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E U M O F A

European Market Observatory for Fisheries and Aquaculture Products

July 2013 MONTHLY HIGHLIGHTS

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This month's highlights focus on first-sales data for ten commodity groups from nine Member States. Denmark, Portugal, and Sweden experienced increases in both first-sales value and volume. Greece and the UK saw increases in value and decreases in volume. Latvia registered the greatest decreases in both value and volume.

First sales of picarel and sardine in Greece and scallop and monk in the UK receive special emphasis in this issue.

On 1 July 2013, Croatia officially became the EU's 28th Member State. Croatia has a coastline of 5.835 km and more than 1.000 islands, and Croatia's fisheries and aquaculture are an essential source of year-round income for the local communities. The country is a net exporter of fish and seafood products, and more than 40% of its export value is absorbed by the EU, particularly Italy. Despite having increased over the past years, the yearly per capita consumption of fish and seafood (ca. 9,0 kg) is significantly lower than other Mediterranean countries.

Retail prices of fresh cod fillets in Belgium, France, Sweden, and the UK vary between ca. 12,0 and 15,0 EUR/kg. Price convergence is observed. Prices in Belgium are fairly stable while they register large fluctuations in Sweden.

French and Greek fresh seabass retail prices differ significantly, for both farmed and wild species.

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1. First sales in the EU

In May 2013, nine Member States (MS) reported first-sales data for ten commodity groups.¹

Since the previous month, first sales increased in both value and volume for three of the reporting countries, Denmark, Portugal, and Sweden. The most significant increase was observed in Denmark, while Greece and

the UK experienced moderate increases in value and decreases in volume. France and Lithuania saw decreases in both value and volume, and Latvia experienced the highest decrease in volume (-25%).

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

| MS | May 2011 | | May 2012 | | April 2013 | | May 2013 | |
|-----------------|----------|--------|----------|--------|------------|--------|----------|--------|
| | Value | Volume | Value | Volume | Value | Volume | Value | Volume |
| BE | 3,14 | 590 | 2,89 | 598 | 3,79 | 729 | 2,27 | 529 |
| DK | 23,59 | 15.553 | 23,34 | 16.394 | 15,84 | 12.116 | 18,95 | 14.177 |
| EL ² | 3,64 | 1.170 | 3,35 | 1.245 | 3,64 | 1.337 | 3,66 | 1.325 |
| FR | 52,24 | 16.900 | 51,54 | 16.446 | 48,62 | 15.178 | 48,24 | 14.870 |
| LT | 0,26 | 192 | 0,58 | 568 | 0,20 | 208 | 0,19 | 177 |
| LV | n/a | n/a | 0,95 | 3.307 | 1,73 | 6.099 | 1,26 | 4.602 |
| PT | n/a | n/a | 16,10 | 9.927 | 13,27 | 7.545 | 13,78 | 9.238 |
| SE | n/a | n/a | 8,78 | 7.681 | 7,32 | 10.168 | 7,85 | 10.745 |
| UK | 39,39 | 20.346 | 53,46 | 24.035 | 31,21 | 17.074 | 32,79 | 16.471 |

Source: EUMOFA (updated 11.07.2013); volume data is reported in net weight.



1.1. GREECE

The fishing sector in Greece depends on both coastal and offshore fishing, although the latter only started to develop on a large scale in the 1980s. The Aegean and the Ionian seas are the main fishing areas, where fishing takes place all year-round. Landings take place in several ports: Alexandroupoli, Kavala, Thessaloniki, Volos, Halkida, Piraeus, and Patra. Of these, Piraeus handles ca. 35% of the country’s recorded first sales and is considered the most typical in species landed. Approximately 70–80% of fresh fish landed is sold through public auctions. The remaining is sold directly to consumers.

First sales in Greece include five³ of the ten commodity groups reported at the EU level. The most significant species landed in value are: other marine fish, hake, red mullet, other seabreams, anchovy, swordfish, sardine, octopus, squid, cuttlefish, sole, skipjack tuna, mackerel and picarel.

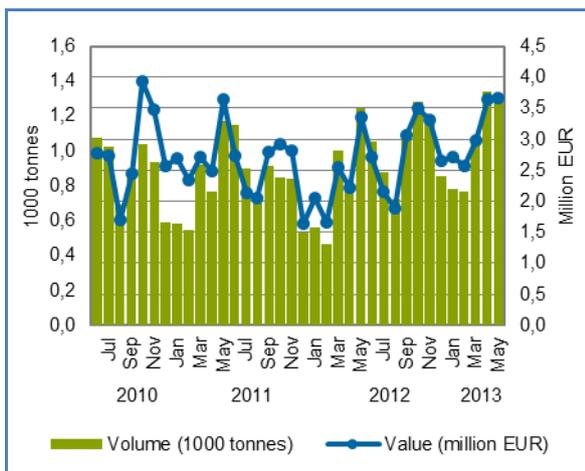
Piraeus market data reported represents ca. one third of Greece’s landings. In May 2013, first-sales value and volume of the five commodity groups amounted to EUR 3,66 million and 1.325 tonnes. First sales increased 9% in value and 6% in volume over May 2012. The increase mainly resulted from groundfish (in particular hake) and “other marine fish”. Increasing trend is also observed when compared to two years ago (May 2011): first sales increased slightly in value, and more in volume (13%).

Two commodity groups, “other marine fish” and small pelagics, accounted for over 80% of the value and volume of Greece’s total first sales in May of this year. “Other marine fish” accounted for 50% of the value of the country’s total first sales, while small pelagics accounted for 51% of total first sales in volume.

At EUR 1,81 million and 411 tonnes in May 2013, “other marine fish” first sales increased 19% in value and 17% in volume over May 2012. This commodity group includes valuable species such as red mullet, John dory, seabass and seabream. Compared with two years ago, first sales of “other marine fish” increased in value and volume, 5% and 16%, respectively.

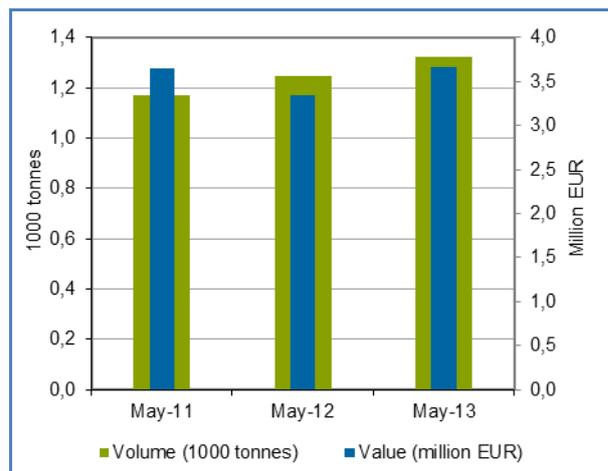
For small pelagics, first sales in Greece fell to EUR 1,15 million and 677 tonnes in May 2013, dropping by 8% in value and 10% in volume from the previous year (May 2012). The main commercial species that contributed to the decrease were anchovy (–15% of value, –26% of volume) and sardine (–21% of value, and –13% of volume). However, compared with May 2011, the first-sales value and volume increased 3% and 6%, respectively.

Figure 1. TOTAL MONTHLY FIRST SALES IN GREECE (PIREUS AUCTION MARKET)



Source: EUMOFA (updated 11.07.2013).

Figure 2. MAY FIRST SALES IN GREECE (PIREUS AUCTION MARKET)



Source: EUMOFA (updated 11.07.2013).

1.1.1. PICAREL

Of the nine main commercial species that are included in the “other marine fish” first sales in Greece, picarel is the second most valuable species in value and volume, after red mullet. In May 2013, picarel accounted for 3% of value and 6% of volume of the reported first sales. It is landed fresh, whole and is mainly sold on the local market.

For the past three years, the monthly first-sales value of picarel in Greece ranged between EUR 0,04 and EUR 0,24 million, with volumes between 9 and 113 tonnes, depending on the fishing season.

In May 2013, the first sales of picarel totalled EUR 0,12 million at 78 tonnes. Compared with May 2012, the first-sales value and volume decreased 21% and 18%, respectively. The same decreasing trend is observed relative to May 2011: -30% in value and -9% in volume.

The average unit price in May 2013 was 1,49 EUR/kg, a 4% increase from the previous month, when supply was greater (113 tonnes). Compared with one year ago, the average unit price decreased (-3%), although supply was greater in May 2012 (95 tonnes).

The highest unit price in the monitored period (June 2010–May 2013) was registered in August 2010, at 5,80 EUR/kg for a volume of 12 tonnes sold.

1.1.2. SARDINE

Of the four main commercial species included in Greek first sales of small pelagics, sardine is the second most important in value after anchovy and the third most important in volume after anchovy and horse mackerel. In May 2013, sardine accounted for 8% of value and 13% of volume of Greece’s total first sales.

For the past 36 months, the monthly first-sales value of sardine ranged between EUR 0,08 and EUR 0,45 million, and volumes varied between 51 and 249 tonnes.

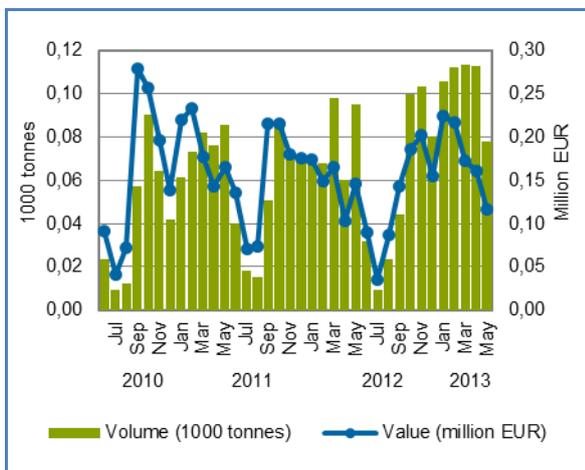
For sardine, first sales were seen at EUR 0,29 million and 175 tonnes in May 2013. This was a decrease in both value and volume, -21% and -3%, respectively, from the previous year. Compared with two years ago, first-sales value decreased 3% and volume increased 21%.

The average unit price in May 2013 was 1,68 EUR/kg, representing an 18% increase over the previous month, when supply was similar (180 tonnes).

Compared with May 2012, the average unit price decreased 9%, when supply was greater (201 tonnes in May 2012).

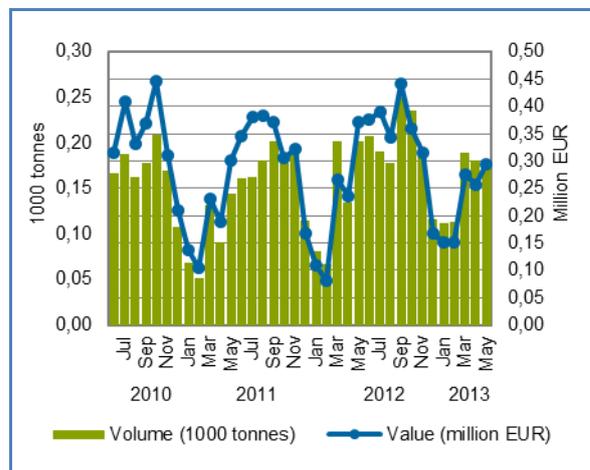
The highest price during the past 36 months was registered in July 2011 at 2,35 EUR /kg with 162 tonnes sold.

Figure 3. **PICAREL: MONTHLY FIRST SALES IN GREECE**



Source: EUMOFA (updated 11.07.2013).

Figure 4. **SARDINE: MONTHLY FIRST SALES IN GREECE**



Source: EUMOFA (updated 11.07.2013).

1.2. THE UNITED KINGDOM

A large part of first sales in the UK take place through auction markets, either at the landing port or at another point of sale. The top three UK ports, by volume, are Peterhead, Shetland, and Fraserburgh.

There are both traditional “shout” and electronic auction markets, with remote access for bidding in some cases. Buyers at the auction markets are usually small- or medium-sized processors, wholesalers, and merchants.

In May 2013, UK’s first sales slid to EUR 32,79 million and 16.471 tonnes, significantly decreasing both in value (39%) and volume (31%), compared with the same month of the previous year. The fall was mainly driven by Norway lobster, monk, and scallop. These main commercial species experienced large decreases in both value and volume. The same decreasing trend of first sales is observed compared with two years ago: -17% in value and -19% in volume.

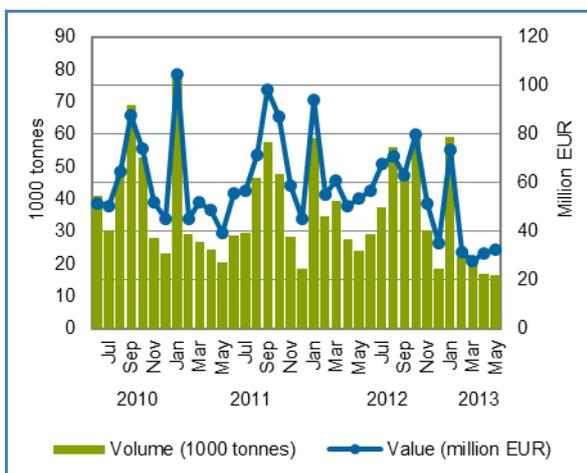
Bivalves and other molluscs and aquatic invertebrates, crustaceans, and groundfish commodity groups make up to ca. 77% of the value and 83% of the volume of UK’s total first sales (May 2013).

In May 2013 groundfish was the most important of the three commodity groups, representing 33% of the country’s total first sales value of EUR 10,67 million, and a volume of 6.754 tonnes (May 2013). Value decreased by 12% and volume decreased by 15%, compared with May 2012. Cod, saithe, and haddock were the main commercial species triggering the decrease.

At EUR 8,67 million and 2.972 tonnes (May 2013), crustaceans first sales decreased by 50% in value and 41% in volume compared to previous year. In addition to Norway lobster, which registered a 57% decrease of first-sales value, crab and lobster *Homarus spp.* also contributed to the decrease.

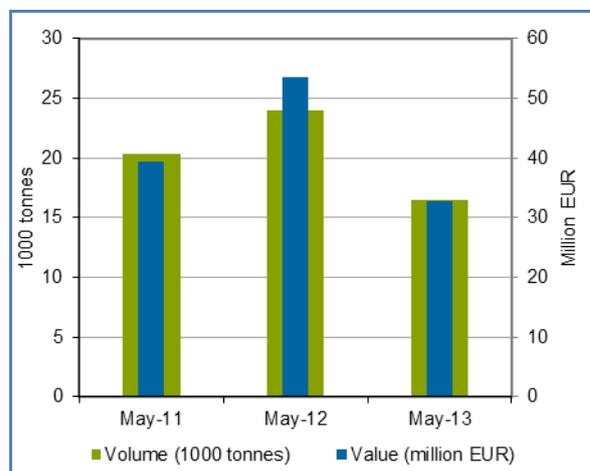
For the “bivalves and other molluscs and aquatic invertebrates” commodity group, first sales fell to EUR 5,83 million and 3.925 tonnes (May 2013), decreasing in both value (32%) and volume (27%), compared to previous year. This was largely the result of reduced landings of scallop and, to a lesser extent, to other molluscs and aquatic invertebrates and clam.

Figure 5. TOTAL MONTHLY FIRST SALES IN THE UK



Source: EUMOFA (updated 11.07.2013).

Figure 6. MAY FIRST SALES IN THE UK



Source: EUMOFA (updated 11.07.2013).

1.2.1. SCALLOP

Scallop is the most important main commercial species in the bivalves and other molluscs and aquatic invertebrates commodity group, in both value and volume. In May 2013, it reached 73% in value and 60% in volume of the commodity group's first sales.

Scallop is typically found on the bottoms of clean, firm sand and fine or sandy gravel, and it is fished by trawling and dredging. Diving offers another method of fishing scallop that is less environmentally disruptive. Scallop fishing takes place throughout the year, wherever economically viable densities of scallops of suitable quality for the market are found. For some species, fishing peaks in summer, when the water is warmer and scallops are more active. It is very difficult to manage scallop fisheries because stocks may vary enormously from year to year. The Shetland and Isle of Man scallop fisheries are certified by the Marine Stewardship Council (MSC). The Isle of Man queenies is registered as Protected Denomination of Origin since 2012.

Scallop is also harvested from cultivated stocks, a production method that has expanded rapidly in the past years, triggered by an increasing demand for the species.

The price of wild scallop is usually higher than the price of the farmed shellfish. In 2012 the average price of the scallop (*Pecten maximus*) produced by the Scottish aquaculture was 1,72 GBP/kg (ca. 2,12 EUR/kg) while the average price of the scallop landed by the Scottish fleet in the whole of UK was 1,83 GBP/kg (ca. 2,25 EUR/kg).

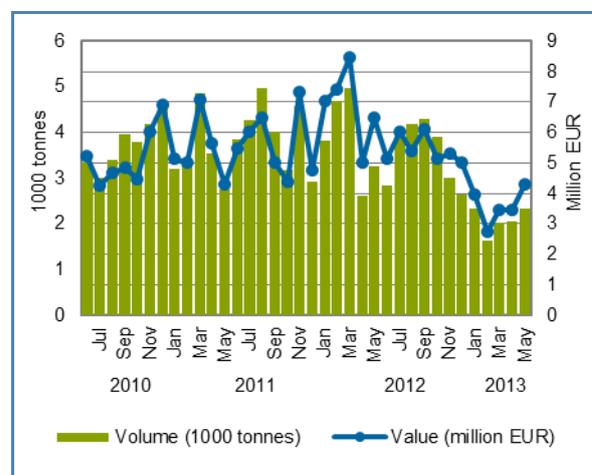
In recent years (2010-2012) the gap between the price of wild scallop and that of farmed scallop decreased. But the weight of the farmed scallop is insignificant: in 2012 Scotland caught 31.250 tonnes of wild scallop and produced 58 tonnes of farmed scallop.

Scallop is highly prized, and its market price is closely connected with its size: larger specimens have greater value. Most scallops landed in the UK are exported primarily to France but also to other EU markets. Scallops are marketed either in-shell (usually alive) or with the shell removed/shucked (abductor muscle plus roe). Scallop prepared according to the latter method is the most common product sold both on the domestic market and throughout the EU.

In May 2013, first sales were registered at EUR 4,28 million and 2.341 tonnes. Compared with May 2012, first sales decreased in both value (-34%) and volume (-28%).

The average unit price at 1,83 EUR/kg was 9% higher than the previous month, when 2.059 tonnes of scallop were sold. Compared with a year ago, the price was 2,00 EUR/kg (-8%), corresponding to 3.248 tonnes sold. May 2012 unit price is the highest registered in the past 36 months (June 2010–May 2013).

Figure 7. **SCALLOP: MONTHLY FIRST SALES IN THE UK**



Source: EUMOFA (updated 11.07.2013).



1.2.2. MONK

Monk is a main commercial species that has a high commercial value and is part of the other marine fish commodity group⁴.

Monk is caught year-round along the coasts of the Iberian Peninsula, Bay of Biscay, and Celtic Sea, as well as west of Ireland and Scotland and in the northern North Sea. Monk is fished with bottom trawlers as a small but valuable by-catch with white fish species and/or *Nephrops*.

Monk is marketed either as gutted whole fish or with the head removed, as monk tails.

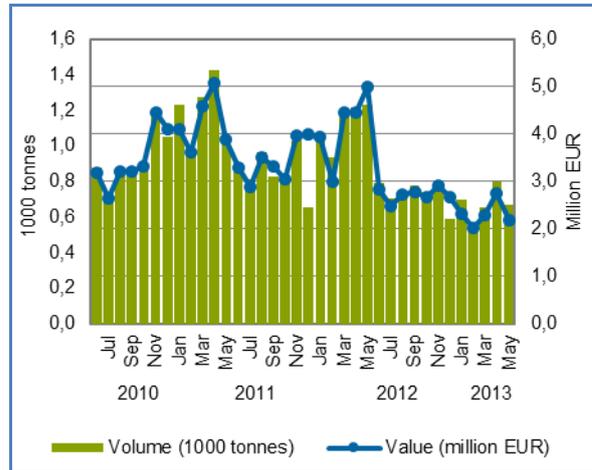
In May 2013, first sales totalled EUR 2,19 million and 665 tonnes, representing 63% of the value and 50% of the volume of total other marine fish first sales.

First sales of monk decreased significantly in both value (-56%) and volume (-46%) relative to May 2012.

Monk’s unit price varies with supply. In May 2013, the average unit price was 3,29 EUR/kg, 5% lower than the previous month and 19% lower than May 2012, when 798 tonnes and 1.232 tonnes were sold.

The highest unit price during the past 36 months (June 2010–May 2013) was 6,07 EUR/kg (December 2011), corresponding to a volume of 657 tonnes sold.

Figure 8. **MONK: MONTHLY FIRST SALES IN THE UK**



Source: EUMOFA (updated 11.07.2013).

2. Global Supply

Common Fishery Policy (CFP) Reform: Under the Lithuanian presidency, European fishery ministers reached an agreement on the European Maritime and Fisheries Fund (EMFF) for the period 2014–2020. The agreement will accompany the implementation of the CFP Reform. The main discussions focused on the budgetary resources under shared and direct management, the financial distribution for shared management (allocation criteria), as well as provisions for the interruption of payment deadlines in case of non-compliance with the CFP rules.⁵

EU–Comoros Fisheries Partnership Agreement (FPA): The European fishing fleet will continue its fishing activities in a strategic area of the Indian Ocean, allowing it to follow the migration of tuna and other highly migratory species throughout the western Indian Ocean. The new FPA, with a duration of three years, will replace the current one, due to expire in January 2014. The EU fleet will have the opportunity to fish with 42 purse-seiners and 20 longline vessels, based on a reference tonnage of 6.000 tonnes. The Protocol will reinforce cooperation between the two parties, especially in their fight against illegal, unreported, and unregulated fishing (IUU).⁶

Resources/Anchovy/TAC: Based on the latest scientific advice, which suggests that fish stocks remain above the safe biological level, the EC has proposed a total allowable catch (TAC) of 17.100 tonnes for anchovy in the Bay of Biscay for the fishing season 1 July 2013–30 June 2014. This represents a 17% reduction in the fishing possibilities for this stock, compared with the

previous season. The TAC is split between Spain and France (the only two Member States involved in this fishery), with Spain being allocated 15.390 tonnes, representing 90% of the total TAC.⁷

ICES/Resources/Cod: There has been a gradual improvement in the status of North Sea cod stocks in past years. Fishing mortality has decreased below precautionary levels, and cod discards relative to catch have also declined. The International Council for the Exploration of the Sea (ICES) advises, based on the EU–Norway management plan, that landings in 2013 should not exceed 25.441 tonnes.⁸

Trade/Salmon/Norway: The value of exports of Norwegian salmon in the first half of 2013 grew 25% in value over the same period the previous year, totalling EUR 2,2 billion (NOK 17,4 billion). At the same time, the volume of exports fell 7% to 431.000 tonnes. However, higher prices outweighed the downturn in volume, resulting in an overall increase in the value of Norwegian salmon exports. The salmon volumes exported to the EU remained stable. Exports to France, the EU's chief market for the Norwegian salmon, have decreased 6%, whereas exports to Poland, the EU's largest growth market, have increased 12%.⁹

Trade/Shrimp/EU: Shrimp prices have increased to a record level, the result of supply shortages from Asia, particularly Thailand, resulting from mortalities caused by early mortality syndrome (EMS). High prices put pressure on European importers, who are looking to Indian producers for supplies.¹⁰



3. Topic of the month: Croatia

On 1 July 2013, Croatia officially became the EU's 28th Member State, marking the culmination of a negotiation process that lasted from 2005 to 2011. The EU is Croatia's most important trading partner, buying almost 60% of the country's total products and services.

Accession to the EU has been widely regarded as positive by the Croatian people. Exporters supported accession because they understand that it will lead to lower costs through reductions in red tape and transport times. They also anticipate that the movement of fishery products across borders will be facilitated.

Croatia is investing in its fishery and aquaculture sectors, including purchases in new processing and cold storage facilities.

Thanks to its proximity to Croatia, Italy is the main market for Croatian seafood, absorbing on average ca. 75% of Croatian exports to the EU.

3.1. FISHERIES AND AQUACULTURE

With a sea surface of 31.067 km², more than 1.000 islands, and a coastline of 5.835 km (mainland and islands), Croatia has a long tradition in fisheries, which provide income throughout the year for coastal and island communities. In addition to supplying healthy nutrition, fisheries are vital for adding value to coastal tourism services, which play a key role in the country's economy.

Commercial fisheries are represented primarily by small-scale coastal fisheries: more than 80% of the fleet comprises vessels less than 12 m in length. However, the largest percentage of the catch (ca. 89%) is made by purse-seines, which represent ca. 5% of total fishing vessels.

Fishing takes place mostly in the Adriatic Sea, and it is characterised by multispecies fisheries. More than 45% of Croatia's fishing vessels are registered as multipurpose vessels that use different gears during the course of the year. The catch is primarily small pelagic species, sardines, and anchovies, which make up ca. 90% of the catches. The remaining catch is split between other fish (7%), bivalves and shellfish (2%), and crustaceans (1%). Small pelagics are fished all year-round, with peaks around October and November, when large volumes of fish are placed on the market.

Catches increased from ca. 44.000 tonnes in 2005 to more than 70.000 tonnes in 2011. However they decreased last year (2012), led by an 11% decrease in small pelagic captures, compared with 2011.

Table 2. **FISHERIES AND AQUACULTURE PRODUCTION (TONNES)**

| Year | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------|--------|--------|--------|--------|---------------|
| Fisheries | 48.976 | 55.319 | 59.601 | 70.494 | 62.974 |
| Aquaculture | 15.669 | 16.366 | 15.940 | 13.518 | 11.185 |
| Total | 64.645 | 71.685 | 75.541 | 84.012 | 74.159 |

Source: Croatian Bureau of Statistics.

The aquaculture industry covers both marine and freshwater species. The most important marine species produced are seabass (*Dicentrarchus labrax*) and seabream (*Sparus aurata*), representing ca. 66% of the mariculture volume production in 2012. The cultivation of these two species has increased rapidly from a mere 2.500 tonnes in 2001 to 5.200 tonnes in 2010, although it fell back to around 4.500 last year.

The second largest species cultivated is the Atlantic bluefin tuna (*Thunnus thynnus*), which represents on average ca. 25% of the volume of marine aquaculture production. Farming is based on catching small wild tuna (8–10 kg) and then growing them to a market size of 30 kg and larger for sale to the Japanese market.

Croatia also farms shellfish, mainly mussels (*Mytilus galloprovincialis*) and oysters (*Ostrea edulis*), using longlines to cultivate these species in specially designated areas.

Primarily, the freshwater farming segment in Croatia produces common carp (*Cyprinus carpio*) and rainbow trout (*Oncorhynchus mykiss*), which represented more than 50% and ca. 30%, respectively, of the total freshwater aquaculture volume production in 2012. Small volumes of silver carp, bighead carp, catfish, tench, pike, and zander are also farmed.

3.2. IMPORTS–EXPORTS

Croatia is a net exporter of fish and seafood products. Except for the previous year (2012) when the country's exports fell, the export of fish and seafood products has increased steadily in the past five years. Remarkably, export growth was greater to countries outside the EU as a result of exports of farmed tuna to Japan, which represent on average more than 85% of the total value of Croatian fish and seafood exports to third countries. However, the drop in tuna prices on the global market caused both the volume and value of Croatian exports for this species to fall.

Exports of farmed tuna are ranked fifth highest in Croatia's total export of agricultural products.

From 2008 to 2011, Croatian exports to EU Member States also rose, albeit at a slower pace. The drop in prices of seabass and seabream on the European market combined with the EU economic recession were the main causes of the drop in 2012 exports. Italy is the main destination for Croatian fishery and seafood exports, which include canned sardines, fresh seabass, and anchovies. Other important EU markets are Slovenia and Spain.

The value of Croatian fishery imports is significantly lower than the value of exports, although it has started to rise in the past two years. Croatia imports large volumes of relatively inexpensive products. Frozen herring, which is used to fatten tuna, is the most imported species, followed by frozen squid. Imports originate mainly in Spain, the Falkland Islands, Norway, Sweden, and Italy.

Table 3. **YEARLY CROATIAN EXPORTS** (value in million euro and volume in tonnes)

| Destination | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
|-----------------|--------|-------|--------|-------|--------|-------|--------|--------|---------------|--------------|
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| EU | 18.491 | 42,36 | 19.647 | 46,72 | 22.976 | 47,88 | 26.126 | 54,12 | 20.191 | 43,03 |
| Extra-EU | 5.565 | 43,99 | 7.514 | 51,36 | 6.402 | 36,78 | 7.381 | 57,71 | 6.844 | 56,00 |
| TOTAL | 24.056 | 86,35 | 27.161 | 98,08 | 29.378 | 84,66 | 33.507 | 111,83 | 27.035 | 99,03 |

Source: EUROSTAT-COMEXT.

Table 4. **YEARLY CROATIAN IMPORTS** (value in million euro and volume in tonnes)

| Origin | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | |
|-----------------|--------|-------|--------|-------|--------|-------|--------|-------|---------------|--------------|
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| EU | 28.874 | 36,84 | 24.955 | 31,15 | 20.128 | 29,69 | 12.689 | 32,23 | 14.112 | 34,31 |
| Extra-EU | 18.951 | 40,27 | 13.862 | 25,80 | 14.801 | 30,25 | 19.865 | 38,09 | 14.003 | 36,76 |
| TOTAL | 47.825 | 77,11 | 38.817 | 56,95 | 34.929 | 59,94 | 32.553 | 70,32 | 28.115 | 71,07 |

Source: EUROSTAT-COMEXT.



3.3. PROCESSING

The processing industry in Croatia is less diversified and includes a relatively small number of processors (ca. 70). Capture fish are transformed mainly into salted and canned products. Smoked and marinated products are also produced in small quantities.

Small pelagic species is the primary species used as raw material, which in addition to being used for human consumption (e.g. canned sardine or salted anchovy), is transformed into fish feed for tuna farms.

Table 5. **PROCESSING BY CATEGORY OF PRODUCT (TONNES)**

| Process type | 2008 | 2009 | 2010 | 2011 |
|---------------|--------|--------|--------|---------------|
| Canned | 9.313 | 10.297 | 7.744 | 8.575 |
| Salted | 2.875 | 7.045 | 5.383 | 6.356 |
| Frozen | 1.435 | 3.855 | 4.429 | 10.212 |
| Other | 464 | 2.441 | 2.378 | 2.079 |
| Total | 14.087 | 23.638 | 19.934 | 27.222 |

Source: EUROSTAT- PRODCOM.

After reaching a peak in 2009, canning production started to decline, but it has recently started to recover, owing to the increased production of canned sardine (ca. 7.500 tonnes in 2011). The main species used as raw material for canning are sardine, tuna, and mackerel. Lately, frozen-fish production has increased significantly, driven by the diversification of the frozen fish available (e.g. frozen fillets).

Farmed tuna is mostly exported – fresh, round, gilled, and gutted – directly to the Japanese processing vessels. Small amounts are also canned (e.g. 664 tonnes in 2011).

Most of the fish processing establishments are in line with the EU standards concerning infrastructure and procedures. Hazard analysis and critical control points (HACCP) is mandatory and in general it is well enforced.

The lack of landing facilities providing refrigeration and storage has long been a problem for the processing sector. However, this is gradually changing with new storage facilities coming on line.

3.4. CONSUMPTION

Croatians spend ca. 32% of their total expenditure on food and non-alcoholic beverages. Per capita consumption of fish and seafood in Croatia is estimated at ca. 9,0 kg¹¹ while it is 26,2 kg¹² in the EU.

Although the total consumption of fish and fish products per capita is significantly lower than in other Mediterranean countries, it has increased in the past five years.

Table 6. **PER CAPITA CONSUMPTION OF FISH AND SEAFOOD PRODUCTS (KG)**

| Product type | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|------------|
| Sea and fresh water fish | 6,8 | 7,1 | 7,5 | 7,8 |
| Dried, smoked and salted fish | 0,1 | 0,1 | 0,0 | 0,0 |
| Seafood | 0,8 | 0,8 | 0,7 | 0,6 |
| Other preserved or processed fish | 0,7 | 0,7 | 0,8 | 0,8 |
| Total | 8,4 | 8,7 | 9,0 | 9,2 |

Source: Croatian Bureau of Statistics.

The main reasons for the relatively low consumption of fish and seafood are the high prices and the lack of knowledge about fish products (nutritional value, health benefits, etc.) It should be noted, however, that a significant amount of the fish and seafood (both nationally produced and imported) is consumed by the millions of tourists that visit Croatia annually. Tourism is a key industry in Croatia, with a ca. 20% share of the gross domestic product (GDP).

Consumers prefer captured fish, fresh, whole, and domestically produced. A small percentage of processed fish is consumed, usually as canned products.

Fish is consumed mostly at home, traditionally once a week (on Friday) and during some holidays. The consumption of fish is higher in coastal areas than inland. Recently, a change in distribution has been observed, i.e. more fish are being sold through modern retail chains than traditional fish markets.

Croatia's natural resources, its long coastline, and its long tradition of fishing and fish processing should facilitate the increase in consumption. In addition, the country's improved standard of living, combined with the increasing availability of fish and the emergence of more diversified products, should also contribute to an increase in the consumption of fish. The Croatian Chamber of Economy has therefore initiated a national campaign to increase Croatian consumption of fish.

The campaign is intended to create an umbrella brand that will represent the security, quality, and sustainability of Croatian marine and freshwater fish and seafood. It will also position fishermen, farmers, and processors more favourably on the domestic and the international markets.

The activities and promotional materials generated by the campaign should bring about a greater awareness of the health benefits and nutritional value of seafood. Finally, the campaign aims not just to increase consumption for the duration of the promotion effort but to bring about a culture of consumption of fish and fish products.

4. Consumption

4.1. FRESH COD RETAIL PRICE

Cod is sold in a variety of presentations and forms of preservation, from fresh and whole to value-added products (e.g. fillets, frozen). Cod is a very popular product, particularly in northern Europe. In the UK for example, the fresh Atlantic cod market (54.000 tonnes live weight) represents ca. 25% of the whole EU market.¹³ Cod is the third largest selling retail species after salmon and tuna.

The weekly retail prices for fresh cod were reported by eight Member States. In four selected Member States – Belgium, France, Sweden, and the UK – the 1-kg price of fresh cod fillets demonstrated great variability.

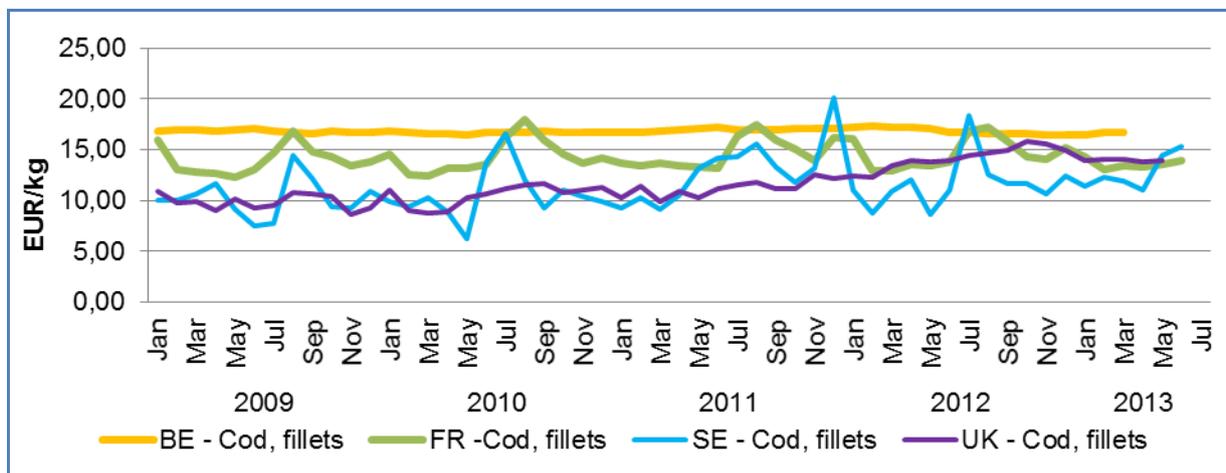
In Belgium between January 2009 and March 2013, the price of fresh cod fillets remained steady at ca. 17,0 EUR/kg.

In France, however, the price appears to fluctuate seasonally, increasing annually from ca. 13,0 EUR/kg to 17,0 EUR/kg during the month of August.

In the UK, the price has risen steadily since 2009, from ca. 10,0 EUR/kg to nearly 15,0 EUR/kg in 2013, a 50% increase. Like Belgium, the UK price does not seem to vary seasonally.

The rise of the retail price for cod in the UK may be caused by the interaction with the haddock market. Cod and haddock are substitute products. A decrease in haddock supply has been observed, resulting from a decrease in the haddock catch quota between 2012 and 2013 (~37%). In addition, it is expected that the haddock quota will drop further in 2014, assuring strong prices in the UK. See the analysis of the market of fresh haddock in the UK in the Monthly Highlights, April 2013.

Figure 9. RETAIL PRICES OF FRESH COD FILLET – 1KG



Source: EUMOFA (updated 11.07.2013).

Finally, the price in Sweden experienced the largest variation, ranging from a minimum of ca. 7,3 EUR/kg in May 2010 to a maximum of ca. 22,0 EUR/kg in December 2011, a threefold increase. The general trend seems to be a slight increase in price over the past four years. The variation does not appear to follow a seasonal pattern, with inconsistent fluctuation in winter and summer of various years.

Overall, the 1-kg prices of fresh cod fillets in the four MS seem to be converging, apparently reaching a price range of between ca. 12,0 and 15,0 EUR/kg. This convergence of price is best illustrated by the reduction in price difference between Belgium and the UK, from a 50% difference in 2010 to a near-0% difference in 2012/2013.

4.2. FRESH SEABASS RETAIL PRICE

Seabass is a prized and popular species, particularly in southern Europe around the Mediterranean basin. Seabass originates in both capture fisheries (it is regarded as a high-value, seasonal catch by many fishermen), and aquaculture. Seabass is sold mainly fresh and whole and, to a lesser extent, whole, gutted, and headed, smoked, or as value added products (e.g. smoked fillets).

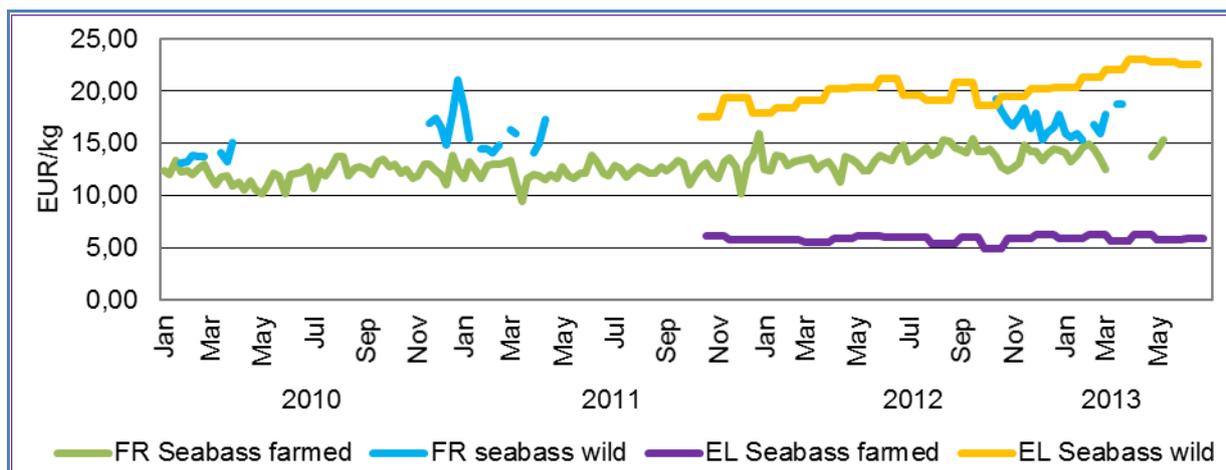
The 1-kg retail price of seabass, whole and fresh, in France and Greece continues to vary greatly between the two countries.

In Greece, the retail prices of farmed seabass between November 2011 and June 2013 have remained relatively constant, at around 6,0 EUR/kg. A drop in price below 5,0 EUR/kg was registered in October 2012.

The retail price of wild seabass was three to four times higher than farmed seabass. The price of wild seabass, fluctuated between a low of ca. 17,5 EUR/kg (November 2011) and a high of ca. 23,0 EUR/kg (March–June 2013). Despite the variation, the retail price of wild seabass followed a slight upward trend, with highest prices reached in the recent months of 2013.

In France, the retail price of farmed seabass has remained relatively steady over the past four years (January 2009–June 2013), ranging between ca. 11,0 EUR/kg (March 2011) and 16,0 EUR/kg (the last week of December 2011). The retail price of wild seabass (based on available data) was higher, with values between 13,0 EUR/kg and 21,0 EUR/kg. The price variation does not seem to follow a seasonal pattern, either for farmed or wild seabass, and the overall average price of seabass in France seems to follow a fairly steady trend.

Figure 10. RETAIL PRICES OF FRESH SEABASS – 1KG



Source: EUMOFA (updated 11.07.2013).

4.3. PROMOTION INITIATIVES

Among European initiatives to boost fish consumption from responsible sources is the Netherlands' first "Think Fish Week", scheduled to take place in September. More than 85% of Dutch retailers have agreed to promote the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) labelled products in stores through nationwide advertising. The campaign will encourage consumers to make informed choices about sustainable wild and farmed seafood.¹⁴

4.4. OYSTER CONSUMPTION IN FRANCE

In France, a significant drop in production and a strong increase in the price of oysters – which has consequently caused a ca. 15–35% decrease in sales at the consumer level – has been seen in the past five years. With the aim of designing a bespoke promotional campaign for the species, FranceAgriMer published a study on the image of oysters among consumers and distributors¹⁵.

Approximately 65% of French consumers eat oysters either regularly or occasionally, on an average of three times per year (8–9 oysters per meal). The study highlighted the opportunity to design segmented communication campaigns, e.g. on a regional basis and at different periods of the year, to increase the opportunities to consume oysters more regularly (i.e. outside the traditional periods, such as the end of the year, etc.)

5. Macroeconomic context

5.1. INFLATION

The EU annual inflation rate was 1,7% in June 2013, up from 1,6% in May 2013, and 2,7% a year earlier.¹⁶ In June 2013, the lowest individual annual rates were observed in **Greece** (-0,3%), **Latvia** and **Poland** (both 0,2%), and the highest in **Romania** (4,5%), **Estonia** (4,1%), and the **Netherlands** (3,2%). Compared with May 2013, annual inflation rose in 18 Member States, remained stable in 2 Member States, and fell in 6 Member States.¹⁷

Prices of food and non-alcoholic beverages remained almost stable in the EU compared with the previous month; however, they were 3,2% higher than a year ago.¹⁸ Compared with May 2013, the price index of fish and seafood remained stable and continued to be lower than the food index. Compared with a year ago, the fish and seafood index grew at a slower pace than the food index (2,2%).

Table 5. HARMONISED INDEX OF CONSUMER PRICES IN THE EU (2005 = 100)

| HICP | June 2011 | June 2012 | May 2013 ¹⁹ | June 2013 ²⁰ |
|----------------------------------|-----------|-----------|------------------------|-------------------------|
| Food and non-alcoholic beverages | 119,57 | 123,00 | 126,67 | 126,98 |
| Fish and seafood | 117,79 | 121,24 | 123,82 | 123,97 |

Source: EUROSTAT.

5.2. EUROPEAN UNION ECONOMIC OVERVIEW

In the EU, the GDP fell 0,1% in the first quarter of 2013, compared with the previous quarter. However, a positive trade balance has been recorded since February 2013, for three months in a row. The economies of **Germany** and the **UK**, among the EU's largest, grew slightly, whereas the economies of **France**, **Italy**, and **Spain** remained in recession.

On 1st of July **Croatia** became the 28th EU Member State, a country with 4,3 million inhabitants, accounting for 0,34% of the EU 28 GDP.²¹ In 2012 the Croatian GDP per head was 10.300 euros, between **Hungary** (9.800

euros per head) and **Latvia** (10.900 euros per head). After having increased steadily in the last decade and reaching a peak (5,1%) in 2007, the Croatian economy contracted significantly in 2009 at a GDP rate of -6,9%. Since then, there has been negative growth, which is expected to remain negative in 2013.²²

5.3. EXCHANGE RATES

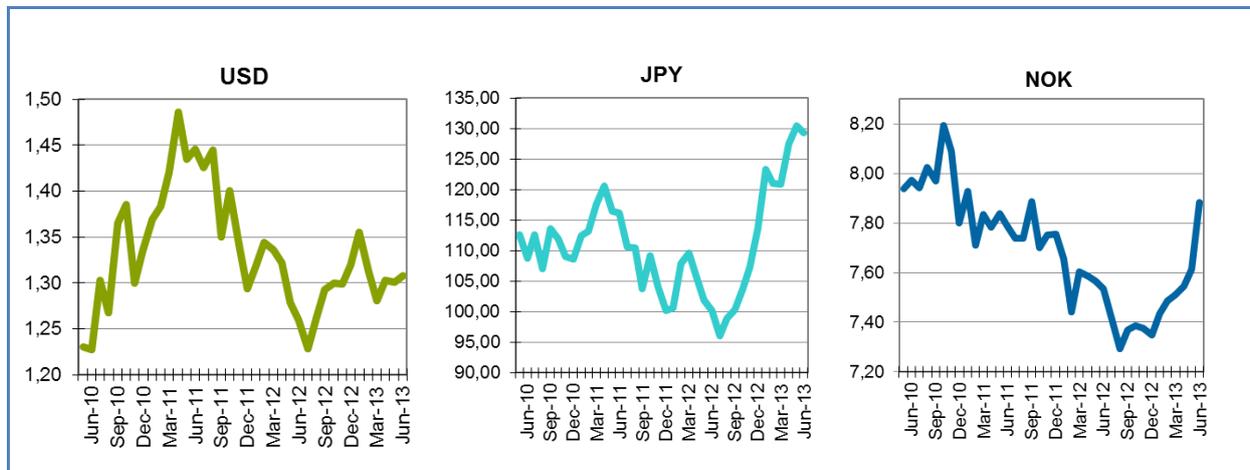
Compared with the previous month, in June 2013 the euro appreciated against two currencies, albeit at different rates: US dollar (5,6%) and Norwegian krone (3,5%). It has depreciated slightly against the Japanese yen (-0,8%).²³

Table 6. THE EURO EXCHANGE RATES AGAINST THREE SELECTED CURRENCIES

| Currency | June 2011 | June 2012 | May 2013 | June 2013 |
|----------|-----------|-----------|----------|-----------|
| USD | 1,4453 | 1,2590 | 1,3006 | 1,3080 |
| JPY | 116,25 | 100,13 | 130,47 | 129,39 |
| NOK | 7,7875 | 7,5330 | 7,6140 | 7,8845 |

Source: European Central Bank.

Figure 11. TREND OF EURO EXCHANGE RATES



Source: European Central Bank.

5.4. FUEL

In June 2013, Brent crude oil prices were, on average, 78,3 EUR/barrel, which is 1,1% lower than in May 2013, but 2,5% higher than one year ago (June 2012).

Oil prices continued the downward trend that began in February. However, because the global demand of oil is expected to grow in the third quarter of 2013, this may exert upward pressure on prices.²⁴

Table 7. MONTHLY AVERAGE PRICES FOR LOW-SULPHUR OIL (EUR/T)

| Member State | June 2013 | % change from May 2013 | % change from June 2012 |
|--------------|-----------|------------------------|-------------------------|
| France | 530,91 | 0,1 | -1,6 |
| Italy | 532,37 | -0,3 | -6,2 |
| Spain | 549,87 | 1,4 | -5,0 |

Source: International Energy Agency (IEA) – Oil market report – July 2013.

Average prices for low-sulphur oil (used by many fishing vessels) in June 2013 increased slightly in **France** (0,1%) and **Spain** (1,4%) and decreased in **Italy** (-0,3%), compared with the previous month. Compared with a year ago (June 2012), prices were lower in all three Member States.²⁵

Along Italy's Adriatic coast, the average monthly price for marine diesel fuel for small boats in June 2013 was 0,6875 EUR/litre, the same as the previous month, but 2,4% lower than a year ago (May 2012).²⁶

5.5. DEVELOPMENTS IN SELECTED ECONOMIES

The global economic recovery remains modest and diverse across regions. In the **US**, the latest economic

indicators suggest that the economy is likely to continue expanding in Q2 2013, albeit at a slower pace than Q1 2013. Consumer spending rose in May, and confidence indicators of private consumption in June were positive. **Japan's** gradual economic growth is likely to continue in the second quarter, although private consumption decreased in the first five months. However, the sentiment indicators for business and consumption remained positive.

China's economy slowed and exports continued to decline. Other emerging markets demonstrated different patterns of development: **Brazil**, **India**, and **South Africa** saw their economies expanding steadily both on a quarterly and annual basis. **Russia's** economy contracted slightly in Q1 2013, although showing positive annual growth.²⁷

6. Endnotes

- ¹ Bivalves and other molluscs and aquatic invertebrates, cephalopods, crustaceans, flatfish, freshwater fish, groundfish, other marine fish, salmonids, small pelagics, and tuna and tuna-like species.
- ² Data for first sales for Greece covers the port of Piraeus, which is an important place of sale, representing about 30%–35% of country's total first sales and a benchmark for understanding prices in EL.
- ³ Flatfish, groundfish, other marine fish, small pelagics, and tuna and tuna-like species.
- ⁴ Dogfish, gilt-head seabream, gurnard, John dory, monk, other marine fish, other seabreams, other sharks, ray, red mullet, scabbardfish, seabass, smelt, weever.
- ⁵ http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=11498
- ⁶ http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=11361&subweb=343&lang=en
- ⁷ http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=11347&subweb=347&lang=en
- ⁸ <http://www.ices.dk/sites/pub/Publication%20Reports/Advice/2012/2012/cod-347.pdf>
- ⁹ <http://en.seafood.no/News-and-media/News-archive/Press-releases/Record-value-for-Norwegian-salmon-exports2>
- ¹⁰ GLOBEFISH European Price Report, July 2013.
- ¹¹ Croatian Bureau of Statistics.
- ¹² EUMOFA
- ¹³ EUMOFA. Case study: Price structure in the supply chain for fresh cod in the United Kingdom.
- ¹⁴ <http://www.msc.org/newsroom/news/dutch-retailers-commit-to-first-joint-msc-asc-and-wwfnl-think-fish-campaign>
- ¹⁵ http://www.franceagrimer.fr/content/download/25155/209626/file/ETU-MER-2013-%20Image_huitre%20%28synth%C3%A8se%29.pdf
- ¹⁶ The annual inflation rate measures the price change between the current month and the same month of the previous year, and it is measured by the European Index of Consumer Prices (EICP), as defined in Council Regulation (EC) No. 2494/95 of 23 October 1995, which is the official EU aggregate.
- ¹⁷ EUROSTAT Selected Principal European Economic Indicators.
http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-16072013-AP/EN/2-16072013-AP-EN.PDF
- ¹⁸ HICPs are harmonised inflation figures required under the Treaty on the Functioning of the European Union. They are designed for international comparison of consumer price inflation. More information can be found here:
<http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>
- ¹⁹ Revised.
- ²⁰ Estimated. Provisional.
- ²¹ European Central Bank - Monthly Bulletin - July 2013. <http://www.ecb.int/pub/pdf/mobu/mb201307en.pdf>
- ²² Eurostatistics Data for short-term economic analysis, Issue number 07/2013.
http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-BJ-13-007/EN/KS-BJ-13-007-EN.PDF
- ²³ European Central Bank.
- ²⁴ European Central Bank - Monthly Bulletin - July 2013. <http://www.ecb.int/pub/pdf/mobu/mb201307en.pdf>
- ²⁵ International Energy Agency – Oil Market Report – July 2013. <http://www.iea.org/stats/surveys/mps.pdf>
- ²⁶ Chamber of Commerce of Forlì-Cesena. <http://www.fc.camcom.it/prezzi/listino/prodotti/prodotto.jsp?id=1440>
- ²⁷ Eurostatistics Data for short-term economic analysis, Issue number 07/2013.
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