

A welfare perspective on the Common Market Organisation (CMO) revision

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EAFE discussion forum on CMO reform

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Brussels, 6 December 2011

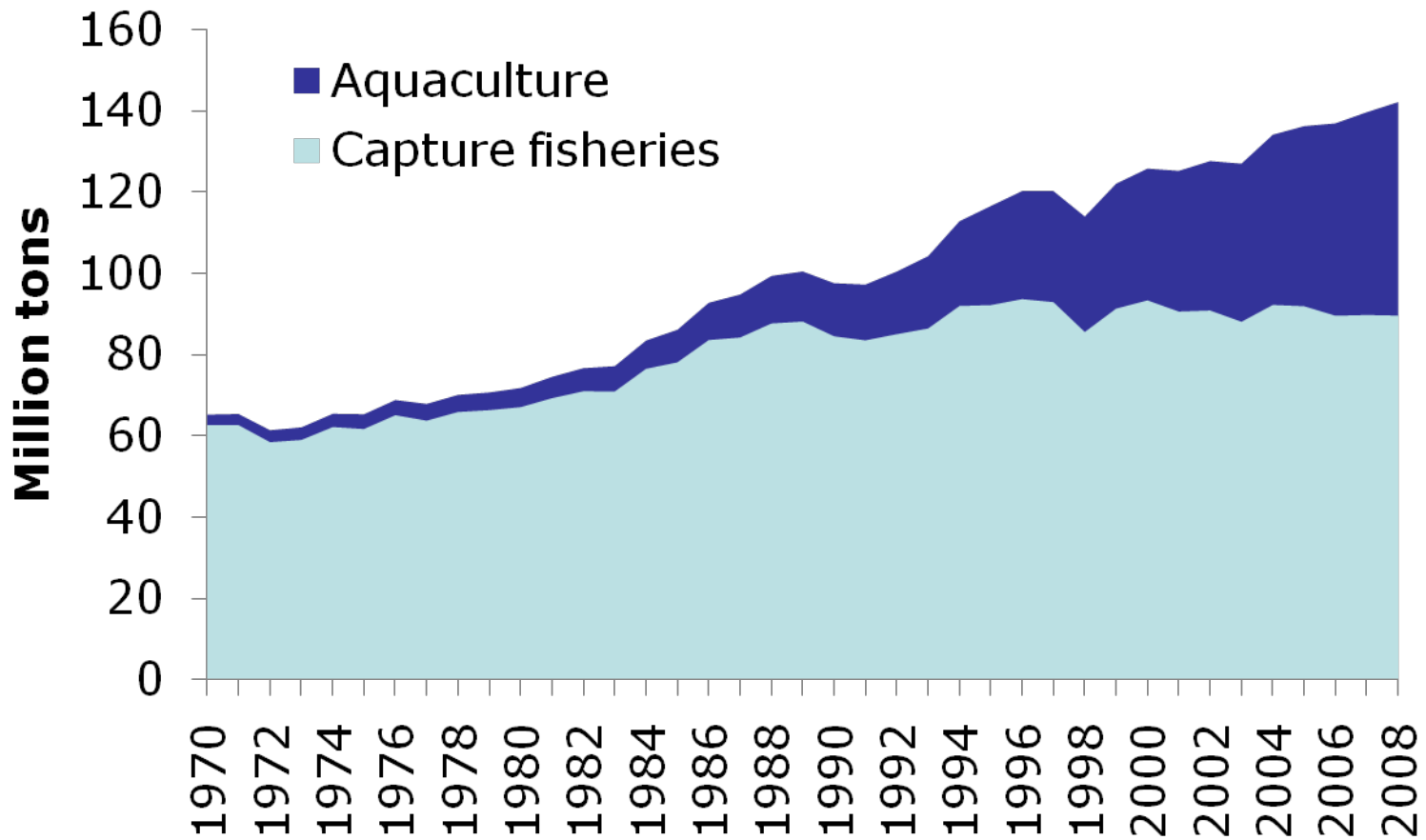


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Fish is an Important Food

- Two roles: Direct consumption and income (Smith et al, 2010)
- Seafood contributes at least **15% of average animal protein consumption** to 3.0 billion people worldwide
- Fisheries and aquaculture **directly employed 44.9 million people** in 2008
- An estimated total of **540 million people deriving their livelihoods** from seafood-related industries
- Per capita consumption of seafood reached a record level of 17 kg per capita in 2008

Global Fish Supply

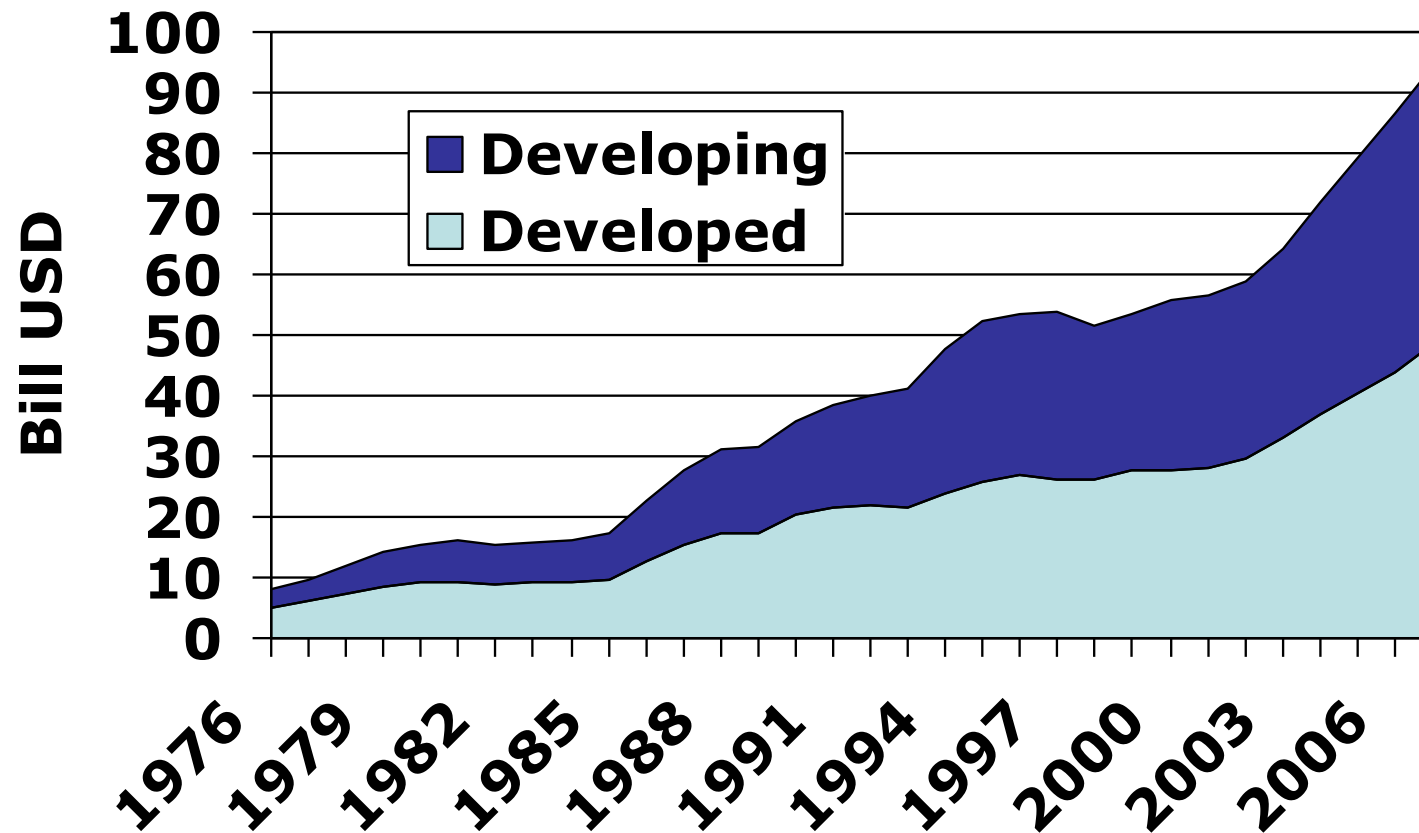


Source: FAO

Growth in seafood trade

- Adjusted for inflation, trade value has increased threefold from 1976 to 2006 from 28.3 billion USD to 86.4 billion USD
- During the same period the volume has increased from 7.9 million tones to 31.3 million tonnes, or almost fourfold
- Hence, the unit value of the seafood has decreased, increasing seafood's competitiveness as a food source
- Aquaculture

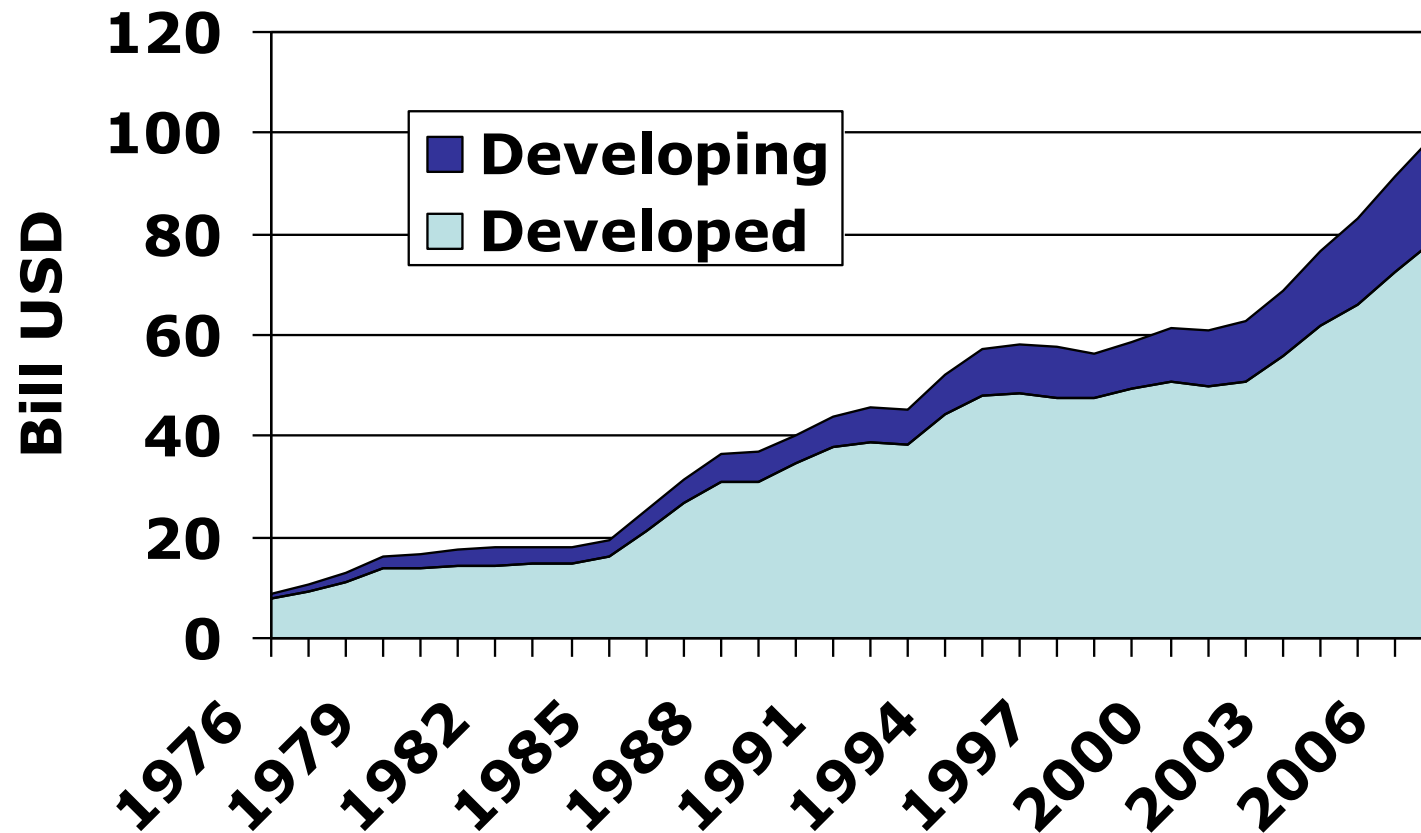
Global seafood exports



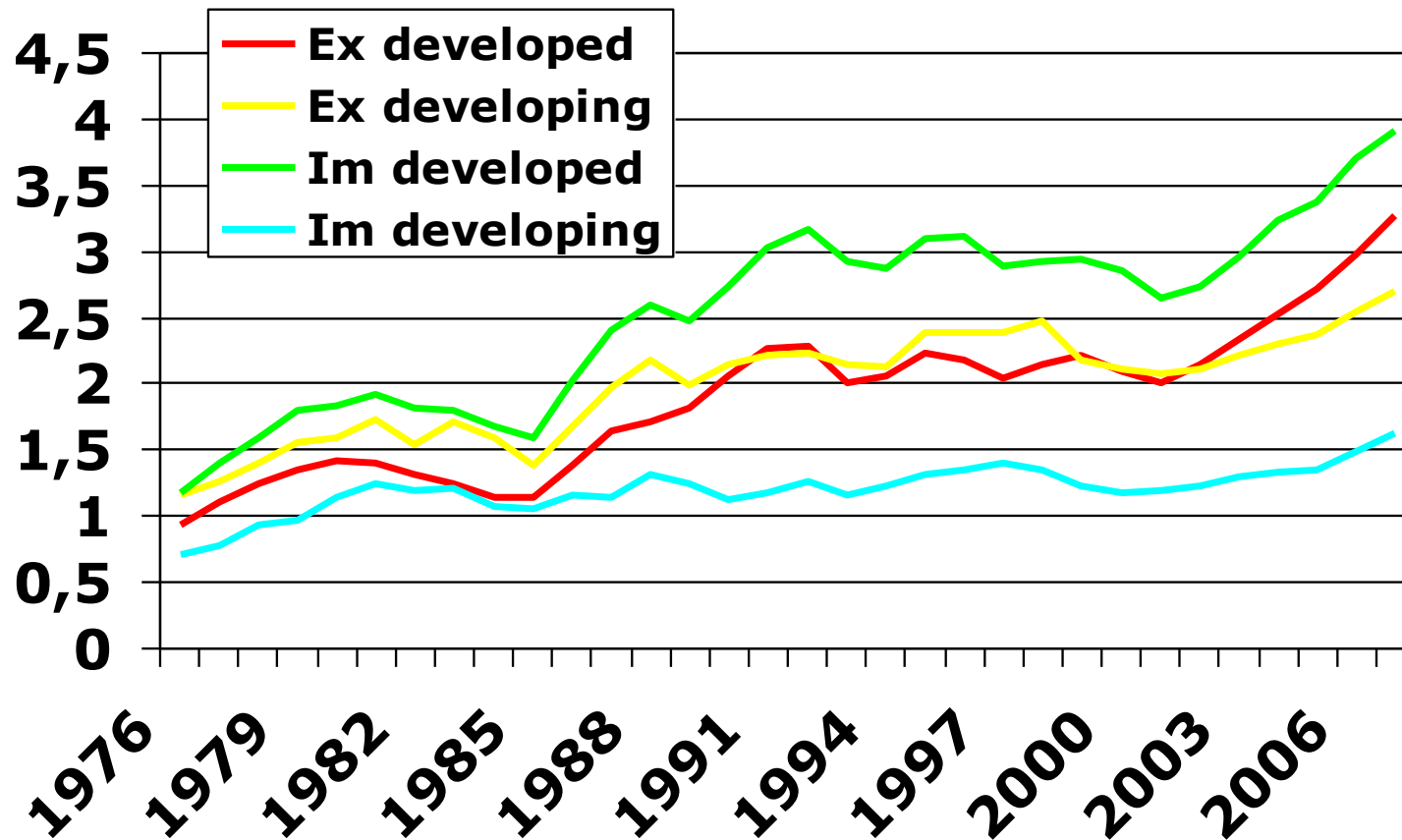


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Global seafood imports



Unit prices, nominal, 1976-2007





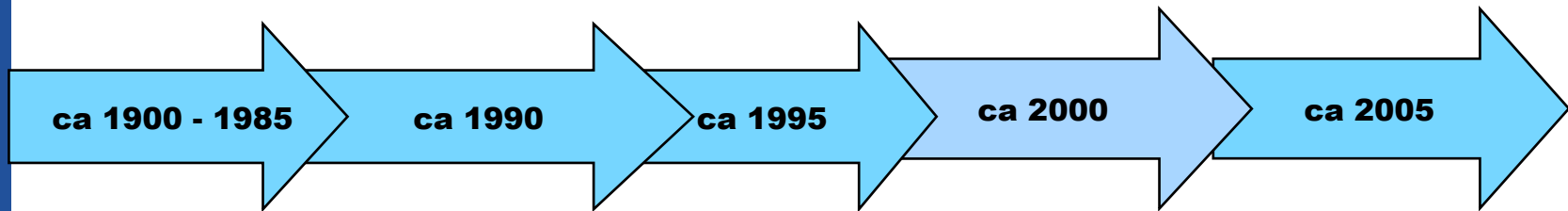
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The seafood market is changing

Whitefish

- The whitefish market is one of the largest seafood market segments
 - Ca 6 million tonnes if only the main wild species are included
 - Ca 13 million tonnes if all species including aquaculture are included
- From 1980 the market has changed from a regional north Atlantic market to a global market
- The size of the market and a large number of processed product forms makes it an easy market to enter for new species

New species in the whitefish market



Until 1985
Cod,
haddock,
saithe, etc.

1990:
Alaska
Pollock
Catfish

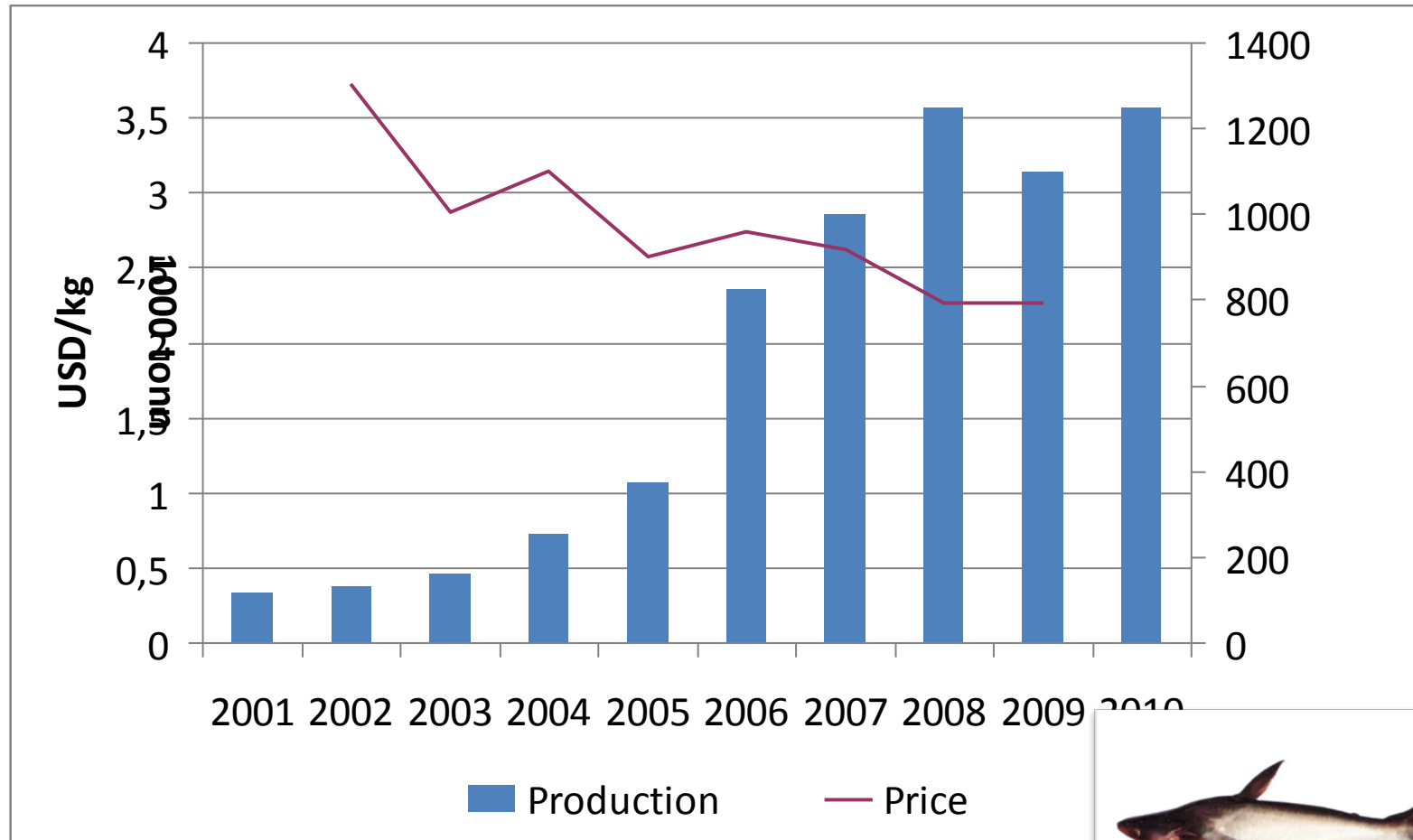
1995:
Hake
Hoki

2000:
New warm
water
species as
tilapia and
Nile Perch

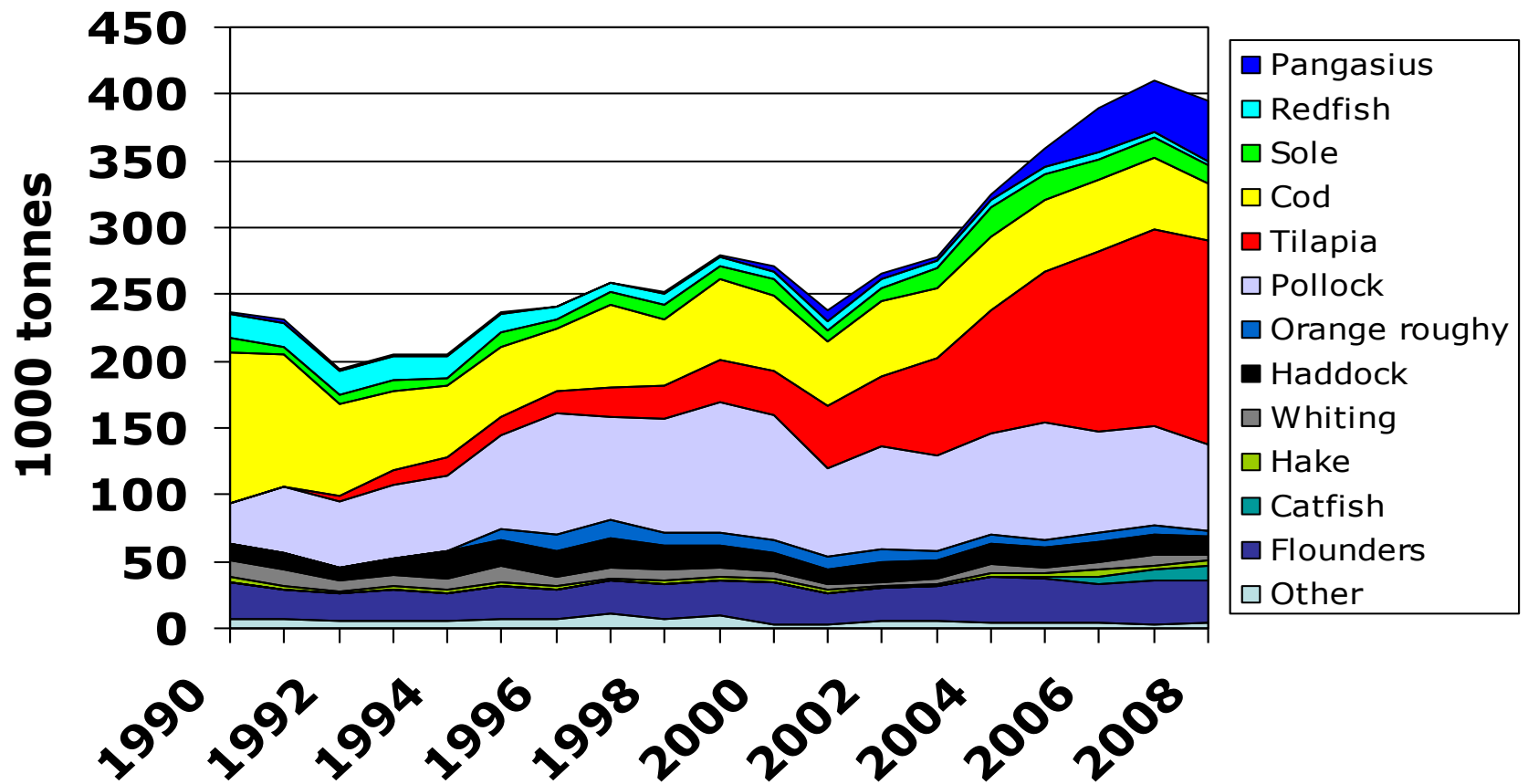
2005:
Pangasius



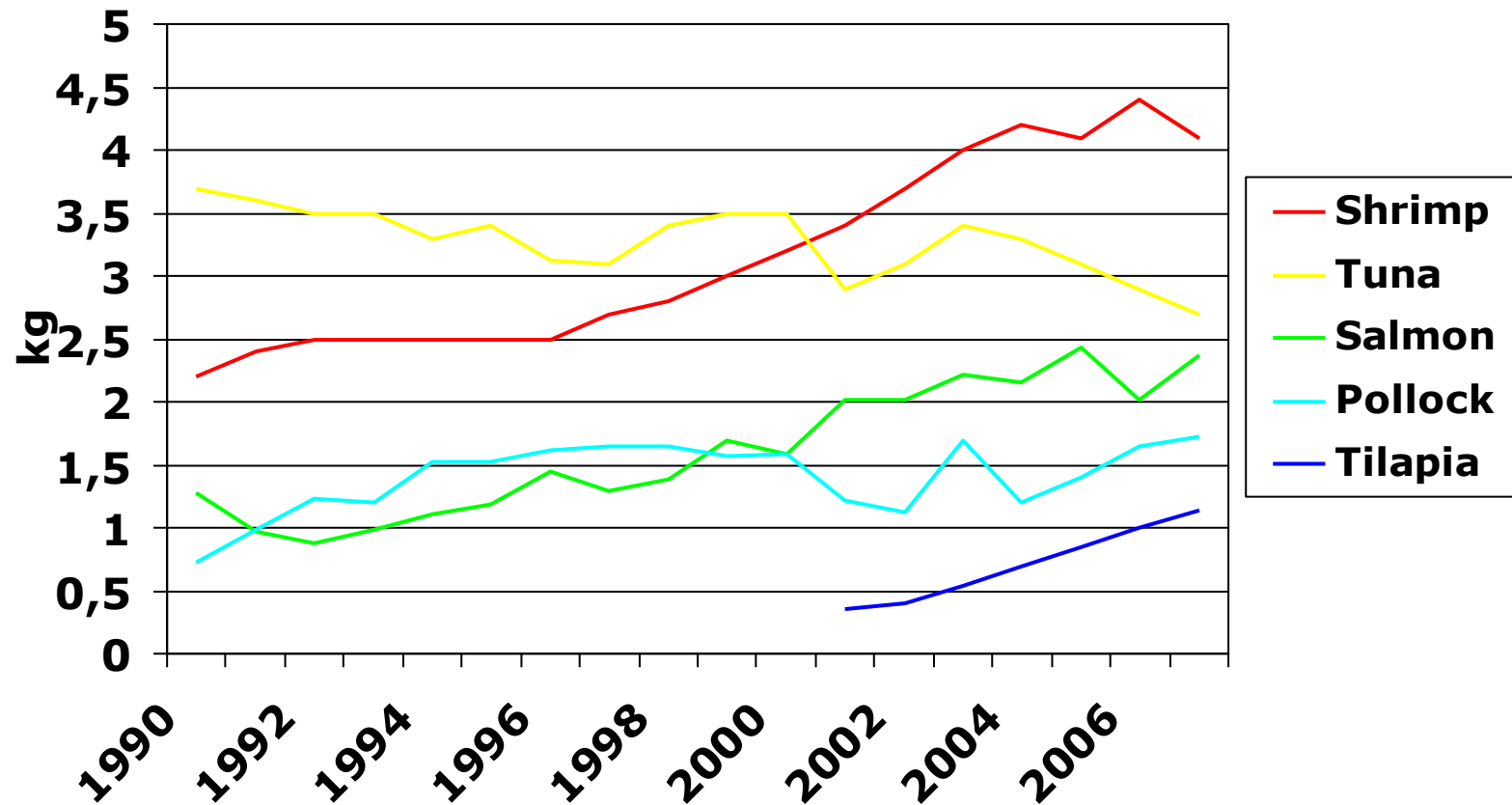
Vietnamese pangasius production and export price (2008=1)



US imports of frozen whitefish, 1990-2008 (tonnes product weight)



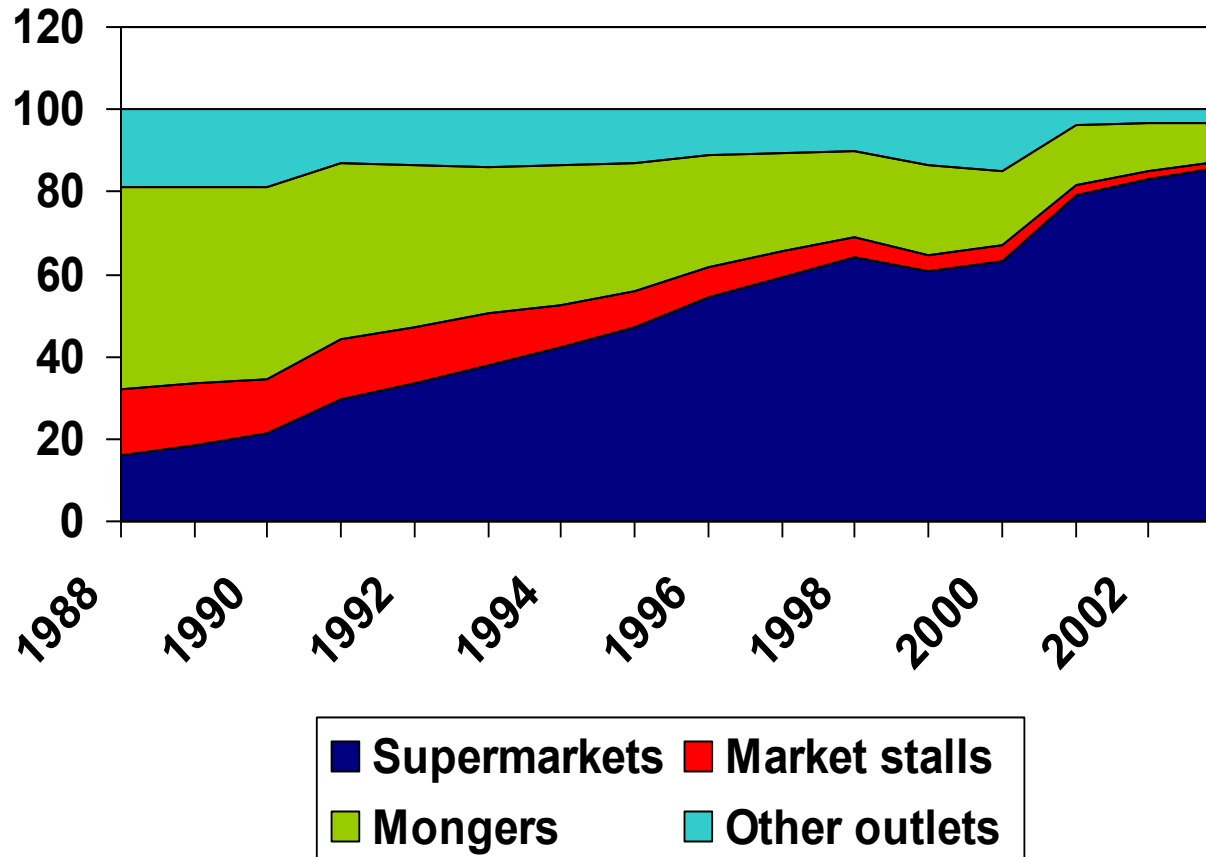
Per capita seafood consumption, USA



Tilapia and pangasius

- Pangasius and tilapia is examples of a new type of aquaculture species where increased quantities will be produced
 - In the short term, though, the financial crises may reduce production growth and create cycles
- Low production cost and flesh with a neutral taste makes the fillets highly versatile and highly competitive
- In contrast to luxury species like salmon and shrimp (and cod), pangasius and tilapia enters the market at the bottom by copying other products and competing in established segments
- Given continued stagnation in landings of wild species and productivity growth, the production will continue to increase

Market share by value of fish retail in the UK, 1988-2003

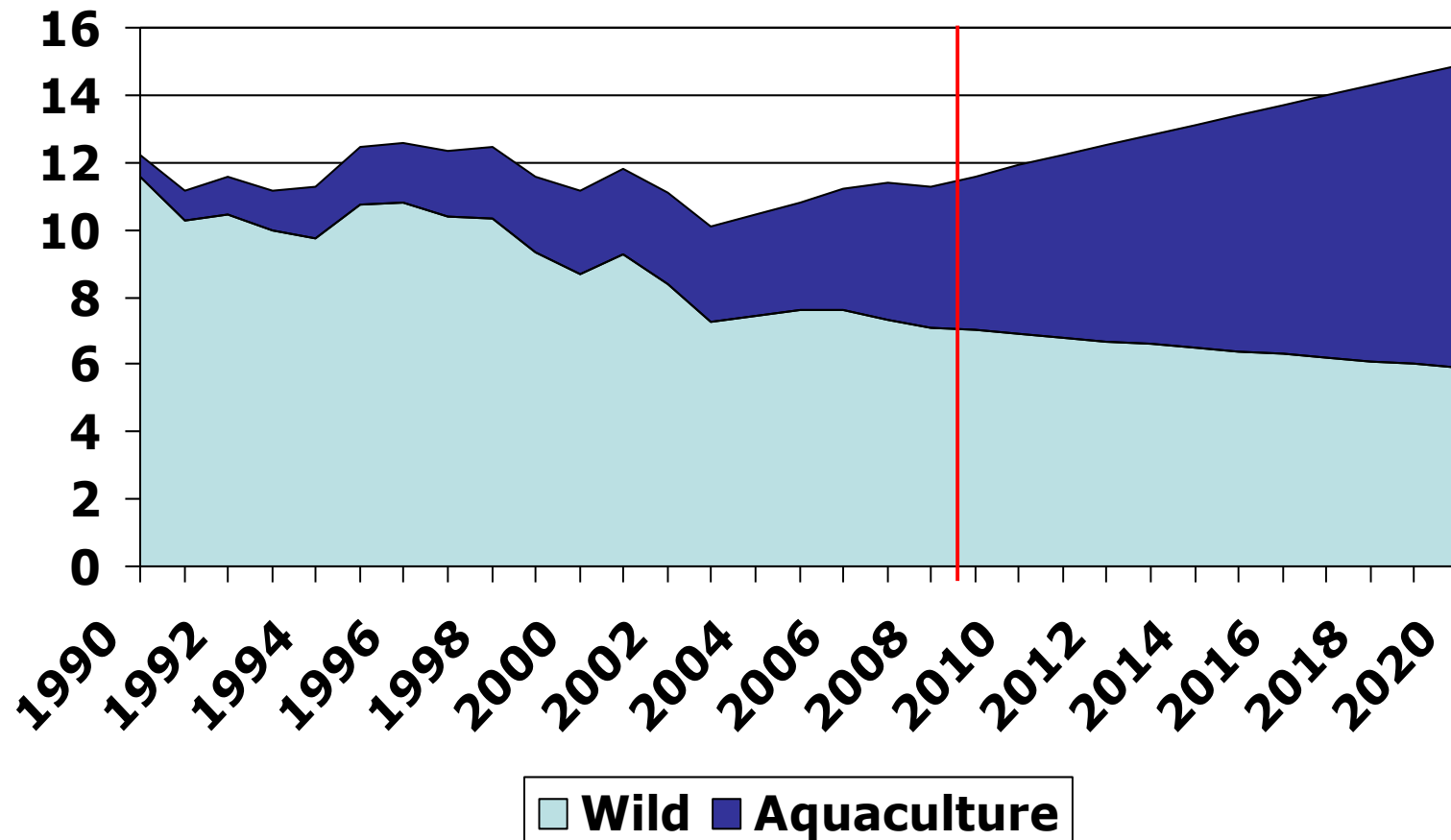


Source: Sea
Fisheries Industry
Authority (SFIA)



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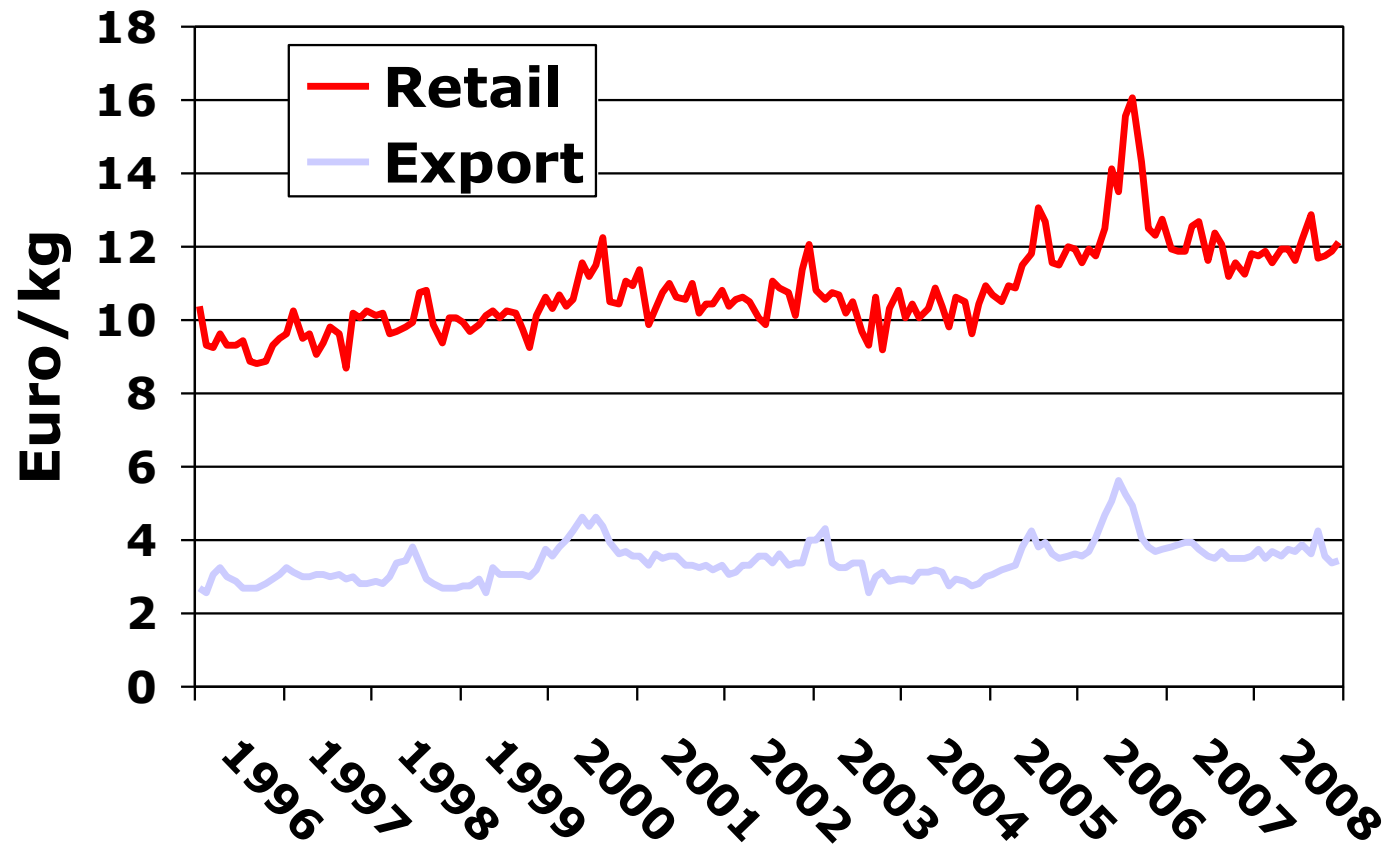
New aquaculture species are expected to dominate the whitefish market



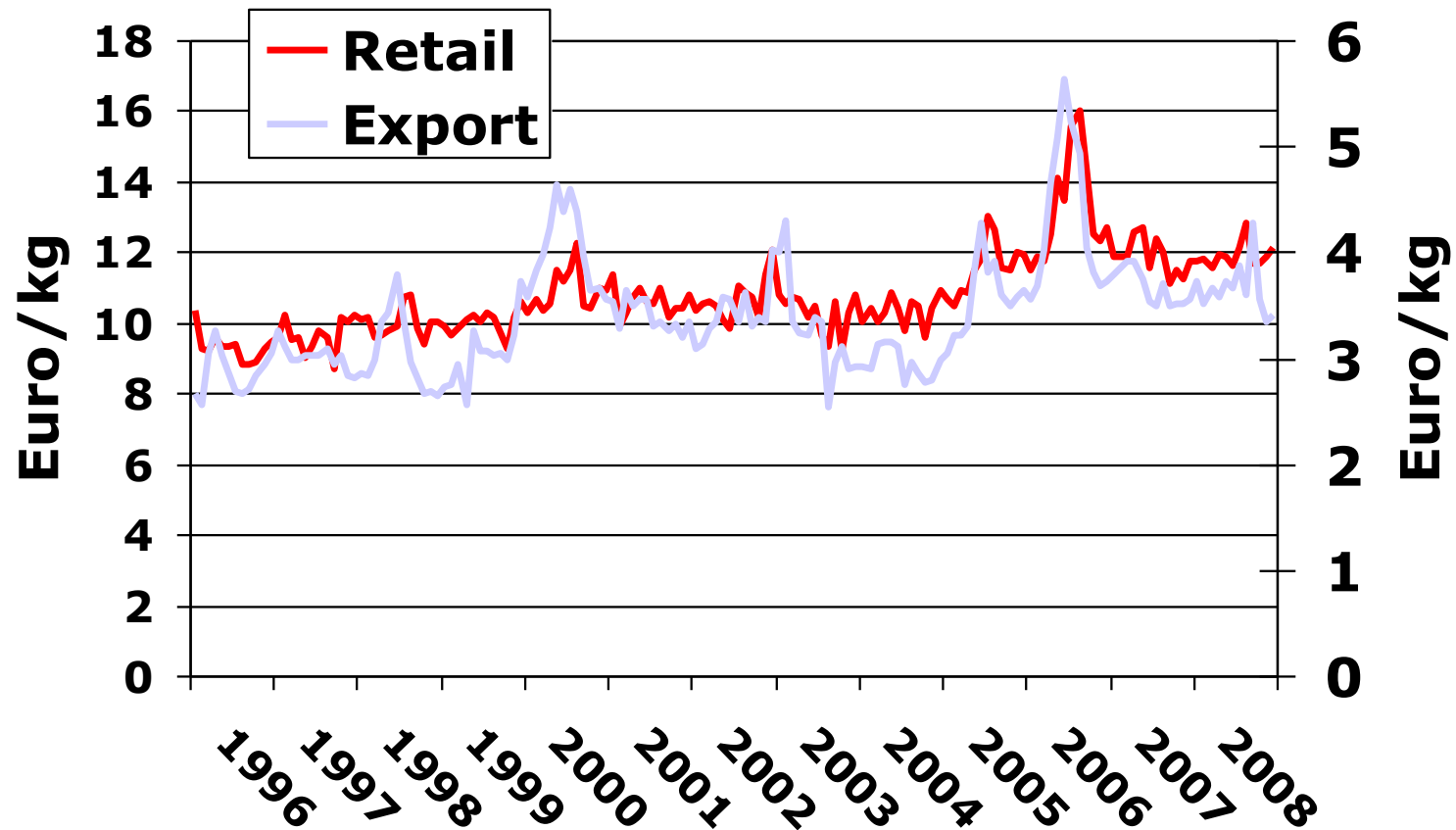
The supply chain

- It is the total cost of a product that matter for the competitiveness of a product.
- Innovations in the supply chain is as important as innovations in retail and production
- Salmon in Europe is in a shop less then 3 days after it came out of the sea, and is freighted by car
 - First species with reliable delivery of good quality fresh fish independent of distance
 - Air freight (USA, Japan)
 - Icelandic cod
 - Pangasius

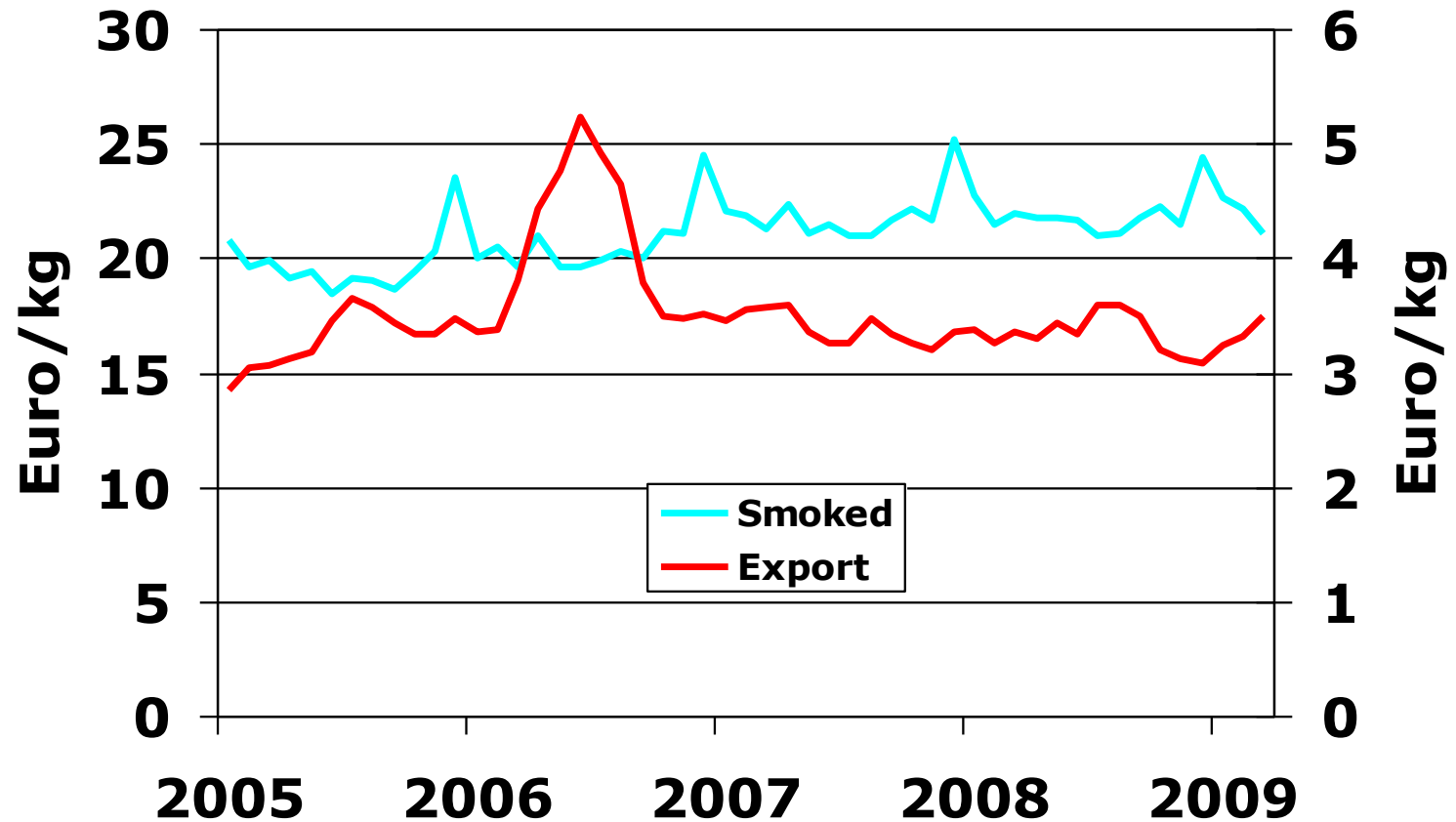
Norwegian Export price and French retail price for fresh salmon fillets



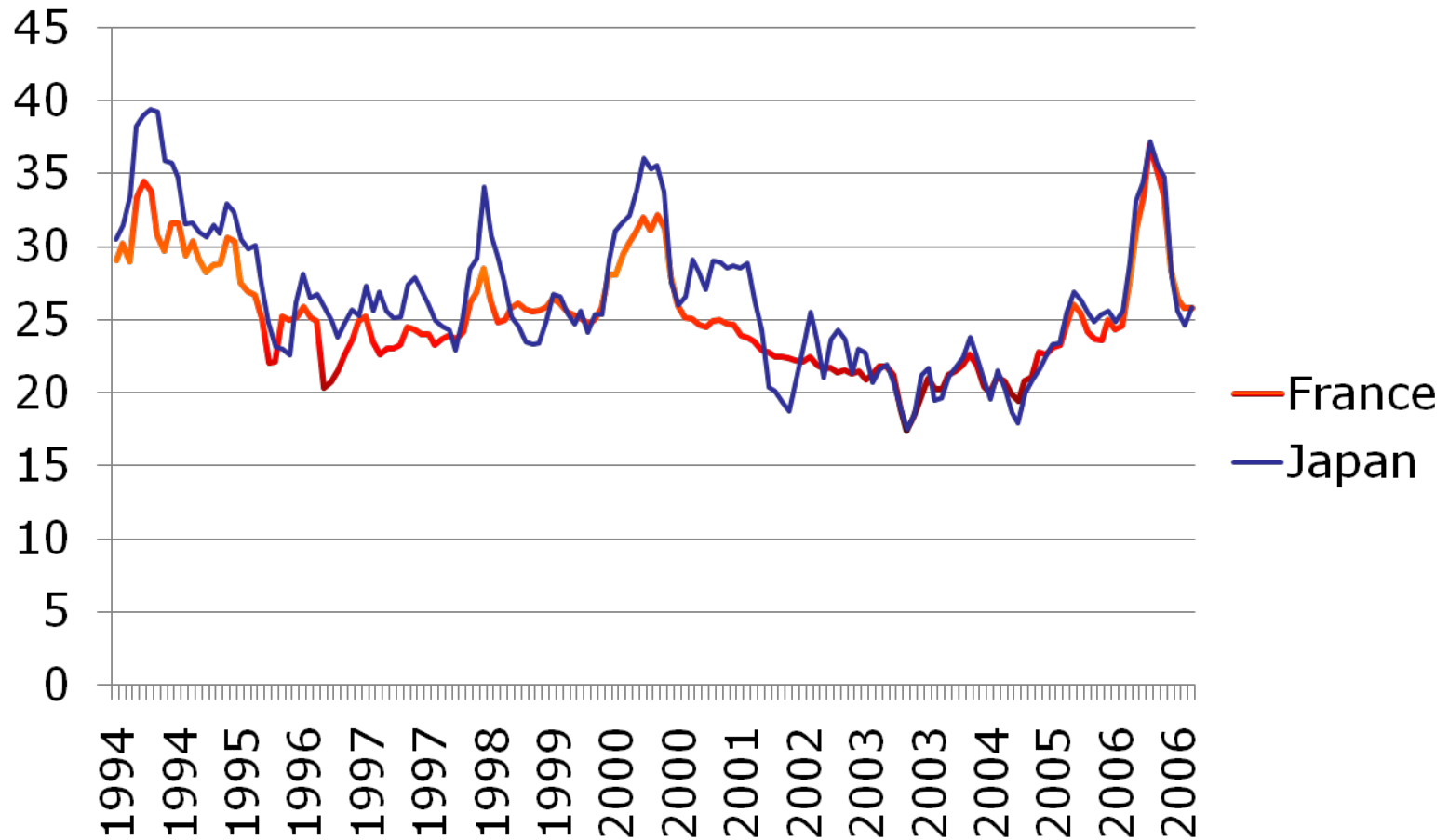
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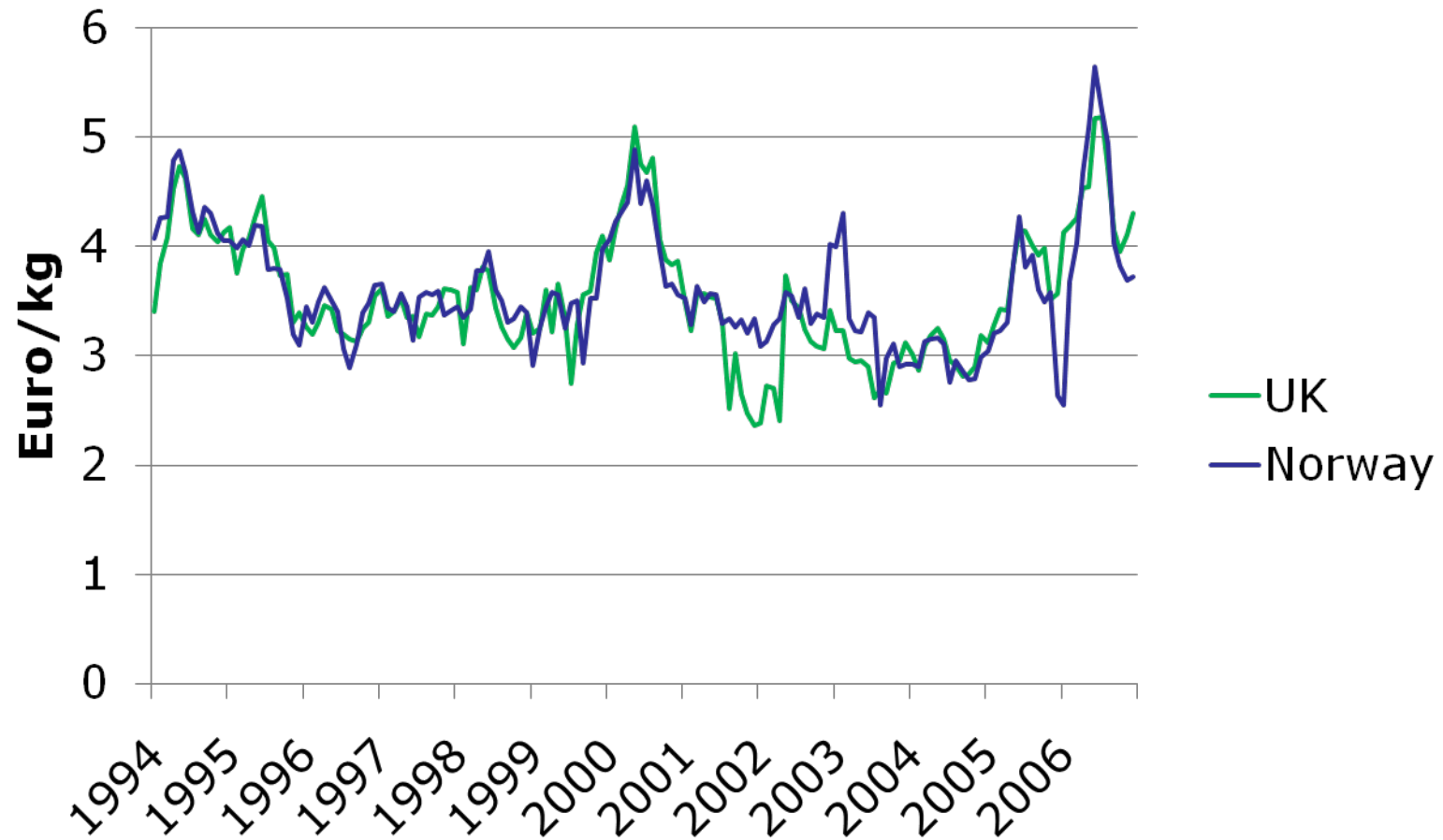
France, smoked salmon



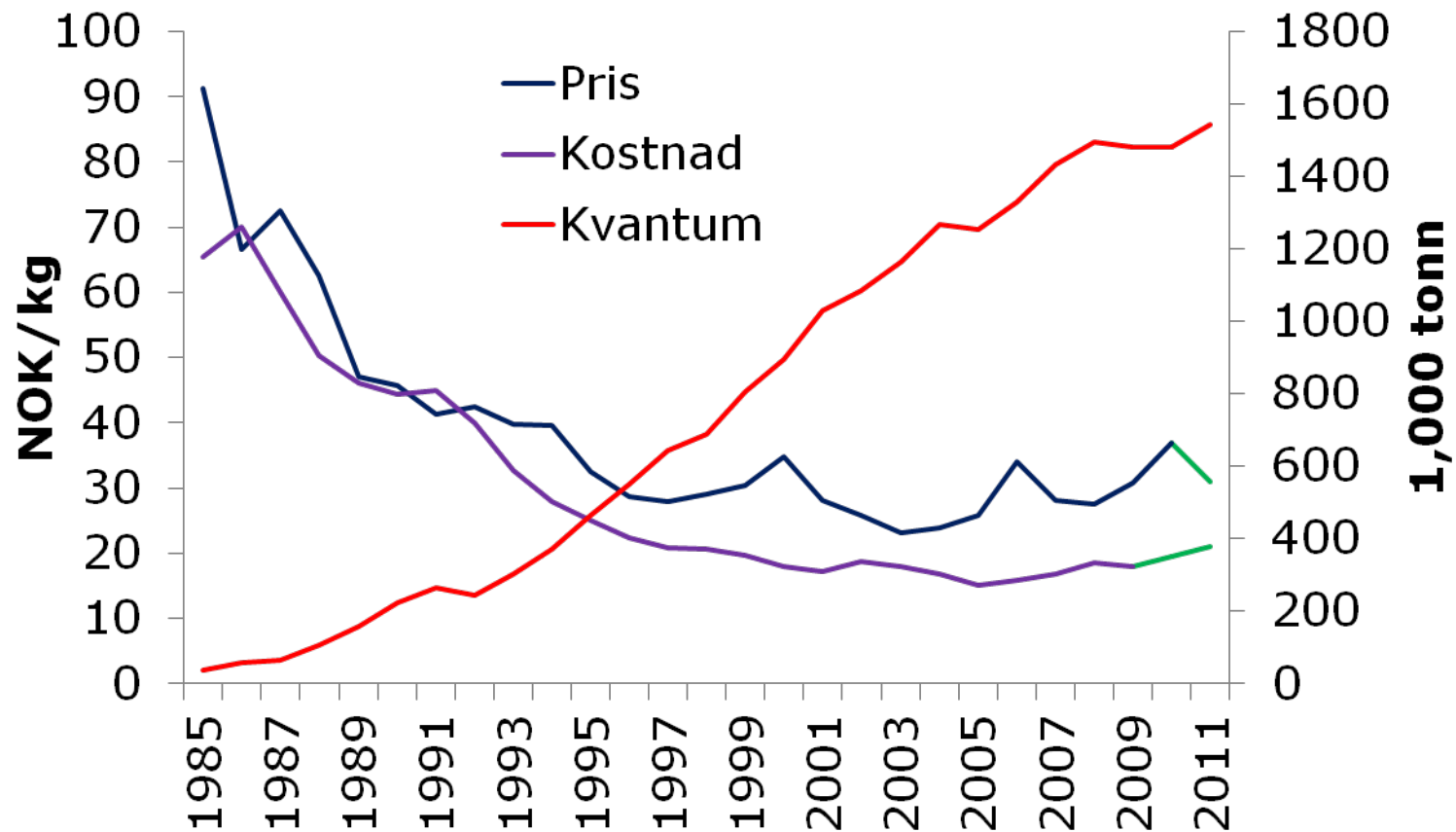
Norwegian salmon exports: The producers do not care where they sell the salmon



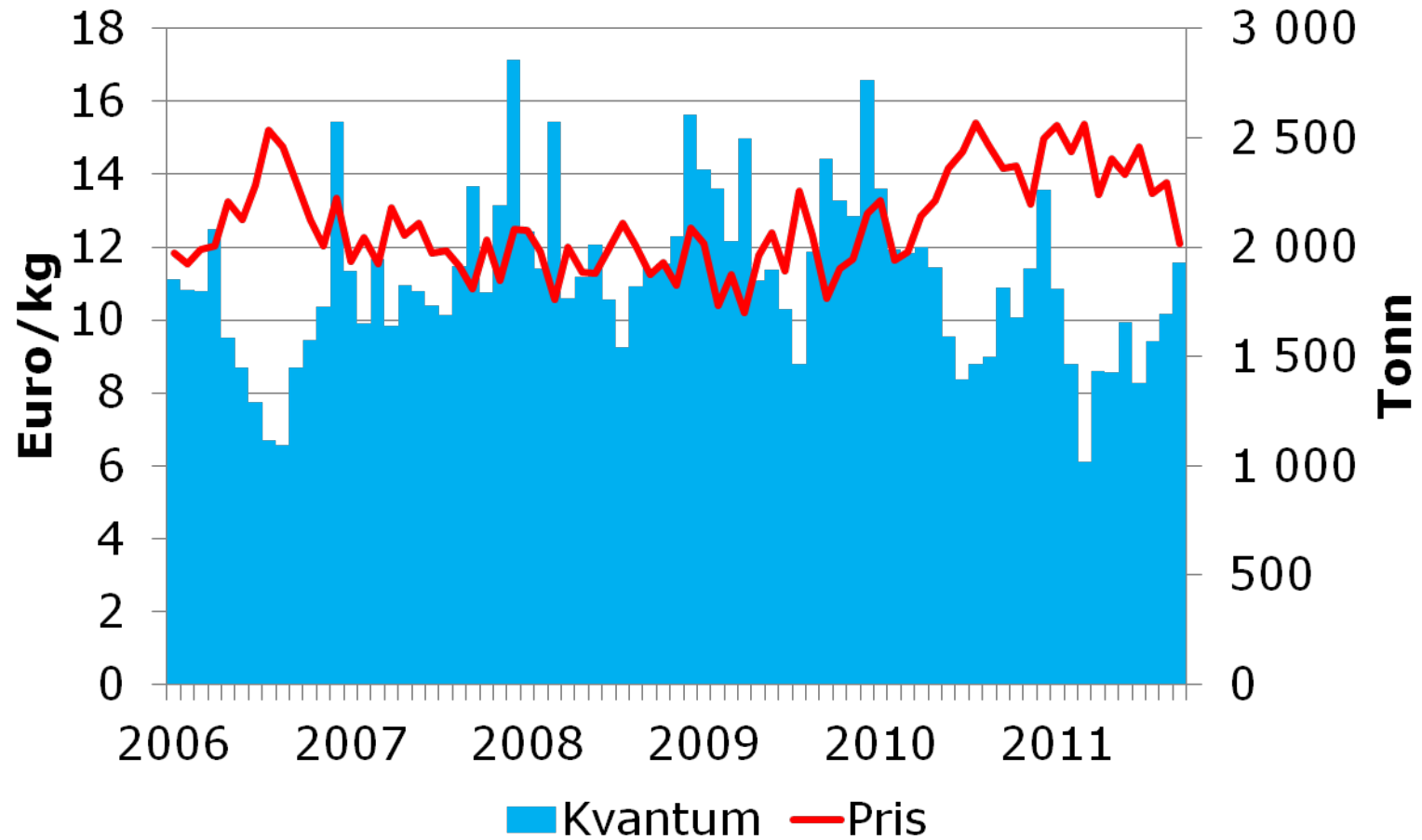
... and French buyers do not care where they get their salmon from



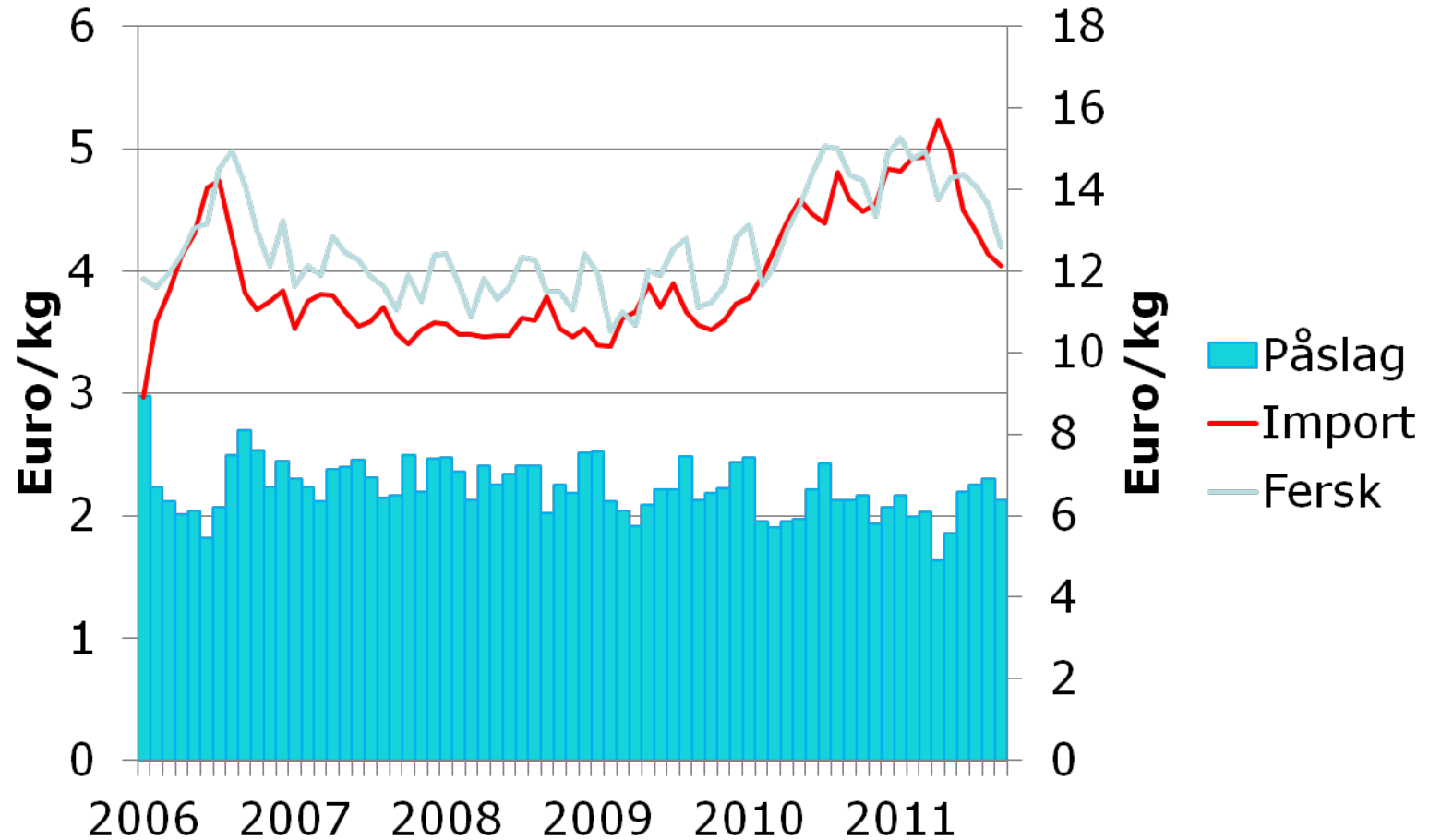
Inflasjonsjustert norsk eksportpris og produksjonskostnad (2010=1) og global produksjon



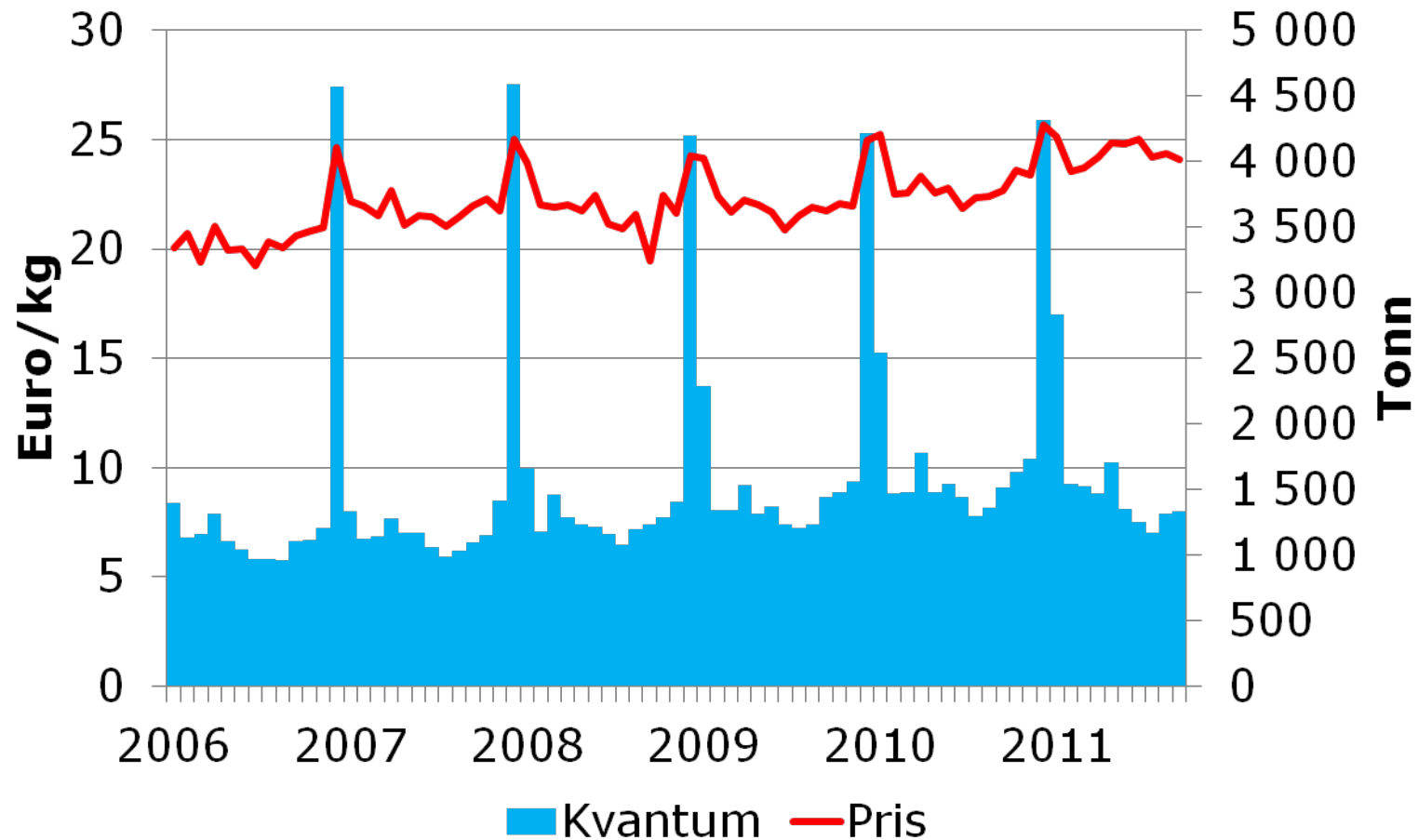
Retail pris og kvantum, Frankrike Fersk laks



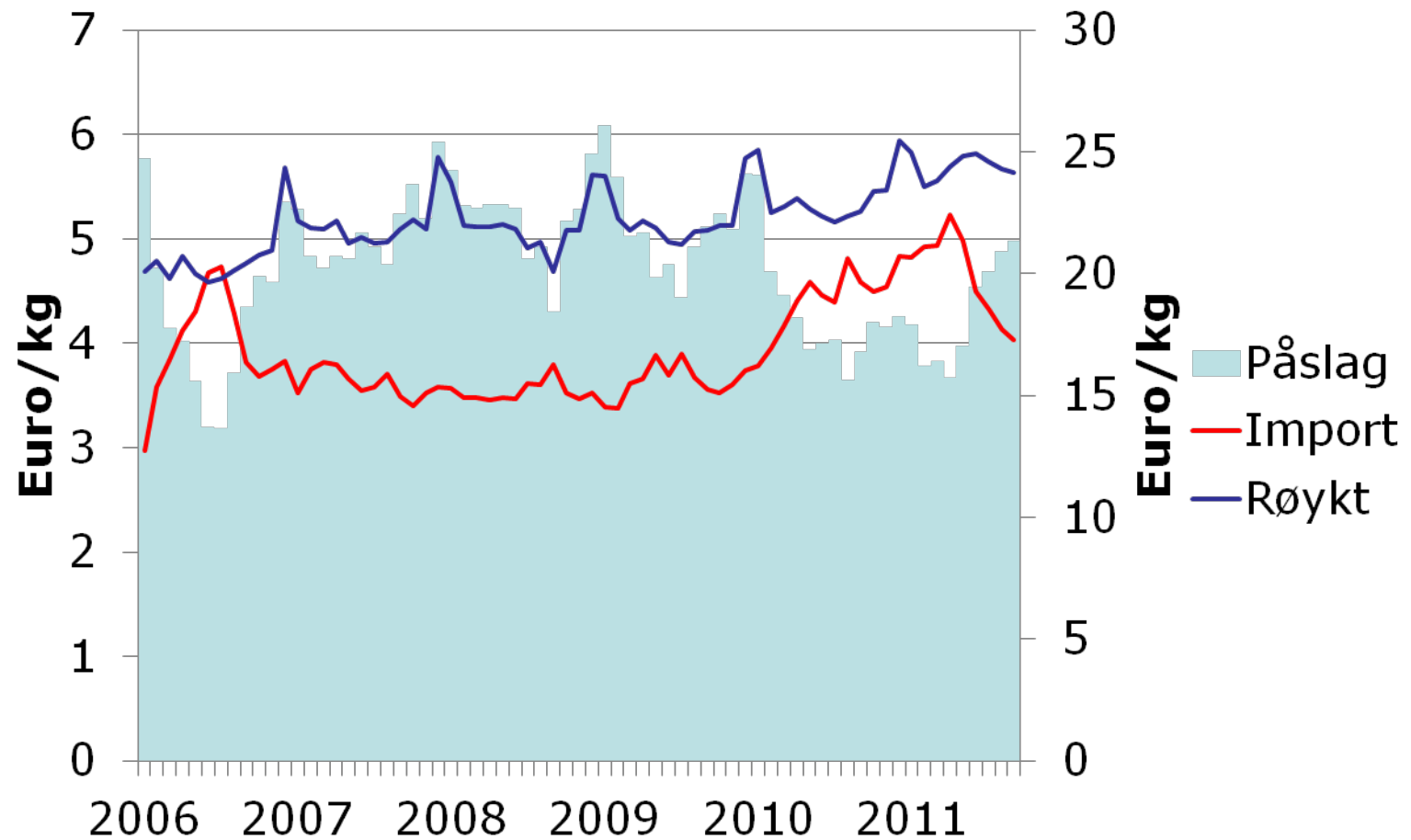
Detaljistpriser i Frankrike: Fersk laks



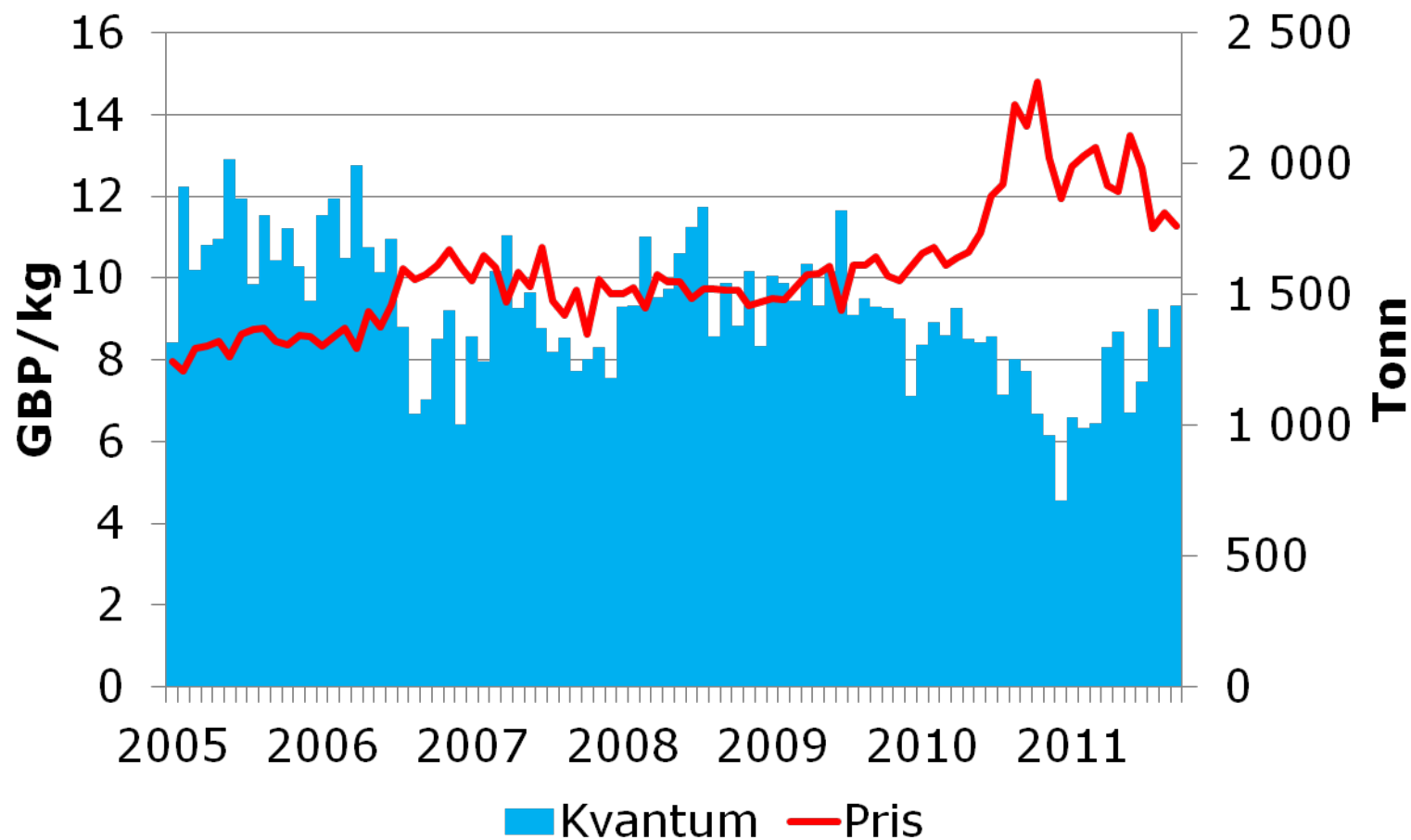
Retail pris og kvantum, Frankrike Røykt laks



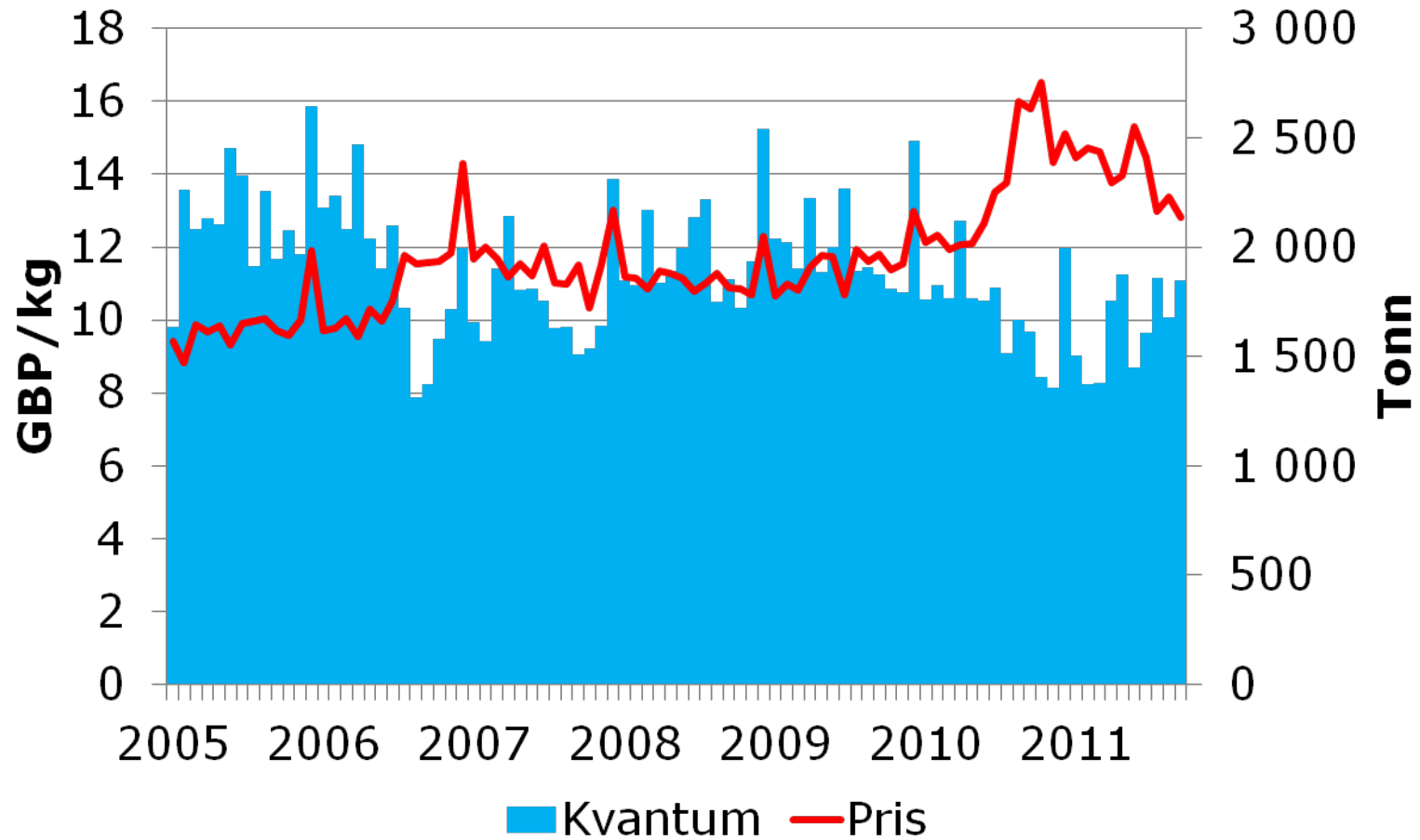
Detaljistpriser i Frankrike: Røykt laks



Retail pris og kvantum, UK Fersk laksefillet



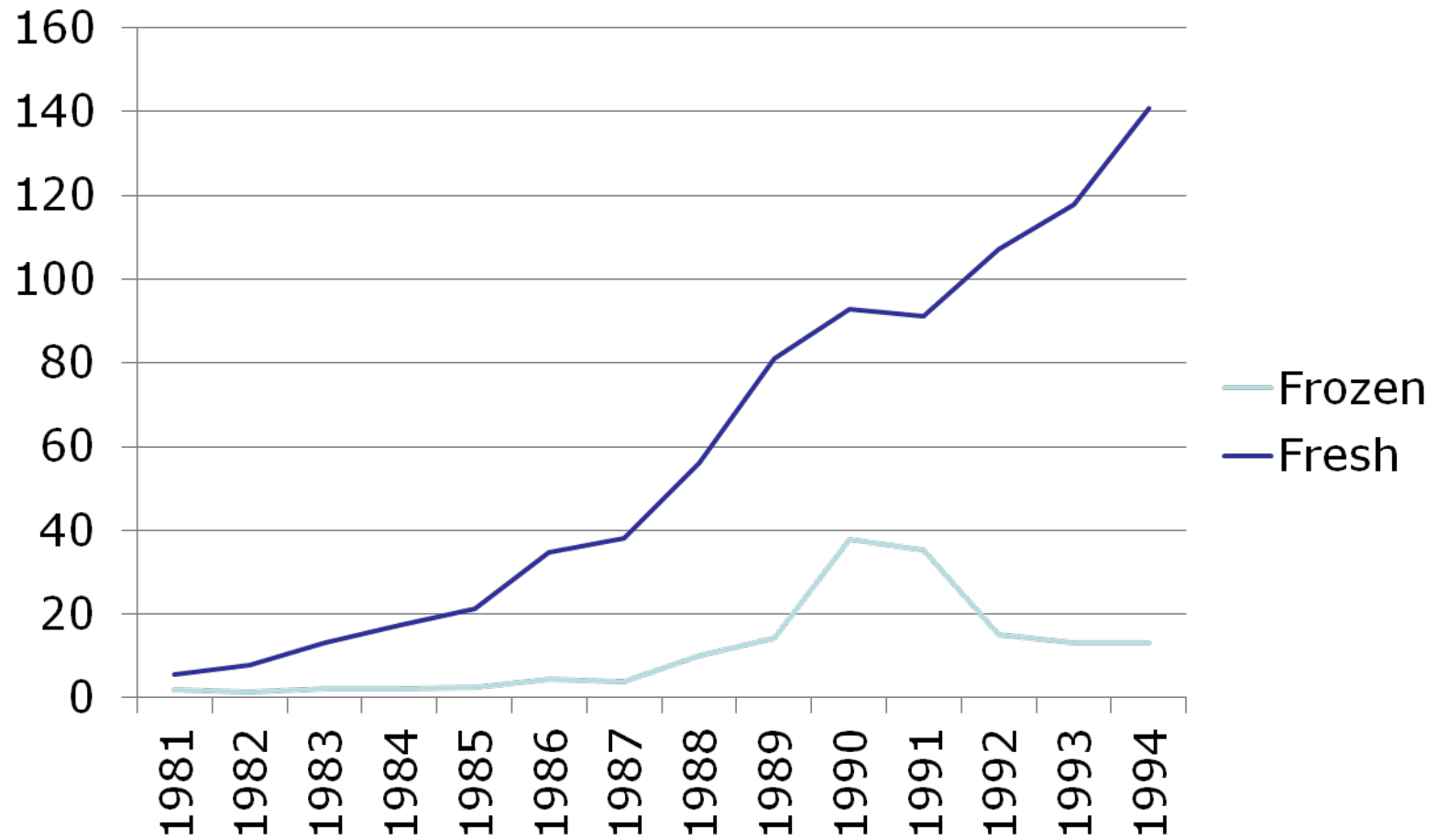
Retail pris og kvantum, UK Røykt laks





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Norwegian export quantity of salmon...





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...and the price

