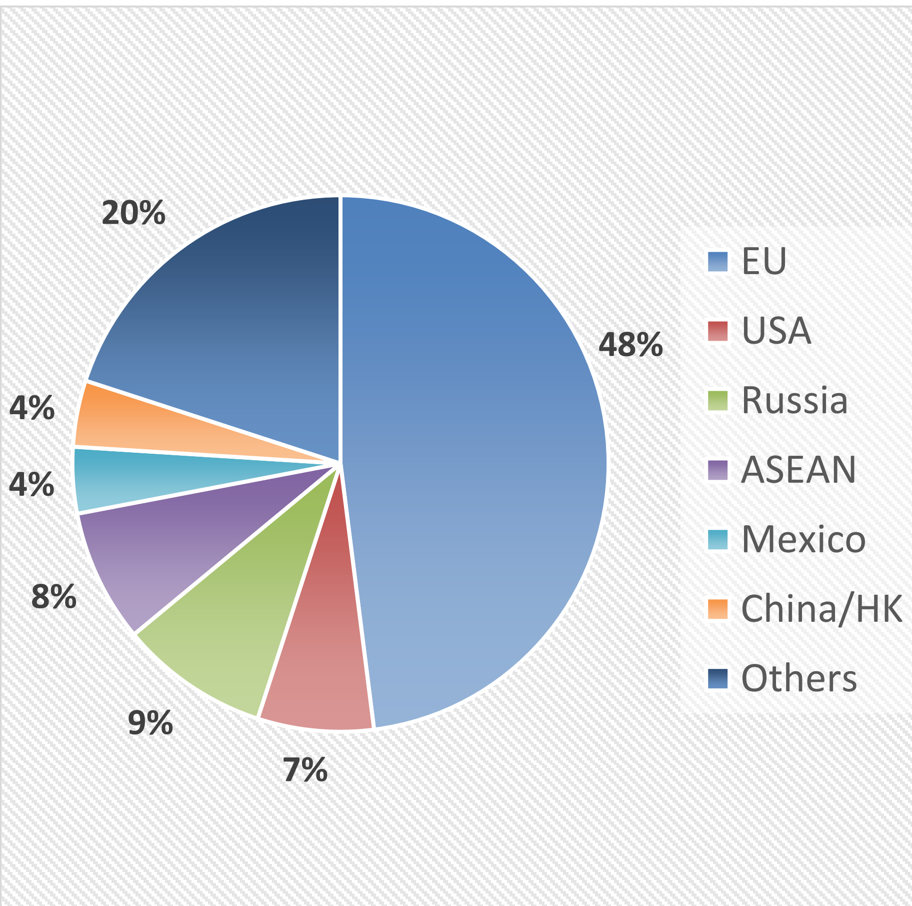
Why has the European tilapia market not developed?

- The European market has not been as attractive as the USA in terms of volume and price
- Major producers are far away – high transport costs
- Tilapia is not expected to compete well against cod, hake etc in Europe
- Tilapia is sold mainly through supermarkets, where price is a major factor
- Pangasius was there first

Pangasius developments in 2014
Vietnamese exports by destination

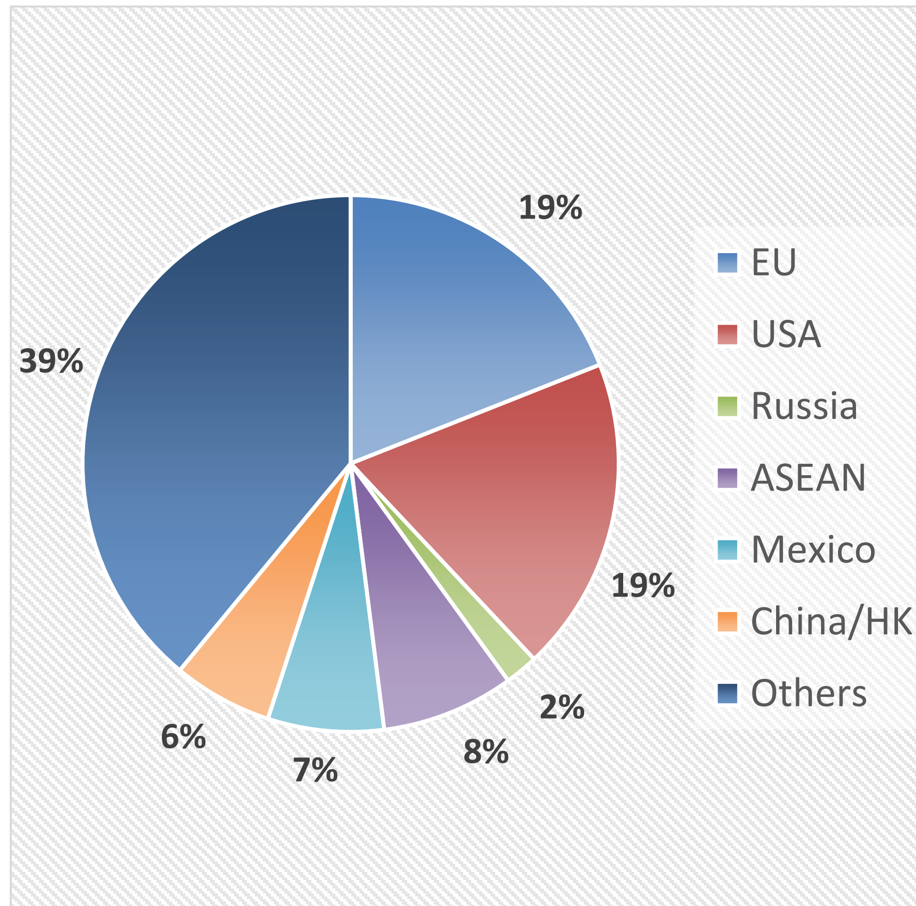
2007

Export value: US$ 980 mill.

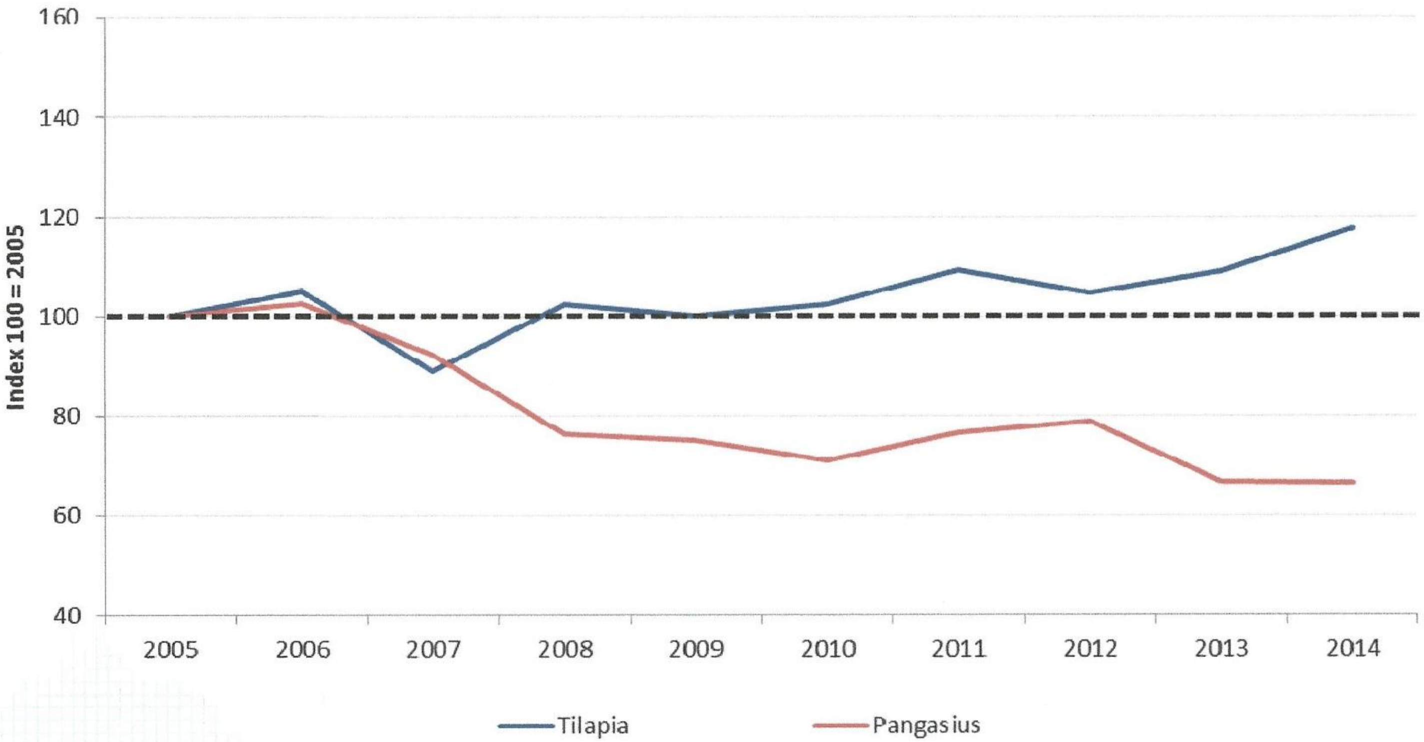


2014

Export value: US$ 1,770 mill.



Comparison – Price development 2005 – 2014; Tilapia & Pangasius



** Indexed Real prices, EUR/Kilo-basis – with 2005 as reference-point*

The European market
- the future

- At least two distinct markets will develop:
  - The mass market which will be served by cheap, Chinese fillets and round fish.
  - The upper end market which will be served with larger, thicker and higher quality fillets and prepared products.
- The high quality producers will need to distinguish their product from the cheap product.

Product differentiation

Outlook

- European imports of tilapia will probably increase, but when and how much?
- Tilapia prices on the European market will remain stable
- Production in Europe will <u>not</u> develop
- Product differentiation will be important
- Strong competition from Pangasius and other whitefish species will continue

Conclusions

- Europe has developed very slowly…
- … although there are some signs that it may now grow a little
- Prices are low and will remain so
- Competition from other species is strong

➢ **My advice: Focus on other markets where prices are better!**

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