Is There Still Volume Growth In The European Tuna Market?
With Special Reference To The Present Crisis

EUROPEAN TUNA CONFERENCE

23-25 May 2012
Bangkok, Thailand

Helga Josupeit, FAO

This presentation will cover…

- European Tuna Demand
- Canned Tuna Trade/Prices
- Outlook

Tuna products go from sashimi tuna, to the trade of canning raw material and the trade of canned tuna. In addition, specialty products are finding more and more a slot in international fish trade. The sashimi tuna and sushi market was impacted by the economic crisis.

The European market is quite complex, representing all these different product forms, however, canned tuna continues to be the main product consumed, with over 95% of the market.

Imports of Tuna loins: Italy

	2006	2007	2008	2009	2010	2011
	(1 000 tonnes)					
Ecuador	14.6	11.9	11.7	13.2	9.9	12.6
Thailand	3.2	4.4	2.3	8.7	5.2	3.7
Kenya	6.7	7.9	4.8	1.5	2.3	3.5
Colombia	9.7	7.0	5.4	2.0	1.4	2.5
Others	8.5	8.0	12.6	11.9	14.3	11.7
Total	**43.0**	**39.2**	**36.8**	**37.3**	**33.1**	**34.0**

Source: GLOBEFISH AN 11050

GLOBEFISH

Italy imports of tuna loins have declined since 2006. A certain declining trend is due to the closing down of factories in Italy. Ecuador is by far the main supplier of loins to the Italian market, taking advantage of zero duties on tuna loins from the Andean Community countries. Colombian tuna loin exports have declined in recent years.

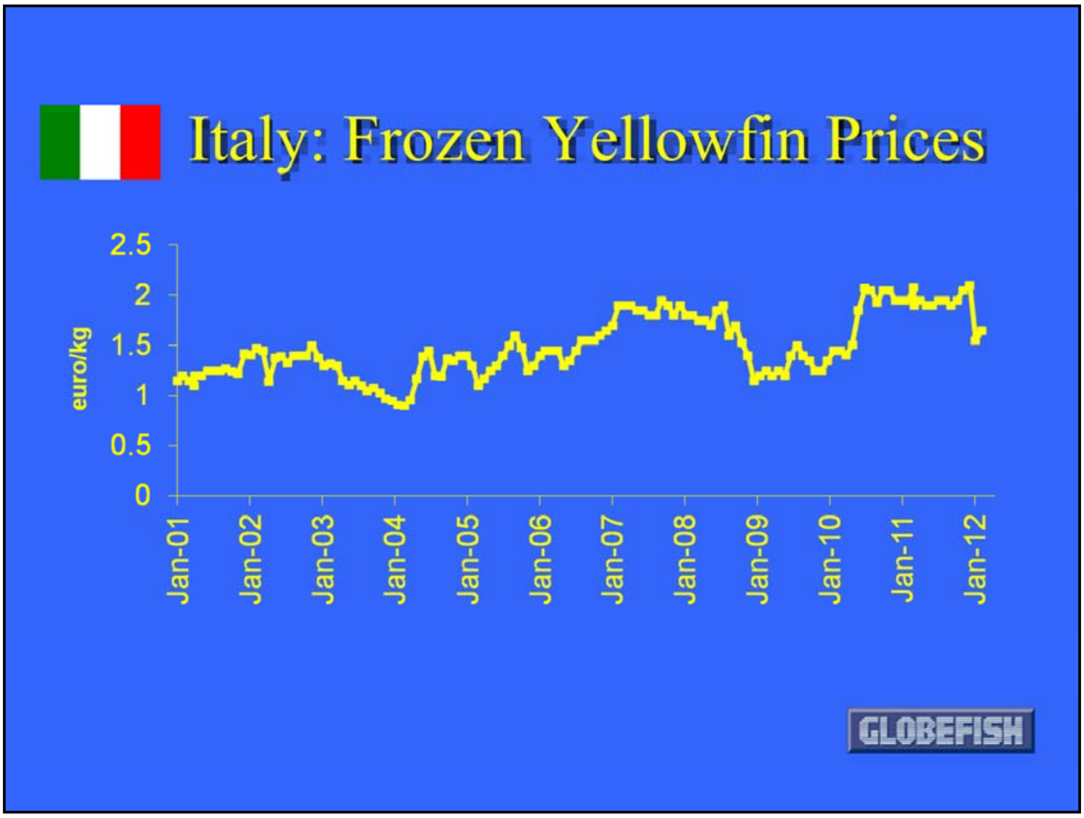
Imports of Tuna loins: Spain

	2006	2007	2008	2009	2010	2011
	(1 000 tonnes)					
Ecuador	16.0	13.2	22.4	28.7	25.7	21.4
Thailand	0.0	2.9	3.5	6.6	5.6	11.2
Mauritius	*	*	*	*	7.5	9.6
Guatemala	2.2	0.0	1.5	5.7	8.7	6.5
El Salvador	10.9	14.8	12.4	13.1	7.6	5.8
China	*	*	*	*	2.8	3.4
Portugal	1.4	1.5	1.0	0.9	0.4	1.2
Colombia	0.3	0.4	0.7	0.6	0.4	0.2
Others	6.7	5.7	4.7	13.3	7.4	9.1
Total	**37.5**	**38.5**	**46.2**	**68.9**	**66.1**	**68.4**

Source: GLOBEFISH

GLOBEFISH

Spanish tuna loin imports have been about stable since 2009, at almost 70 000 tones, indicating that the Spanish tuna canning industry is using an important part of loins in their canning process. The rather labour intensive loining is thus outsourced to developing countries where labour cost is lower. Ecuador is the main exporter of tuna loins to the Spanish market, followed by Thailand and Mauritius. It is interesting to note that imports from Guatemala and El Salvador, where the main Spanish canners have plants, have not really expanded as much as foreseen. These countries are exporting canned tuna to Latin American countries, rather than supplying the mother plants in Europe.



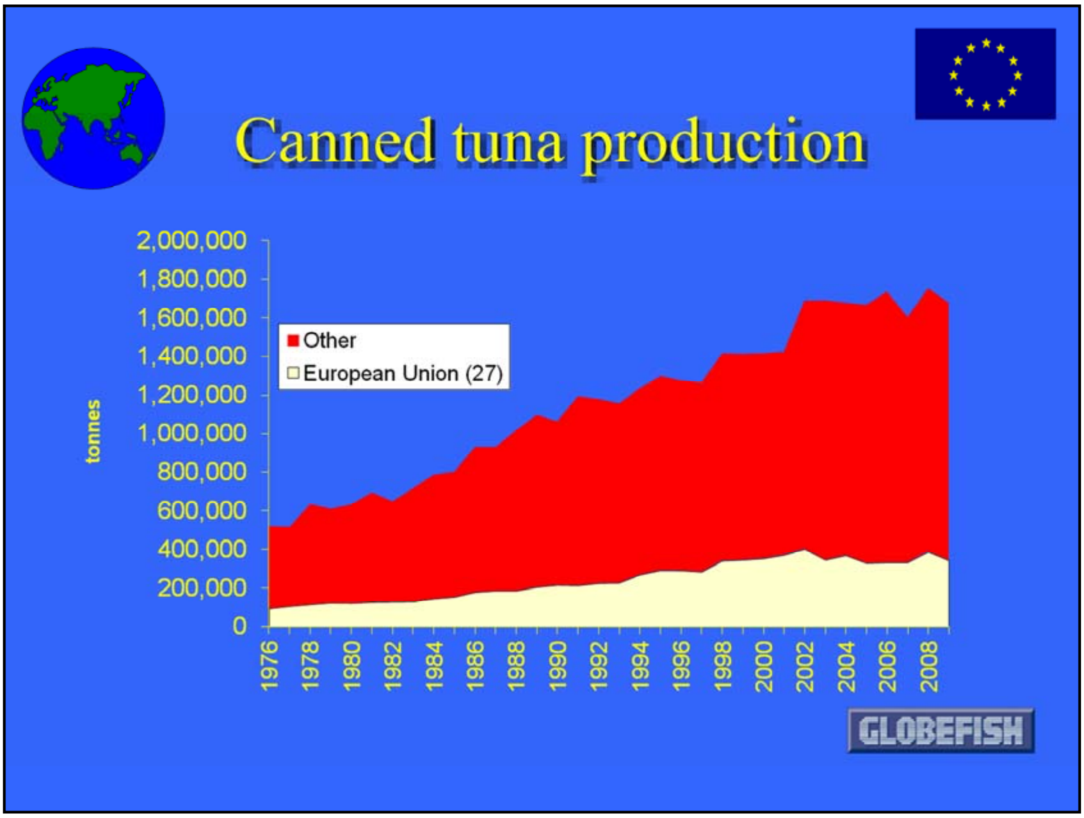
The above slide shows yellowfin prices paid by Italian canneries. The same price levels hold true also for other European countries canning yellowfin. The significance of this price series is declining due to – as already mentioned – expanded use of loins in Italian canned tuna production.

The general price tendency in recent years is for a strong increase in 2007 Prices reached a high of over Euro 2000/tonne. In the second half of 2008 prices started to tumble. However, since mid 2010 they have returned to the EUR 2000/tonne level, with a certain decline in recent months.

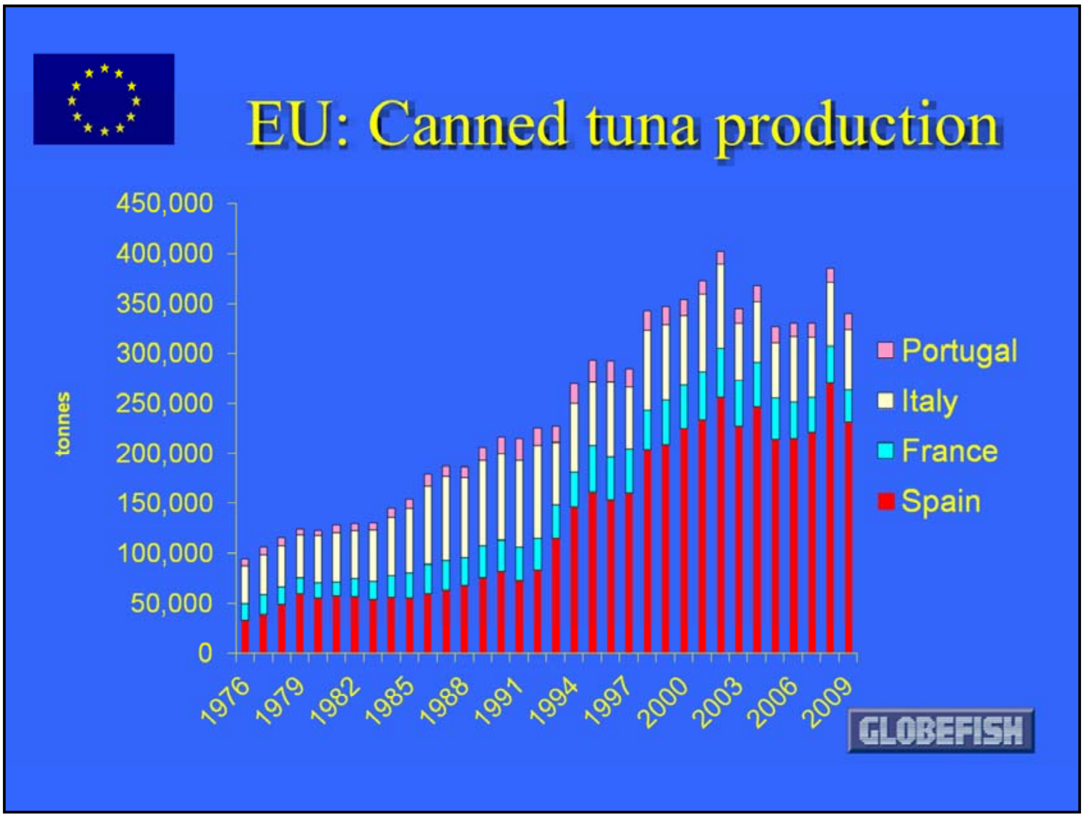
The above slide shows frozen tuna loin prices paid by Italian canneries. Loin prices had moved up quite steady in last years, to decline sharply during the economic crisis.

Summary and Outlook (fresh/frozen tuna)

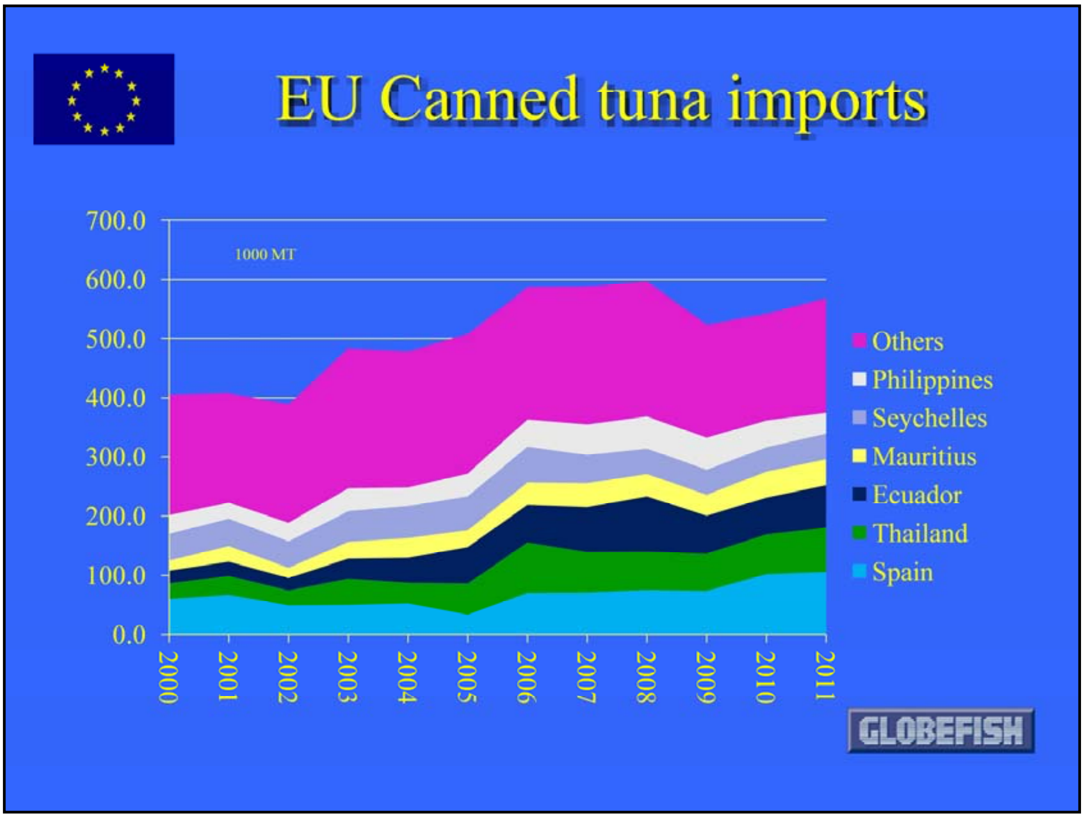
- Lower supply resulted in less fresh and frozen tuna in international trade
- Fresh and frozen tuna prices stabilized recently at high levels
- Presence of tuna loins strong in tuna trade in Europe



canned tuna production worldwide has stabilized in recent years at around 1.7 milllion tonnes. On the other hand, canned tuna production in the EU is declining, obviously as reaction to high labour costs in this part of the world. In 2009 total canned tuna production in the EU was 340 000 tonnes, down from the record 400 000 tonnes reached back in 2002.



Canned tuna production in the EU peaked at 400 000 tonnes in 2003 and has been declining since. The sharpest decline has been experienced in Italy in recent years. Spain is by far the main producing country, but also there production is declining. It is interesting to note that back in the seventies Italy was the main canned tuna producing country in Europe, while nowadays Spain has taken over many of the traditional Italian trade marks.



European countries are among the top canned tuna importers and canned tuna consumers in the world. About 600 000 tonnes are imported every year, with a strong increases in imports experienced by all main importing countries until recently. In 2009, the economic crisis led to lower imports, also as an reaction to high canned tuna prices, in 2010 and 2011.

Spain is the main exporter of canned tuna to the EU, followed by Thailand and Ecuador.

UK is now the main importer of canned tuna in the EU with 120 000 MT. France imports very little canned tuna from Asia or the Pacific, almost all its imports come from Africa. Italy has only recently emerged as a main importer of canned tuna. The country used to produce its own tuna for its consumption, without much imports. In the late eighties and early nineties, Italian canned tuna imports were in range of 10-20 000 MT. Since many canneries and trade names were sold, and the country is importing a lot of canned tuna, especially from the new owners in Spain..

Canned tuna imports – UK

	2007	2008	2009	2010	2011
	(1 000 tonnes)				
Mauritius	27.8	27.2	22.9	28.8	23.0
Thailand	14.9	14.6	16.8	13.6	22.2
Seychelles	23.9	16.7	19.7	14.5	15.9
Ghana	18.4	22.7	19.3	18.6	14.8
Ecuador	7.8	18.9	7.4	4.1	11.9
Philippines	13.0	19.2	16.4	14.0	10.3
Spain	1.4	3.3	2.2	3.7	9.6
Indonesia	1.7	1.4	0.7	1.5	2.5
France	3.0	4.0	2.7	2.3	1.4
Germany	2.7	2.0	1.1	1.8	0.9
Maldives	2.2	1.0	1.0	1.2	0.5
Others	13.7	13.0	5.9	4.1	6.7
Total	**130.5**	**144.0**	**116.1**	**108.2**	**119.7**

Source: GLOBEFISH AN 11050

UK is the main importer of canned tuna in the EU, with 120 000 tonnes in 2011. Thailand recovered strongly its performance in the UK market, returning to levels that were normally during the last decade. On the other hand, Mauritius lost ground. It is also interesting to see that Spain is now an important supplier to the UK market. More than 40% of the canned tuna imported into the UK originates from Asia and more than 15% from Pacific Islands.

Canned tuna imports – France

	2006	2007	2008	2009	2010	2011
	(1 000 tonnes)					
Spain	22.0	19.9	14.2	18.2	22.3	27.2
Seychelles	14.7	13.6	11.7	12.8	13.3	16.9
C. d'Ivoire	23.1	27.0	22.0	19.8	18.6	15.5
Ecuador	*	10.1	9.8	12.4	12.0	13.6
Thalland	*	*	5.1	9.6	7.6	9.3
Ghana	*	5.2	5.3	5.8	7.7	8.2
Madagascar	15.4	10.9	5.6	8.2	5.5	7.0
Mauritius	*	*	1.5	2.1	1.4	2.9
Philippines	*	*	2.6	5.6	2.6	1.7
Senegal	1.1	1.7	1.3	1.8	0.8	0.2
Italy	8.9	3.5	2.3	0.3	0.2	0.1
Others	35.2	14.4	19.5	4.9	4.1	3.9
Total	**120.4**	**106.3**	**100.9**	**101.5**	**96.1**	**106.5**

Source: GLOBEFISH AN 11030

France is also an important importer of canned tuna, with about 100 000 MT imported each year. This has started in the 90s, when the domestic canning industry declined sharply. . In the past, Western Africa was dominant on the French canned tuna market, but in recent years, canneries in Indian Ocean Islands have become important suppliers to the French market. Spain is now the main provider of canned tuna to the French market, replacing the traditional suppliers such as C. d'Ivoire. Seychelles is doing well in the French market with the Petit Navire brand

Canned tuna imports – Italy

	2006	2007	2008	2009	2010	2011
	(1 000 tonnes)					
Spain	36.7	39.7	39.6	38.1	41.6	45.8
Colombia	5.0	6.6	10.5	8.9	8.0	9.7
Cote d'Ivoire	9.1	10.0	9.1	10.6	7.4	7.1
Seychelles	6.9	3.9	5.5	6.4	7.1	6.2
Portugal	2.6	2.4	2.1	1.8	1.8	2.1
France	3.4	5.3	5.0	4.9	0.6	1.3
Others	5.8	9.0	12.0	12.8	13.8	15.3
Total	**69.5**	**76.9**	**83.8**	**83.5**	**80.3**	**87.5**

Source: GLOBEFISH

GLOBEFISH

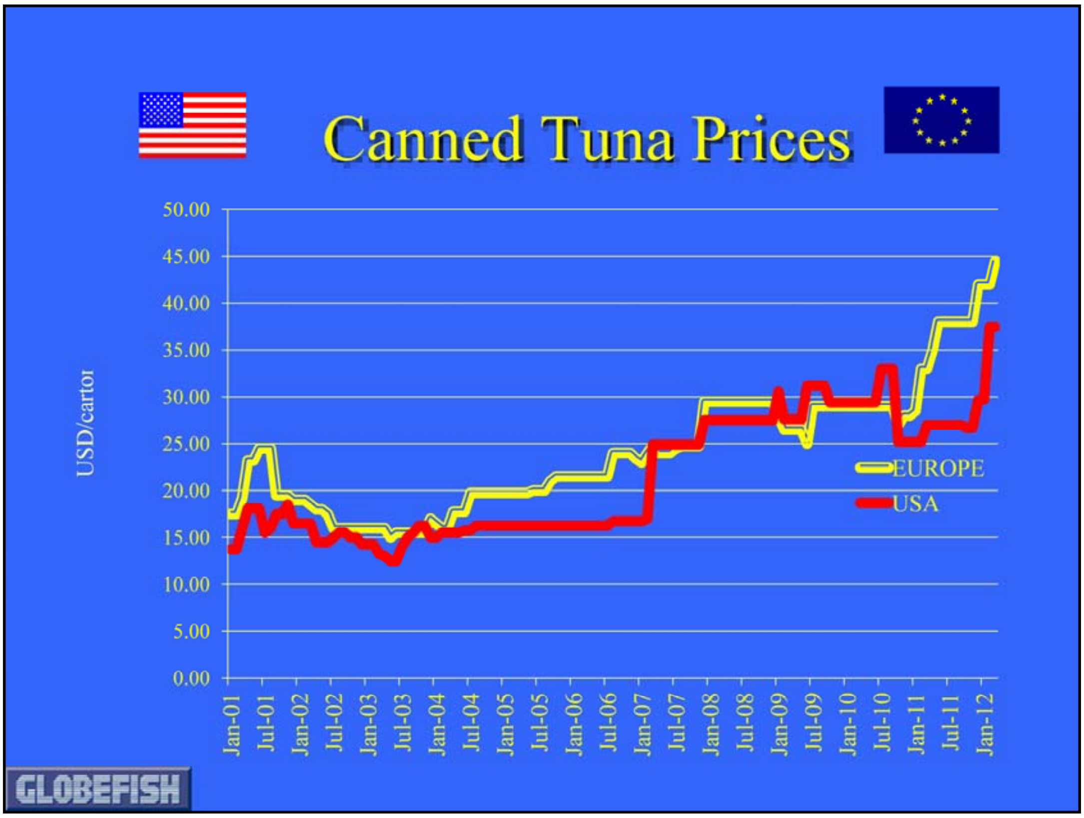
Canned tuna imports into Italy have continued to increase in recent years and reached 87 500 MT in 2011.This came mainly due to higher imports from Spain. The main reason behind this is the ownership of Italian trade marks, in the hands of Spanish producers. France is losing ground among exporting countries.

Canned tuna imports – Germany

	2006	2007	2008	2009	2010	2011
		(1 000 tonnes)				
Philippines	23.4	24.1	18.5	19.9	17.3	15.1
Ecuador	15.8	21.2	28.6	14.5	8.9	15.1
Netherlands	*	*	*	4.3	6.3	8.4
Papua NG	4.4	5.7	6.1	6.8	11.2	8.3
Indonesia	6.0	8.1	6.8	8.2	6.7	8.1
Viet Nam	*	*	*	4.0	3.3	5.4
Thailand	18.1	11.9	8.2	4.3	4.2	2.9
Seychelles	6.7	2.1	4.4	1.2	3.2	0.8
France	2.2	1.1	0.9	0.8	0.3	0.0
Others	10.2	10.9	7.0	3.6	4.7	9.5
Total	**86.8**	**85.1**	**80.6**	**67.5**	**66.1**	**73.7**

Source: GLOBEFISH

It is interesting to note the sudden emergence of Viet Nam among the main canned tuna suppliers to Germany. Papua NG lost some ground in the German market in 2011, in line with the decline of the Philippines exporters, many of which are the owners of the PNG canneries. Ecuador invested quite some energy in exports promotion to the German market, which helped the country to return to previous performance.



Canned tuna price have increased sharply in recent months, as a reaction to higher raw material prices. Prices increased more in the European market,. In the US market, on the contrary, price hikes are more timid.

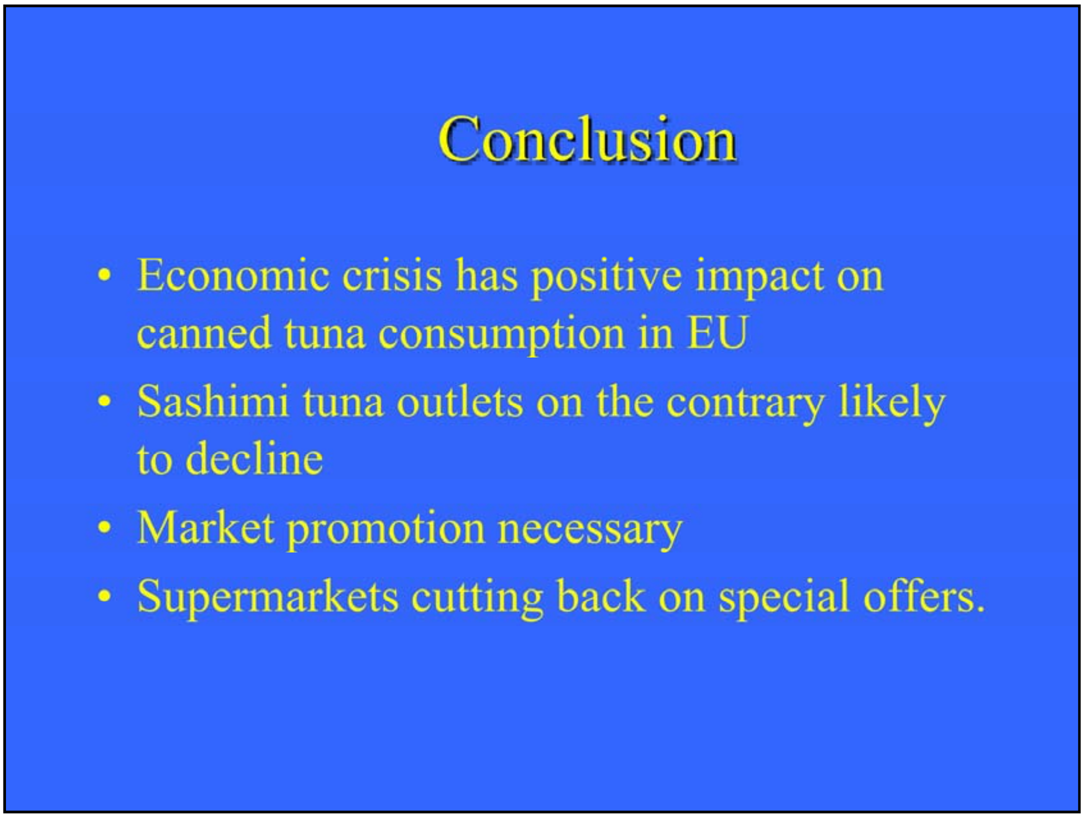
Overall, one can say that canned tuna is a well liked product. The consumer is generally not counting canned tuna among the fish dishes, but it is considered as “something else”, probably more as meat. Consumption and demand are expected to grow, but the limited resource, which in many places shows signs of decline, will lead to higher prices in the coming years. These price increases might scare away the consumer in the near future, as the consumer is used to canned tuna as a relatively cheap product. On the other hand, the use of fresh and frozen tuna will expand in many Western countries, where sushi bars are expanding. Higher prices paid for sashimi tuna will lower the supply to the canning sector.

Canned tuna trade has recently stabilized in quantity terms, even though in years of high raw material prices, demand seems to decline. Thailand is still major canned tuna exporting country, but the Philippines is growing in importance. Favored by duty concessions, Latin American countries are increasing their production. Ecuador is now the number three canned tuna exporters to the EU market.

The European tuna canning industry is concerned about tariff concessions granted at different scales of compliance. Traditionally ACP (Africa, Caribbean and Pacific) countries were granted 0% tariff access to the European fishery product market (including canned tuna), provided the vessels were either of ACP or EU ownership. This agreement was questioned in the WTO, leading to a change towards Economic partnership agreements, which have already been signed by several African countries.

Since some decades, also Central American and Andean Community countries can export canned tuna and tuna loins tariff free to the EU, provided the origin of the fish is either from these countries or from EU vessels.

PNG and other Pacific countries got 0% access to the EU market, but the origin of fish has been waived, practically these canneries can process tuna from whatever origin and still export to the EU tariff free. This concession created a strong reaction by the Spanish canners, who see the PNG tariff concession as a major threat of their market.



The recession in principal markets such as the EU *may* eventually increase demand as canned tuna is a low cost and healthy source of protein. In the longer term, demand for canned tuna will probably rise gradually, due to population growth and increasing urbanization. Canned tuna is still excellent value when comparing retail prices and nutritional value to other sources of protein. As a result of the recession in the EU – and before it the global rise in food prices to mid-2008 supermarket own brands have increased their market share. EU canned tuna firms have attempted to enhance profitability by reducing the extent of their product promotions, such as buy-one-get-one-free. Demand in the US market may not grow so fast and may even stagnant, but national brands will continue to improve prices to attract consumers and private labels will improve their market share. The implication of a slowdown in US demand – due to recession, the mercury issue, and very low quality of basic canned tuna products in the US – is that there will be an increased availability of product which will be diverted to other markets, including the EU. This eventuality, if it occurs, will have downward effects on prices in the EU. The paper tries to summarize recent trends and show the likely trend for coming months.

EU production of canned tuna likely to shrink further in coming years. The industry is becoming less and less competitive with imported products. The only way out is high quality products, to be sold at top prices. On the other hand, outsourcing, especially of tuna loins production, will continue in coming years. There will be more collaboration and investment in non EU countries. Social aspects of tuna canning in non EU countries will play an important role in coming years, in order to create equal playing fields for the EU canning industry.

- thank you for your attention