COMPETITIVENESS AND SUSTAINABILITY OF THE UK WHITEFISH SECTOR: LINKS ACROSS THE VALUE CHAIN

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European Commission

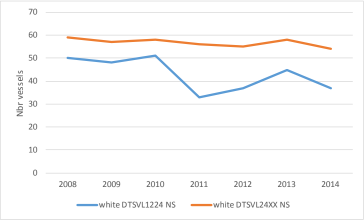
success

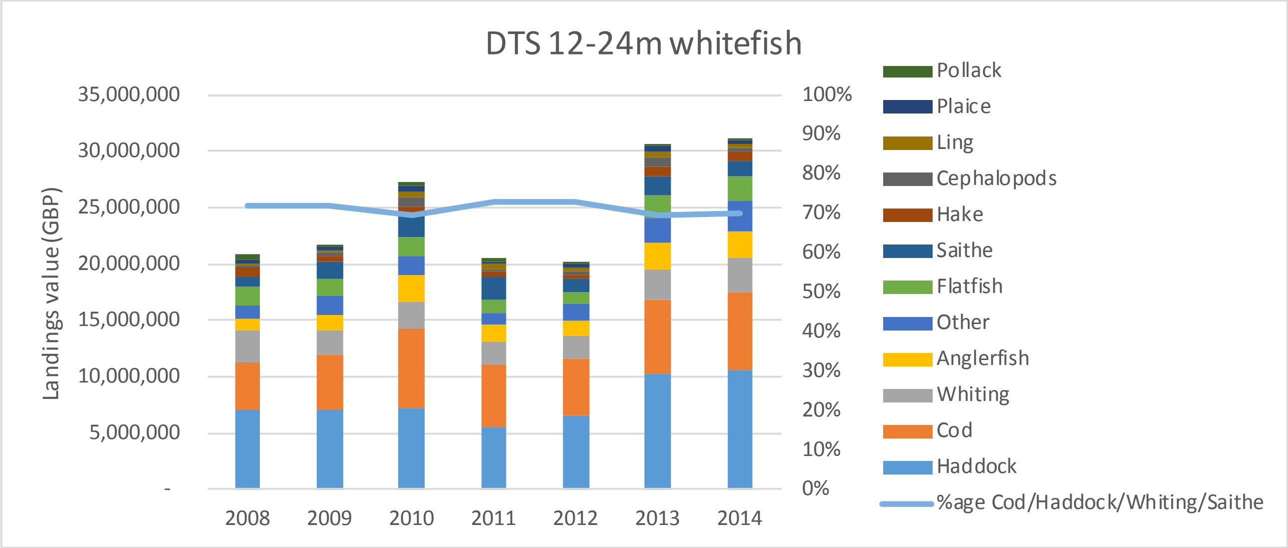
HORIZON 2020

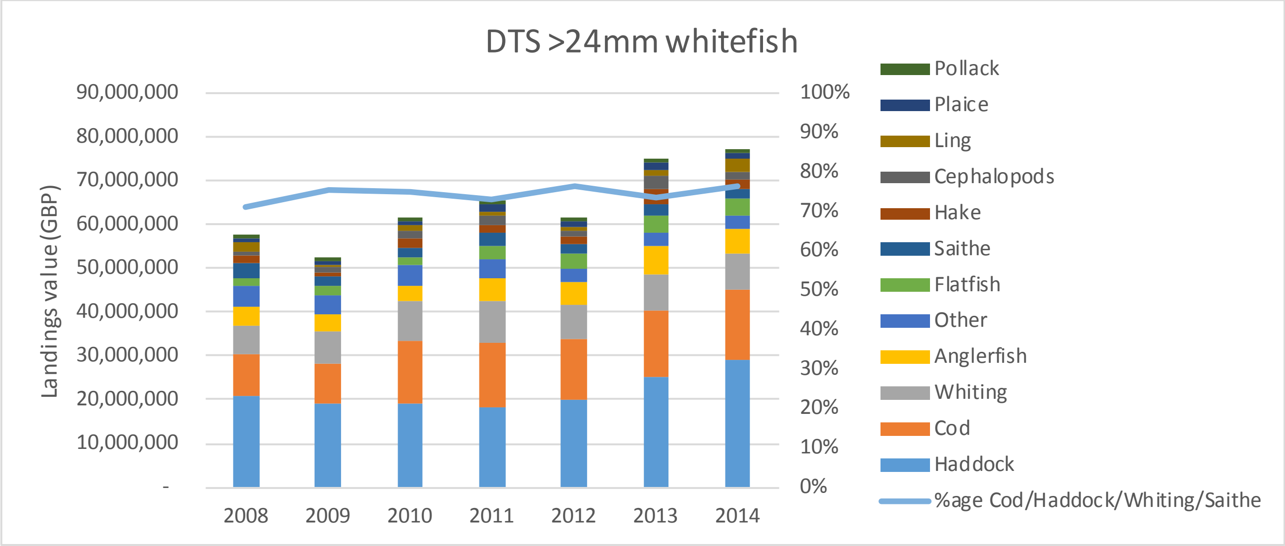
Contents

- How are changing supplies and markets for whitefish (cod/haddock) likely to impact on the competitiveness of UK producers?
- Issues:
  - Landing obligation ↓
  - Sustainability ↑
  - Competition in markets (supermarkets) ↑
  - Fleet adjustment ↑↓
  - Demand and changing prices ↑
  - (BREXIT ?)

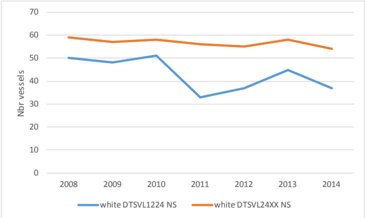
UK whitefish landings

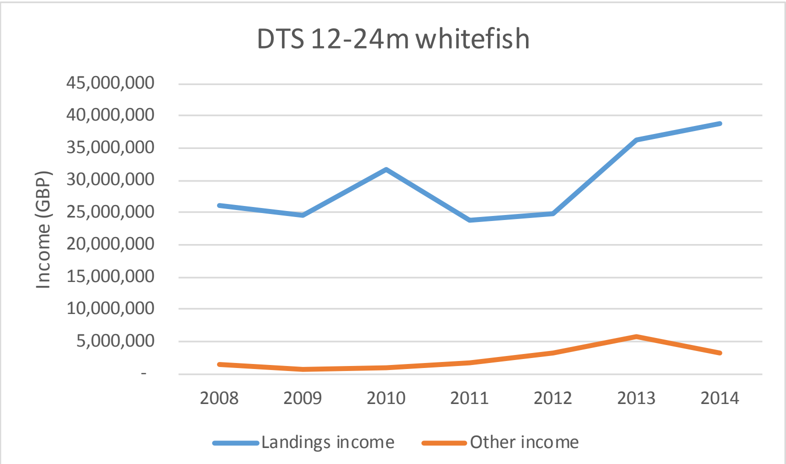


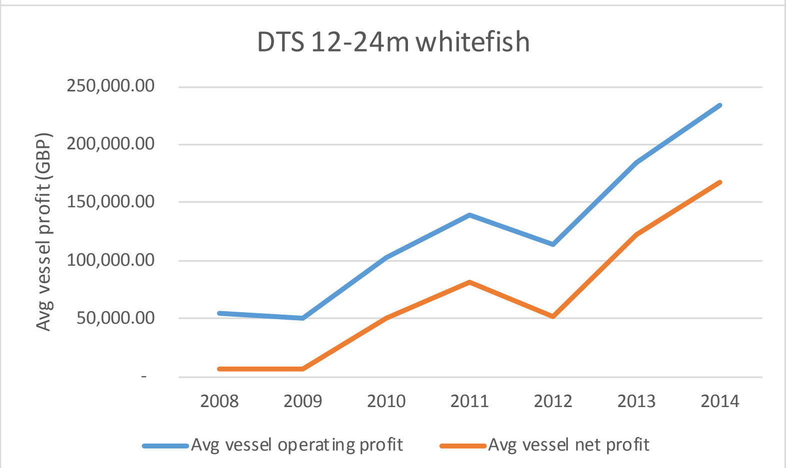


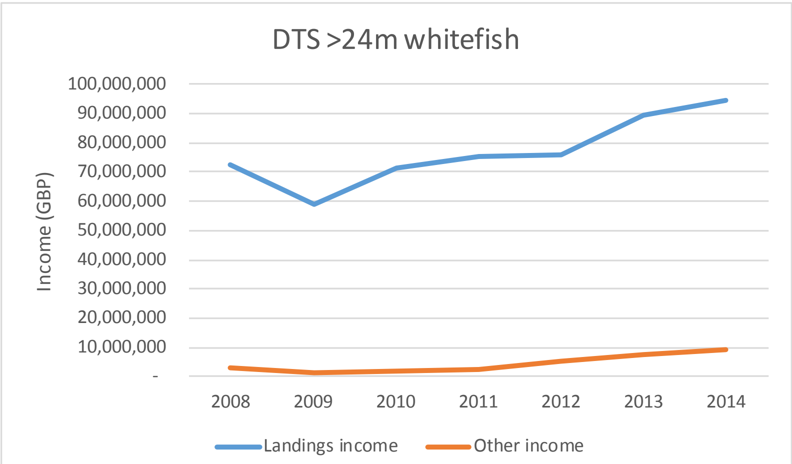


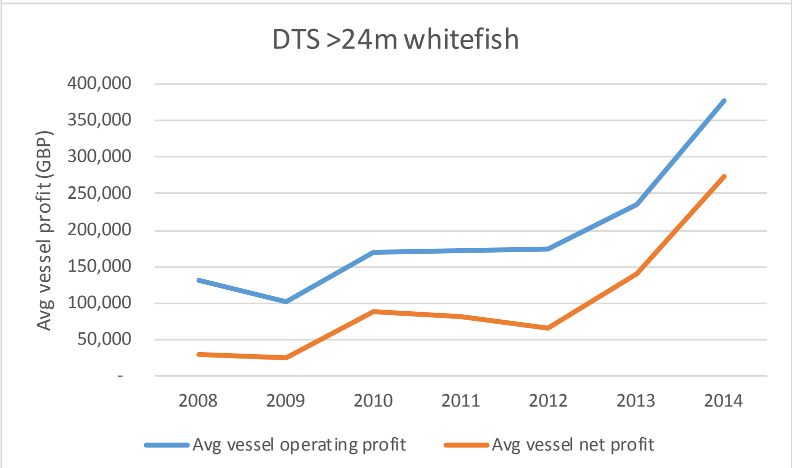
Key whitefish fleet segments



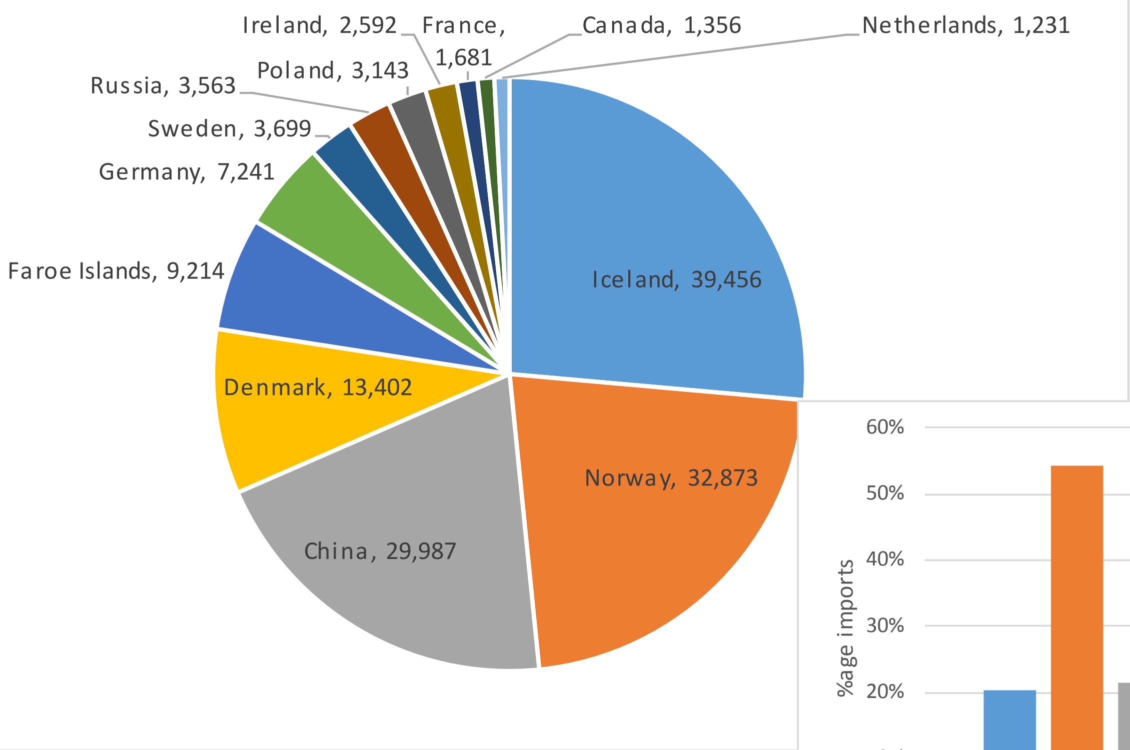


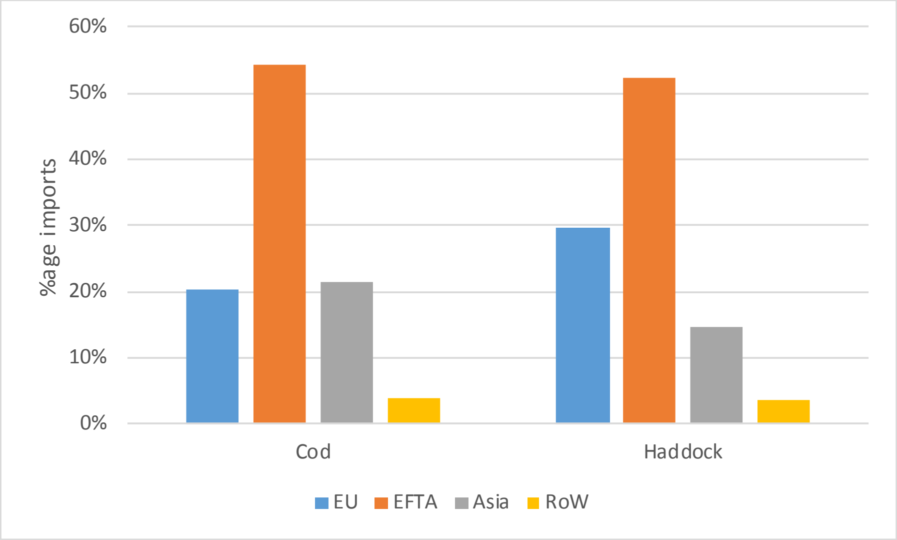




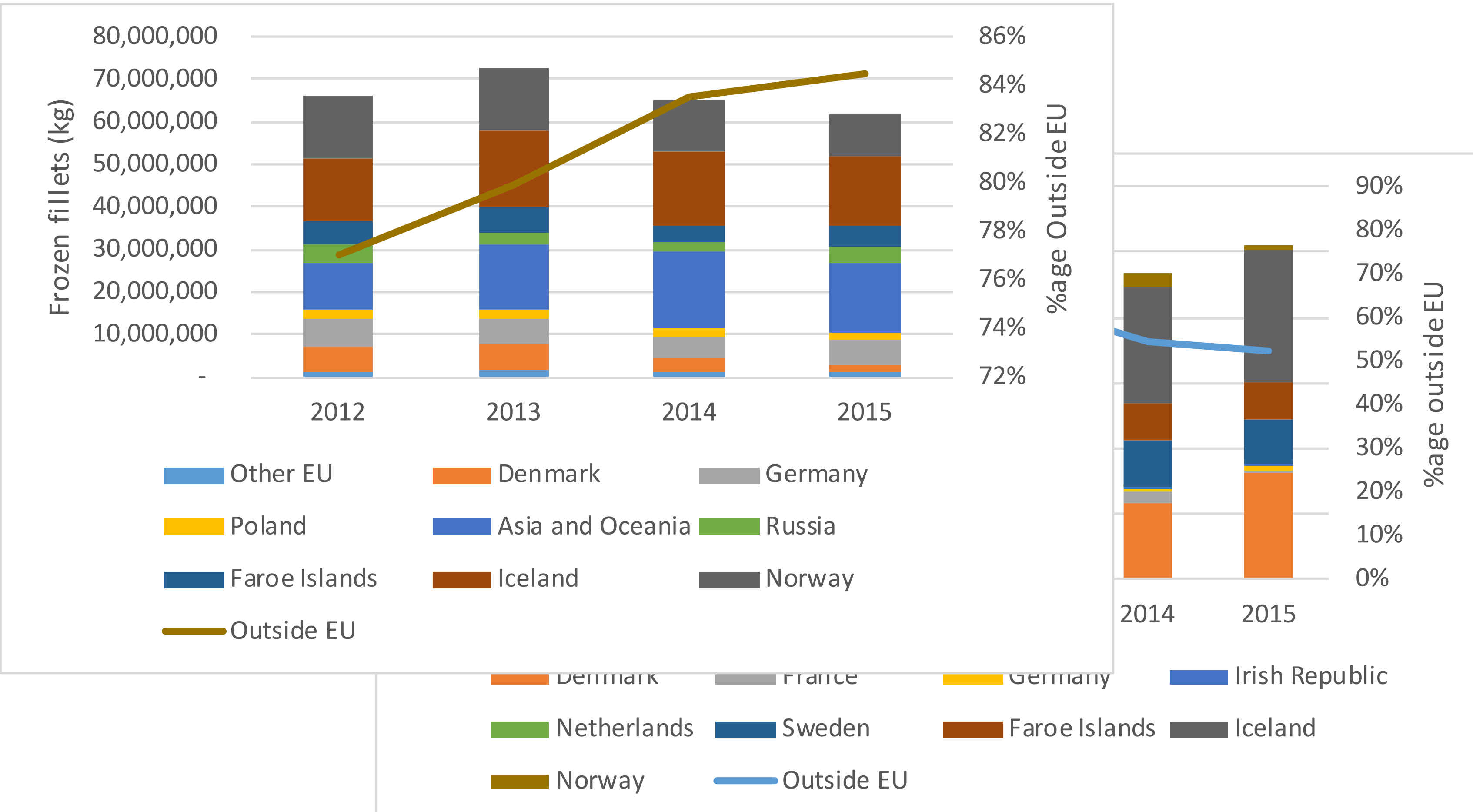


Imports of cod and haddock





Cod imports


80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Frozen fillets (kg)
86%
84%
82%
80%
78%
76%
74%
72%
%age Outside EU
2012
2013
2014
2015
Other EU
Denmark
Germany
Poland
Asia and Oceania
Russia
Faroe Islands
Iceland
Norway
Outside EU
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
%age outside EU
2014
2015
Irish Republic
Netherlands
Sweden
Faroe Islands
Iceland
Norway
Outside EU

UK whitefish value chain

Cod	14.0 tt	€34.7m
Haddock	35.4 tt	€61.5m
Hake	8.5 tt	€24.6m
Ling	4.4 tt	€6.7m
Anglerfish	11.4 tt	€39.2m
Plaice	3.5 tt	€4.4m
Pollack	1.9 tt	€4.3m
Saithe	11.1 tt	€12.7m
Whiting	11.1 tt	€14.8m

UK LANDINGS *
101.4 tt; €202.7m

Cod	116.4 tt	€510.8m
Haddock	35.9 tt	€138.4m
Hake	4.7 tt	€13.8m
Ling	1.2 tt	€1.5m
Anglerfish	1.7 tt	€7.8m
Plaice	4.2 tt	€16.0m
Pollack	38.3 tt	€89.5m
Saithe	3.2 tt	€11.9m
Whiting	3.3 tt	€3.2m

IMPORTS *
208.7 tt; €792.9m

PROCESSING/WHOLESALE est.
IN *: 302.7 tt; €970.0m
OUT est.: 161.0 tt; €1,256.1m

IN: 47% whole, 53% processed
OUT: 12% whole, 88% processed

Cod	13%	86.0 tt	€722.5m
Haddock	2%	25.2 tt	€247.9m
Hake	2%	2.3 tt	€26.5m
Ling	2%	1.0 tt	€4.6m
Anglerfish	74%	3.4 tt	€54.3m
Plaice	1%	3.2 tt	€22.9m
Pollack	1%	29.9 tt	€134.9m
Saithe	46%	6.7 tt	€24.7m
Whiting	25%	3.2 tt	€17.9m

percentage whole

EXPORTS *
35.9 tt; €134.2m

Cod	15.5 tt	€65.4m
Haddock	1.0 tt	€3.2m
Hake	3.9 tt	€16.3m
Ling	2.3 tt	€5.9m
Anglerfish	2.8 tt	€17.6m
Plaice	0.3 tt	€0.6m
Pollack	3.9 tt	€12.9m
Saithe	4.7 tt	€10.7m
Whiting	1.6 tt	€1.5m

RETAIL †
93.2 tt; €896.0m

Cod	41.1 tt	€426.8m
Haddock	19.0 tt	€240.5m
Hake	0.5 tt	€6.6m
Ling		
Anglerfish	0.1 tt	€5.5m
Plaice	2.8 tt	€33.9m
Pollack	25.6 tt	€158.1m
Saithe	3.3 tt	€19.2m
Whiting	0.8 tt	€5.5m

FOODSERVICE ‡ ** est.
42.5 tt; €817.8m

Cod	29.5 tt	€624.1m
Haddock	5.2 tt	€104.0m
Hake	1.8 tt	€26.5m
Ling	0.7 tt	€5.6m
Anglerfish	0.5 tt	€7.5m
Plaice	0.1 tt	€0.7m
Pollack	3.0 tt	€22.4m
Saithe	1.0 tt	€15.0m
Whiting	0.8 tt	€12.0m

Demand for whitefish in the UK

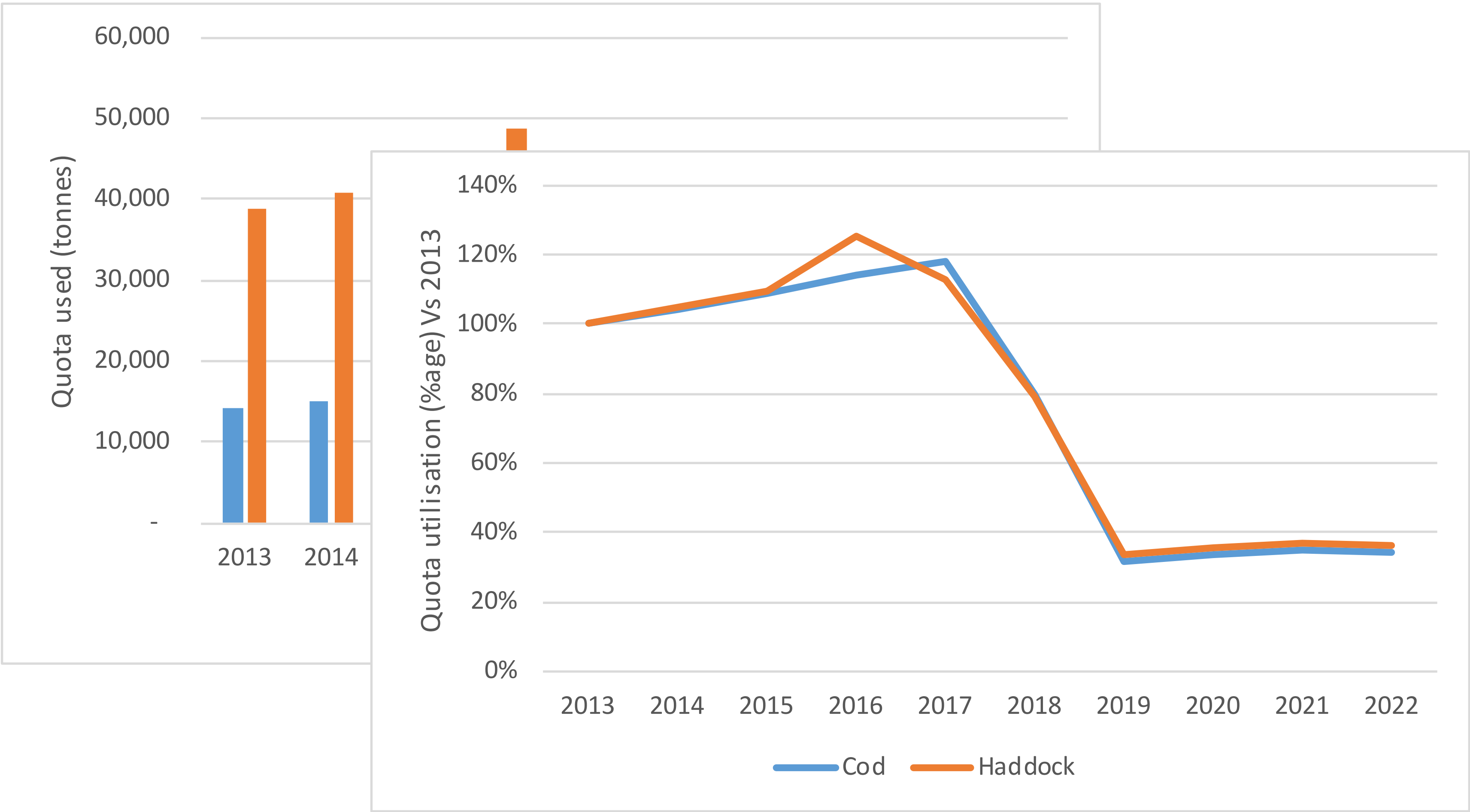
2014	Landings outside UK by UK vessels	Landings in UK by UK vessels	Imports	Exports	Apparent consumption*
Cod	14.9 t (€25.1)	14.0 t (€34.7)	116.4 t (€510.8)	15.5 t (€65.4)	115.7 t
Haddock	0.7 t (€1.3)	35.4 t (€61.5)	35.9 t (€138.4)	1.0 t (€3.2)	72.1 t
Hake	2.8 t (€7.8)	8.5 t (€24.6)	4.7 t (€13.8)	3.9 t (€16.3)	16.4 t
Ling	0.4 t (€0.7)	4.4 t (€6.7)	1.2 t (€1.5)	2.3 t (€5.9)	5.0 t
Anglerfish	4.5 t (€17.9)	11.4 t (€39.2)	1.7 t (€7.8)	2.8 t (€17.6)	11.6 t
Plaice	15.6 t (€21.3)	3.5 t (€4.4)	4.2 t (€16.0)	0.3 t (€0.6)	8.1 t
Pollack	0.6 t (€0.8)	1.9 t (€4.3)	38.3 t (€89.5)	3.9 t (€12.9)	36.4 t
Saithe	1.6 t (€2.5)	11.1 t (€12.7)	3.2 t (€11.9)	4.7 t (€10.7)	15.9 t
Whiting	0.7 t (€0.8)	11.1 t (€14.8)	3.3 t (€3.2)	1.6 t (€1.5)	13.4 t

*Apparent consumption = [(total catches – industrial catches) + aquaculture + imports] – exports

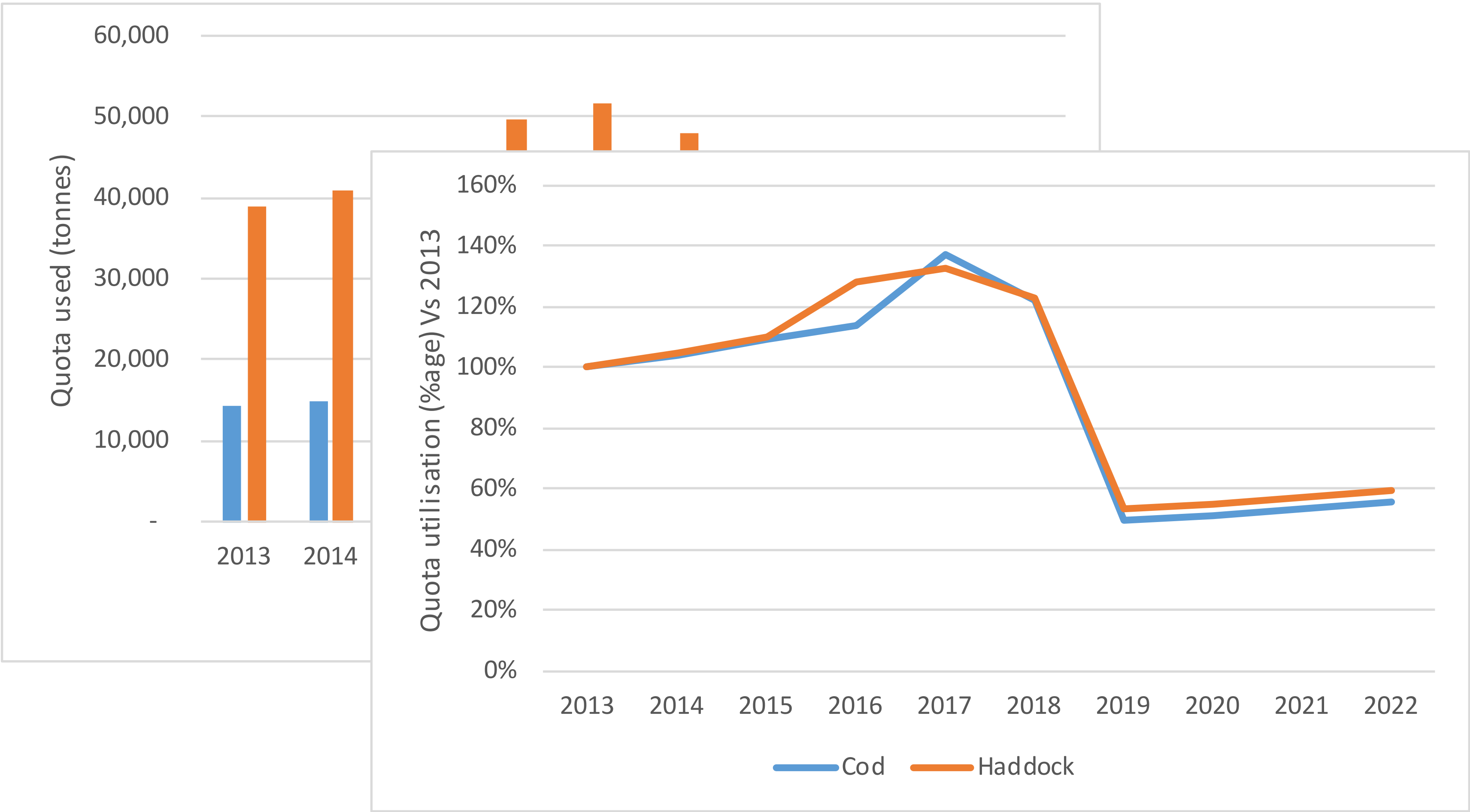
Scenarios

- B3
  - Simulates LO with top-up and allowance for zero-TAC stocks
- 4C
  - Simulates LO as B3 plus de minimis, interspecies flex and survivability
- Assumptions:
  - UK landings simulated under LO
  - EU imports follow similar UK LO
  - RoW imports continue as-is
  - Exports assumed to follow UK LO

Landings of cod/haddock (B3)

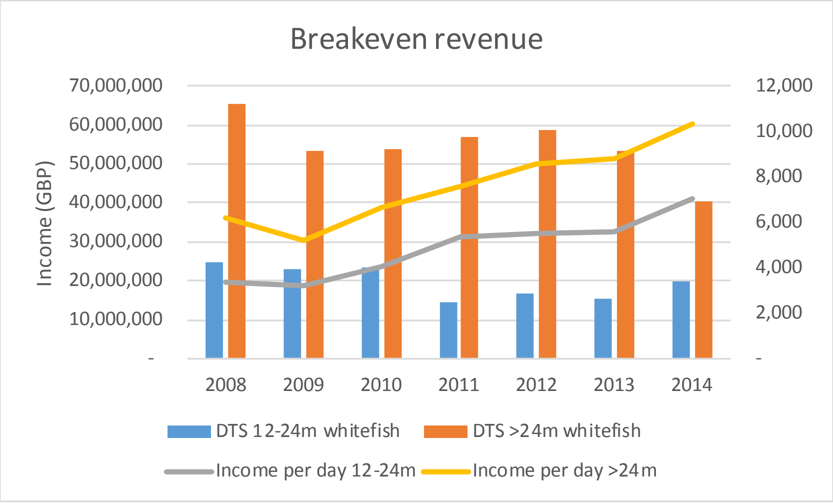


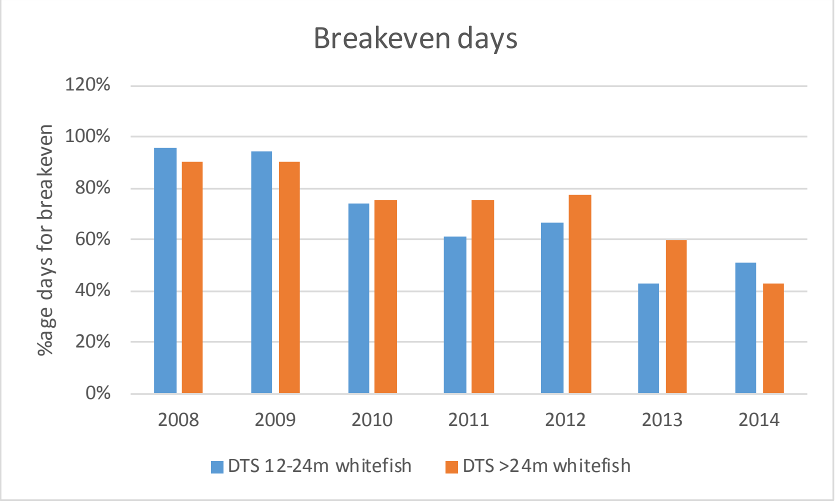
Landings of cod/haddock (4C)



Breakeven and the landing obligation

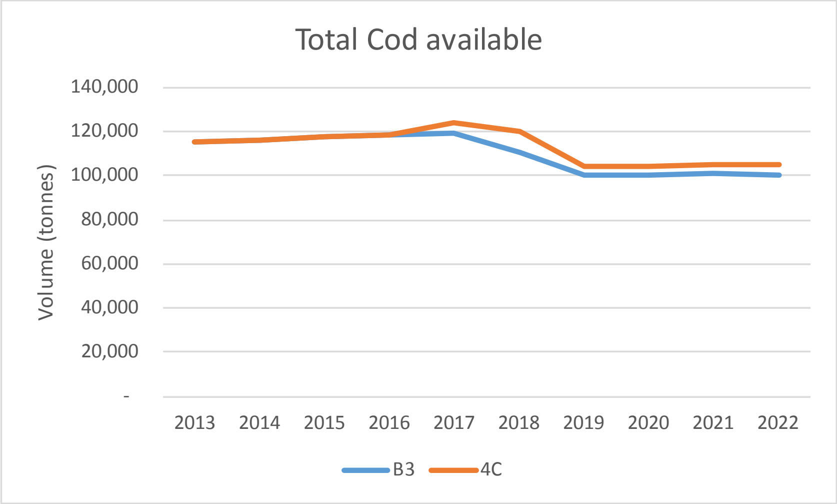
- Scenarios suggest that chokes to reduce effort to between 35%-50% of 2013 effort
- This is breakeven level for the whitefish fleets at 2013/14 levels of profitability





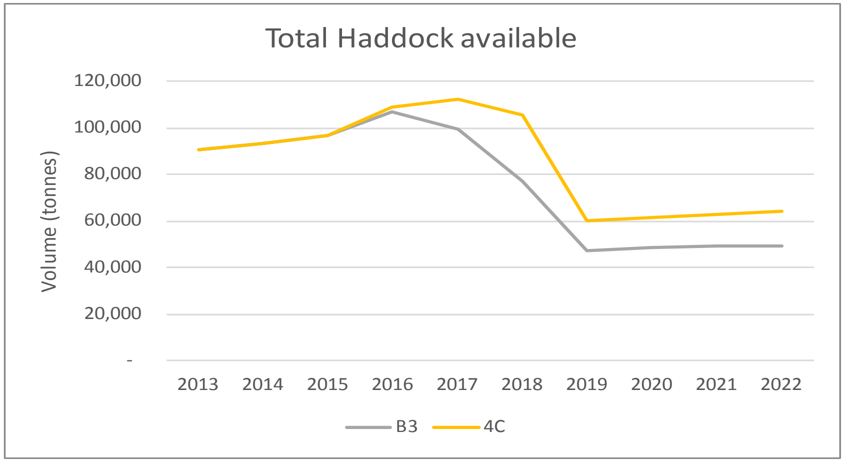
Balance sheets – cod and haddock

Cod:



- 115kt in 2013
- 100kt B3; 105kt 4C
- 9%-13% less available

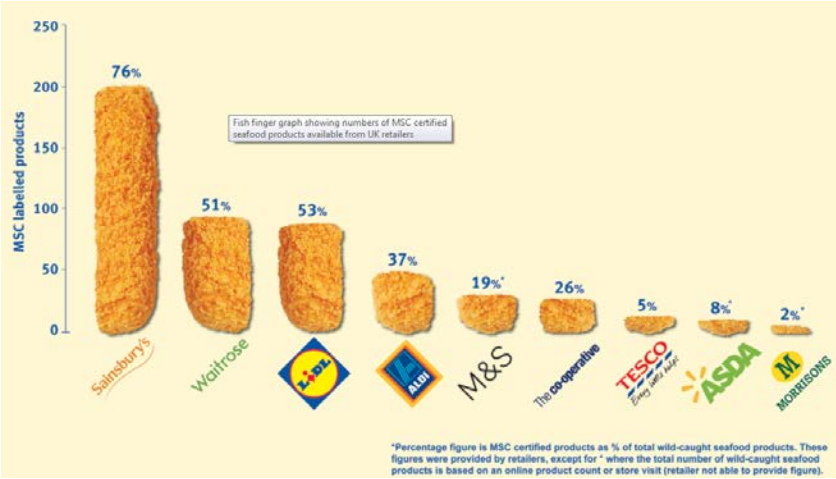
Haddock:



- 90kt in 2013
- 49kt B3; 64kt 4C
- 29%-46% less available

“Sustainable” retail

- 80% of all seafood sold in the UK are the “big 5” species (salmon, cod, haddock, tuna, prawns)
- It’s estimated that approx. 48% of cod supply is MSC and 23% of haddock
- Supermarkets vary hugely with MSC labelled product lines
- Annual spend on fish and chips in the UK is approx. £1.2 billion



Source: MSC.org, July 2016

Risks for the competitiveness of producers

- Supply – f and fmsy ↓
- Fuel price ↓
- Sustainability and traceability ↑
- Quota trade and new markets ↑↓
- Consumer demand ↓
- Impact on processors ↓
  - 36kt reduction in cod/haddock supply
  - Many SME processors, in 2014 65% with <25 FTE
- (Brexit ?)

Conclusions

- Unless more cod and haddock can be sourced in the short term there will likely be a gap in supply
  - Unlikely imports of cod/haddock will fill the gap
  - Other substitutes could appear…
  - …but from imports, not UK landings
  - …especially in fish and chip shops!
- In the long run as capacity of the fleets balance to the new regulation supply will likely return
- However markets and industries in 5-10 years change
- The competitiveness of producers will be affected in the short to medium term as a result
- Fleets need to adapt to supply the market

Thank you

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http://www.success-h2020.eu/