# An Overview of the Present Market and Trade Situation in the Aquaculture Sector – the Current and Potential Role of Organic Products

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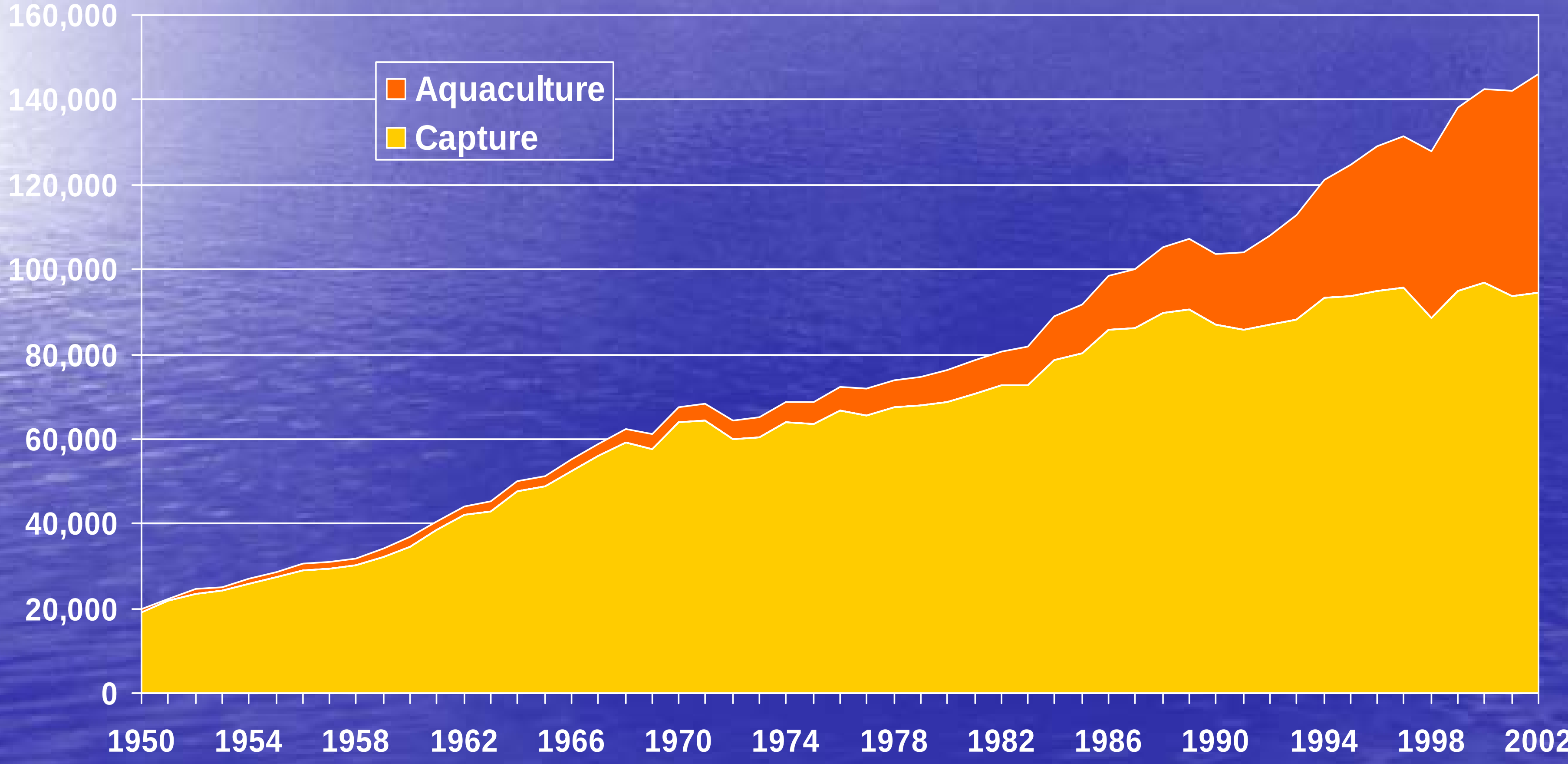
# Overview of my presentation

- World fish supply
- World aquaculture production
- World fish trade - trends
- World aquaculture trends and issues
- Issues that influence organic seafood sector
- Organic – present and future role
- Organic – challenges to be met
- Conclusions

# Total Fish Supply

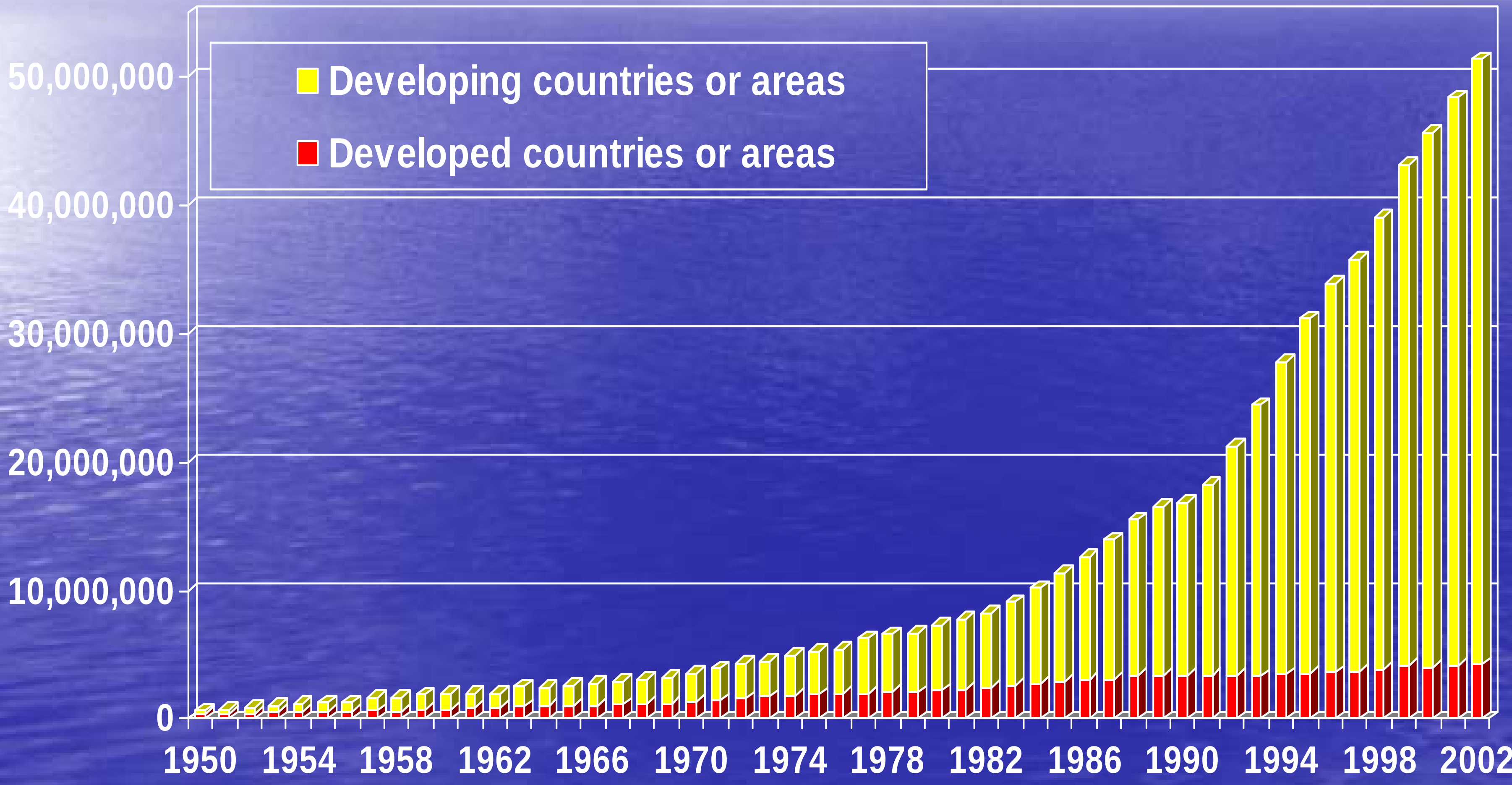
## - in 1,000 tons -




Source: FAO

# Aquaculture Production

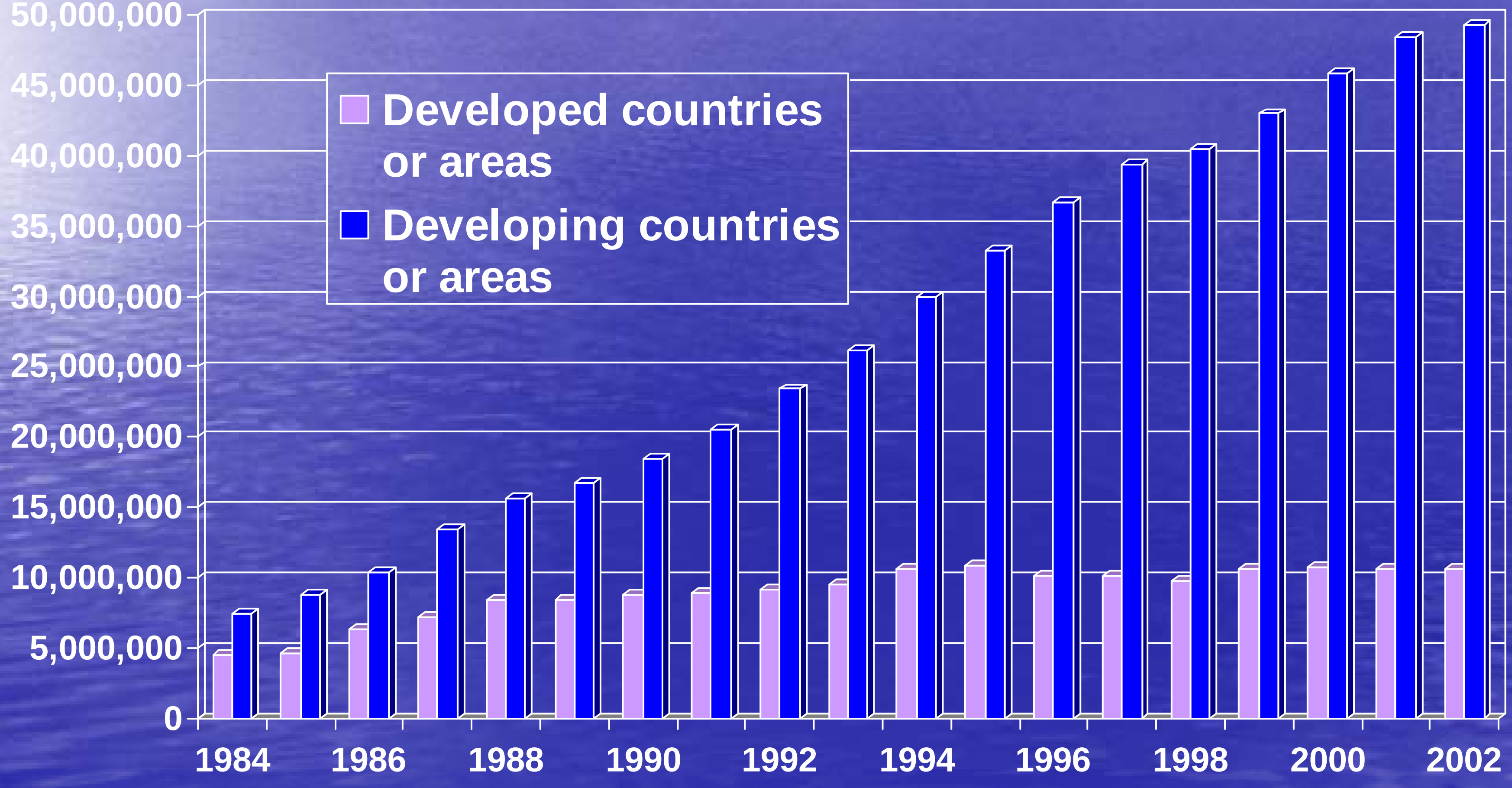
- in tons -




Source: FAO

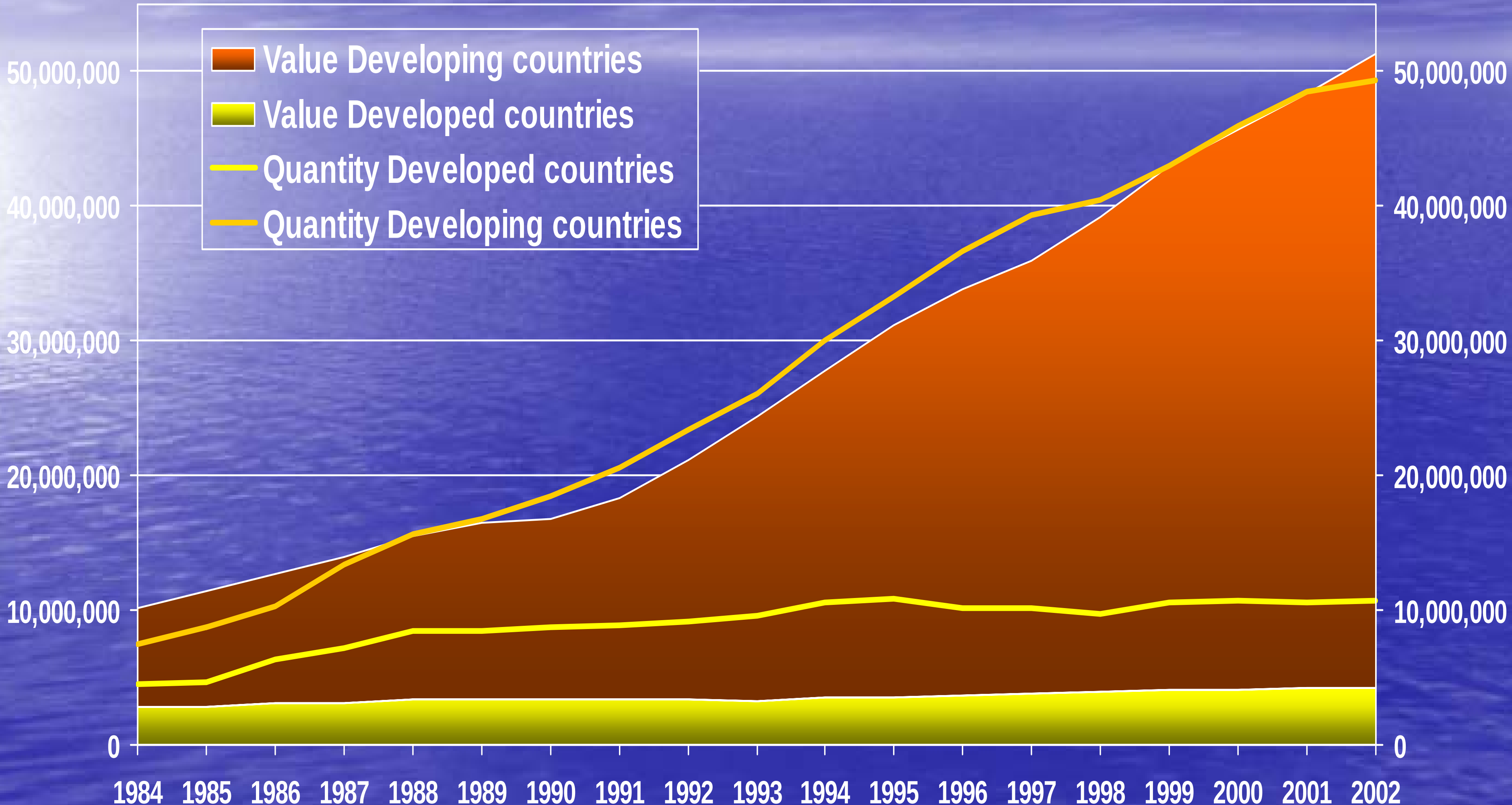
# Aquaculture Production

- in US$ -



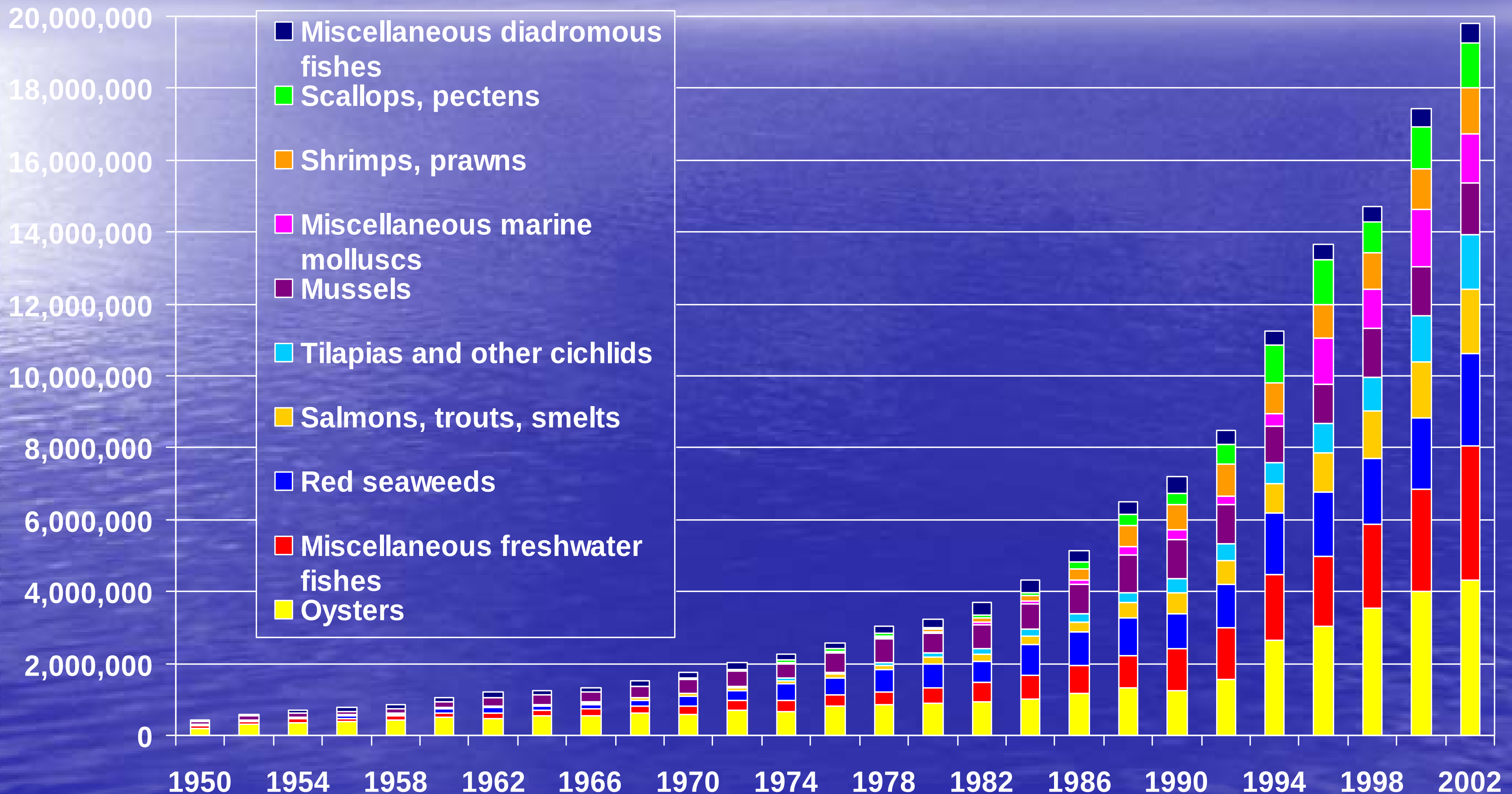
# Aquaculture Production

## - Quantities and Values -



# Aquaculture Production: Major Species

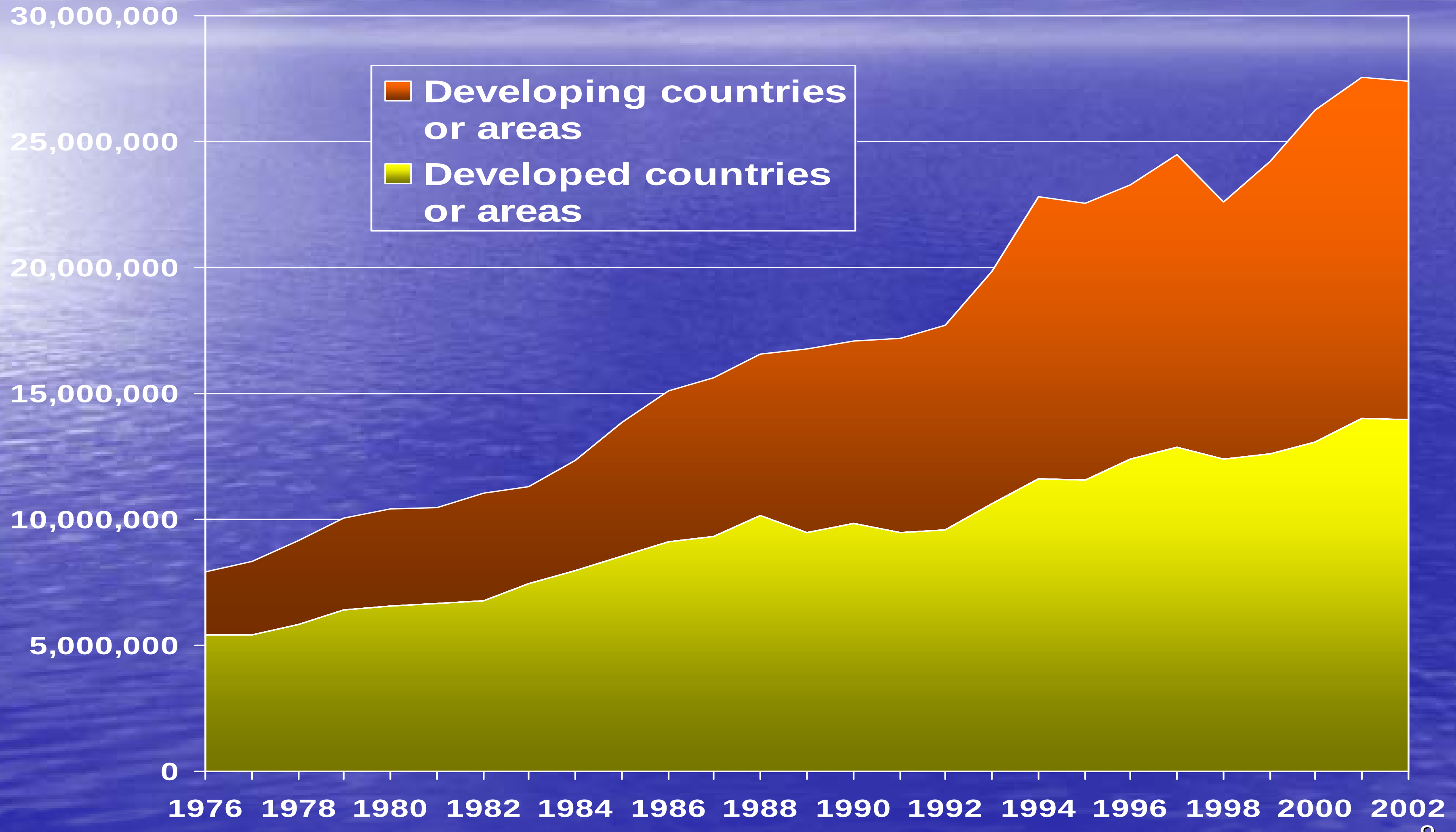
- in tons -




Source: FAO

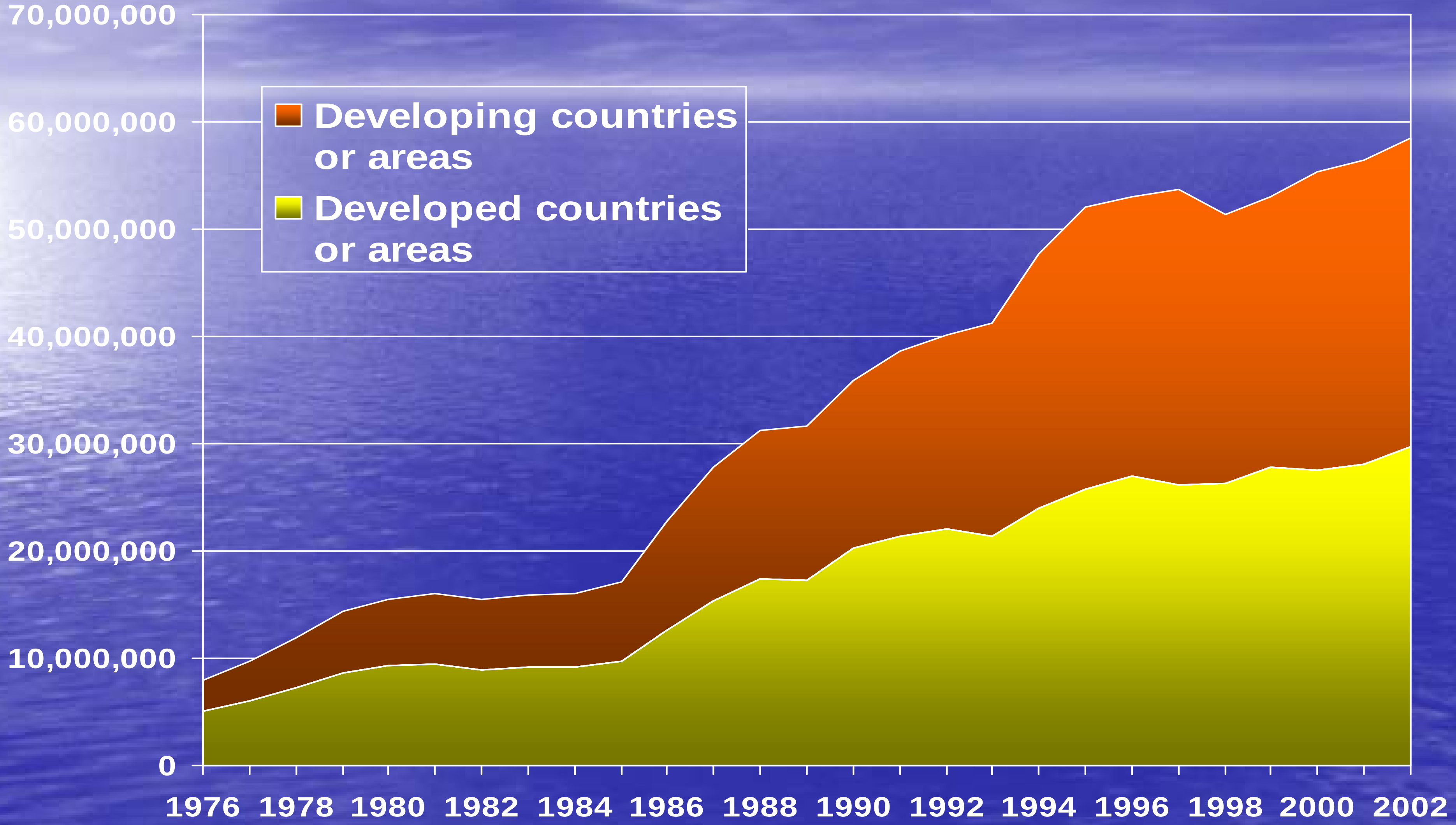
# World Fish Trade: Export Quantities

## - in tons -

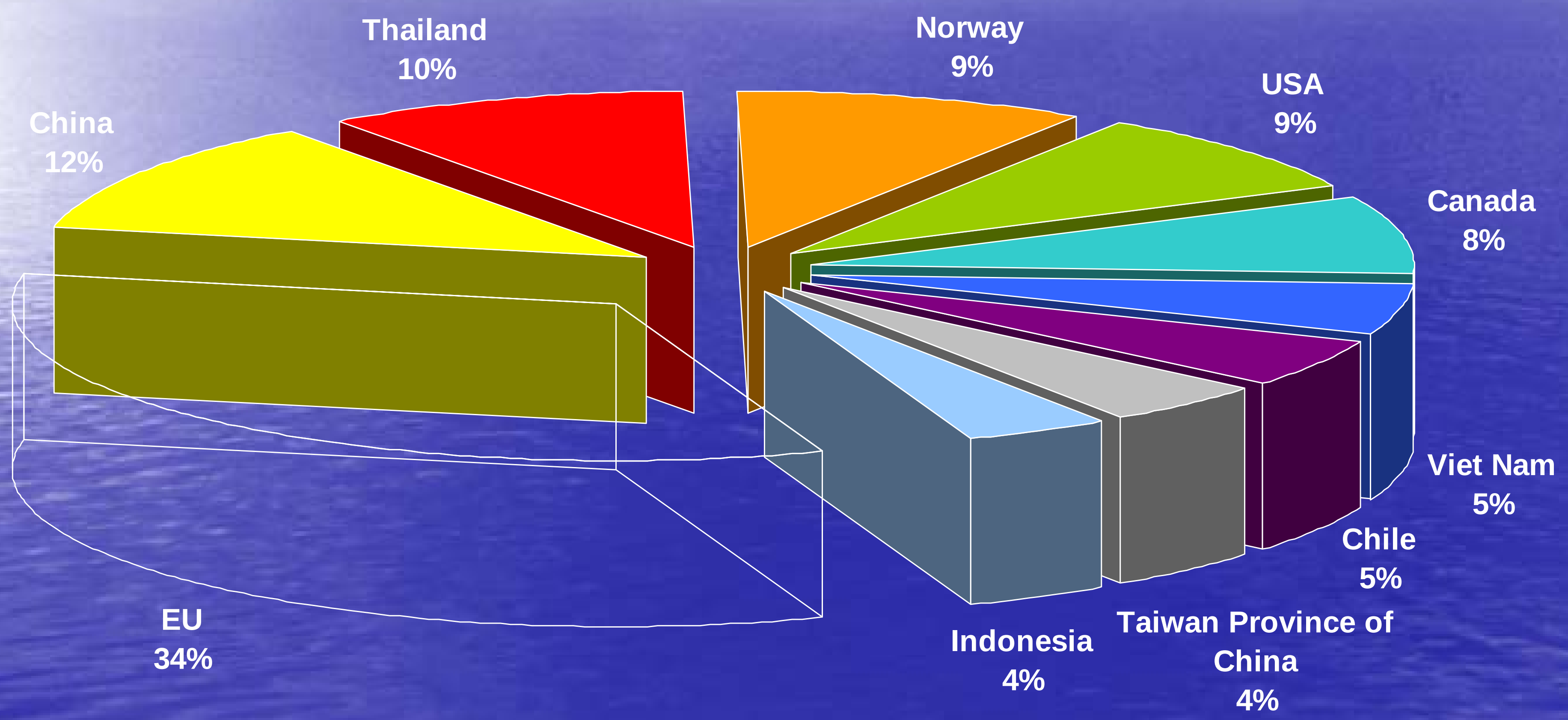


# World Fish Trade: Export Value

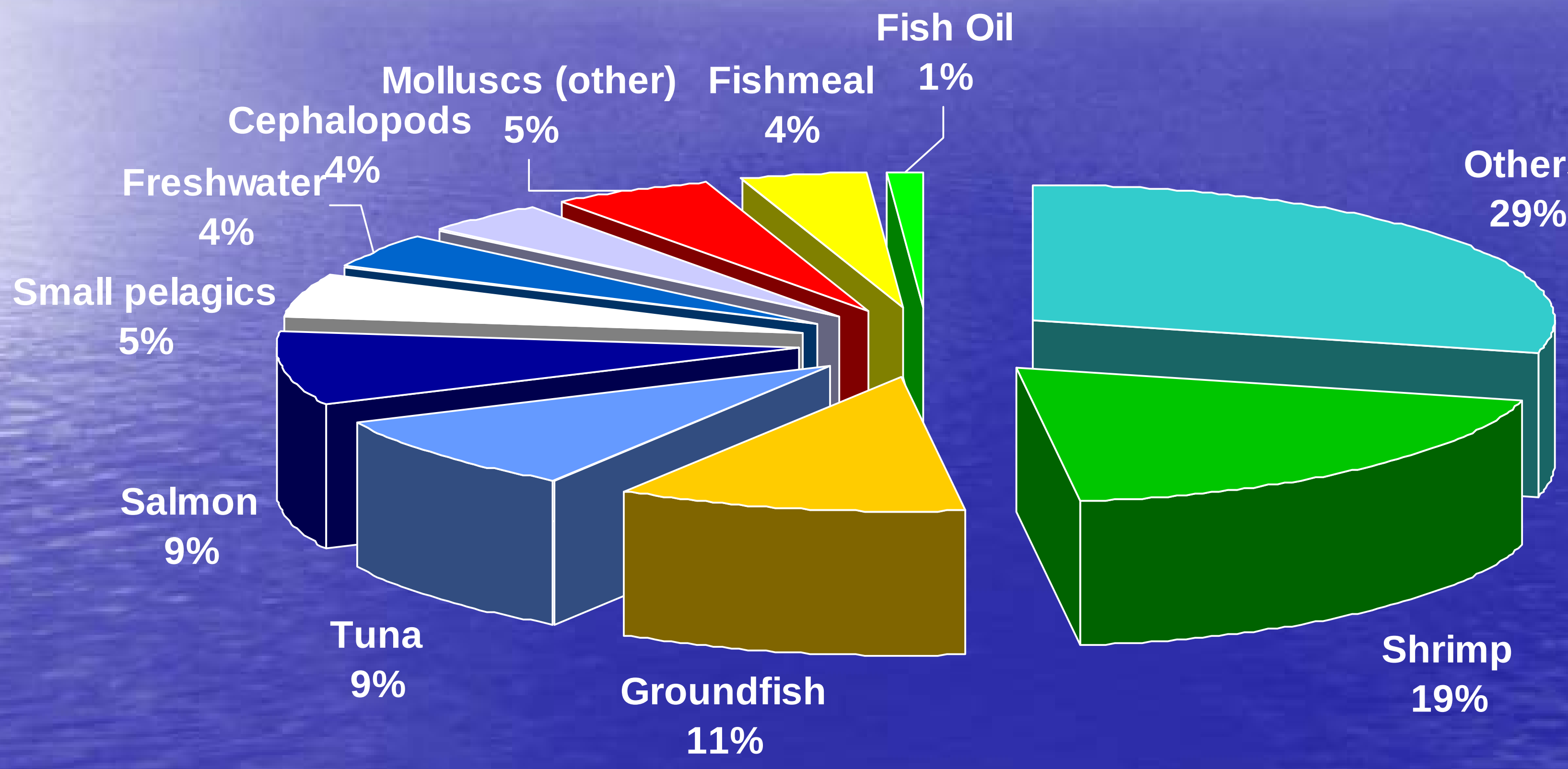
## - in 1,000 US$ -



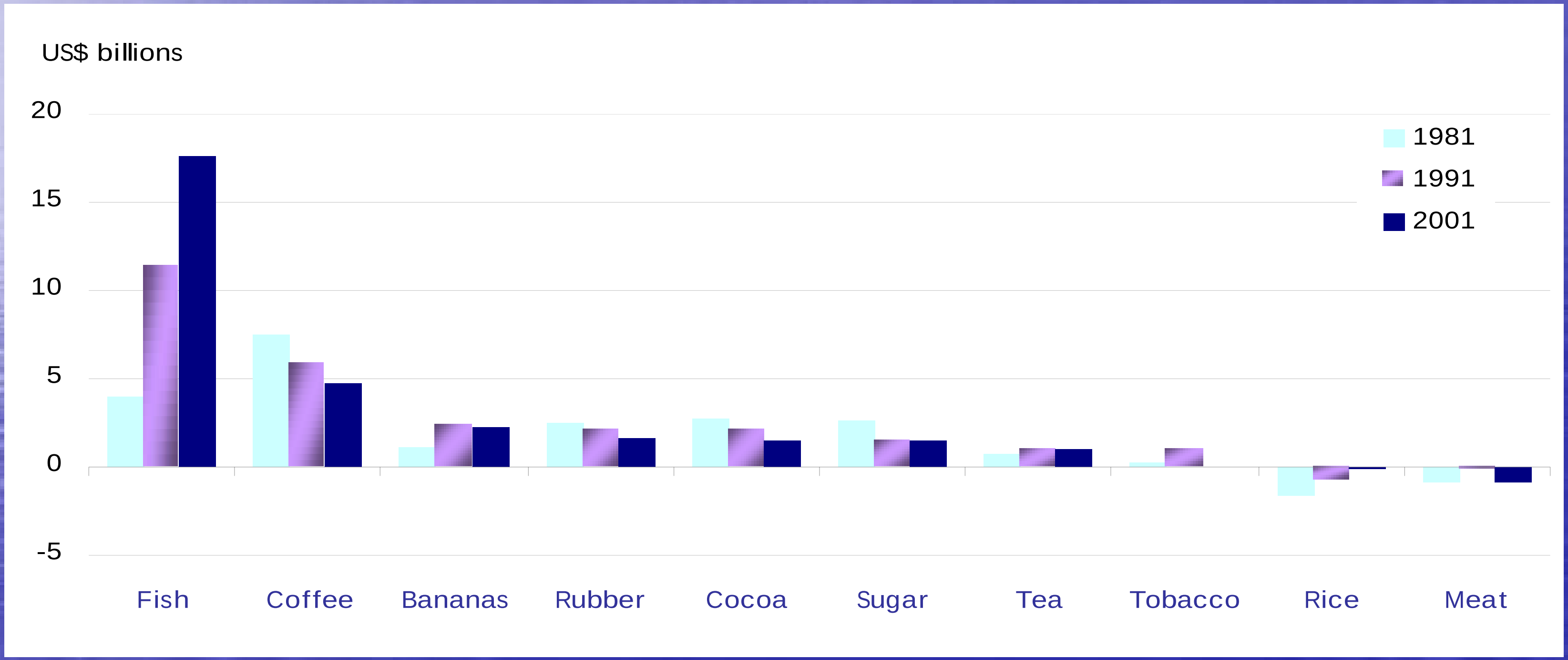
# Main Exporters 2002 (Value)



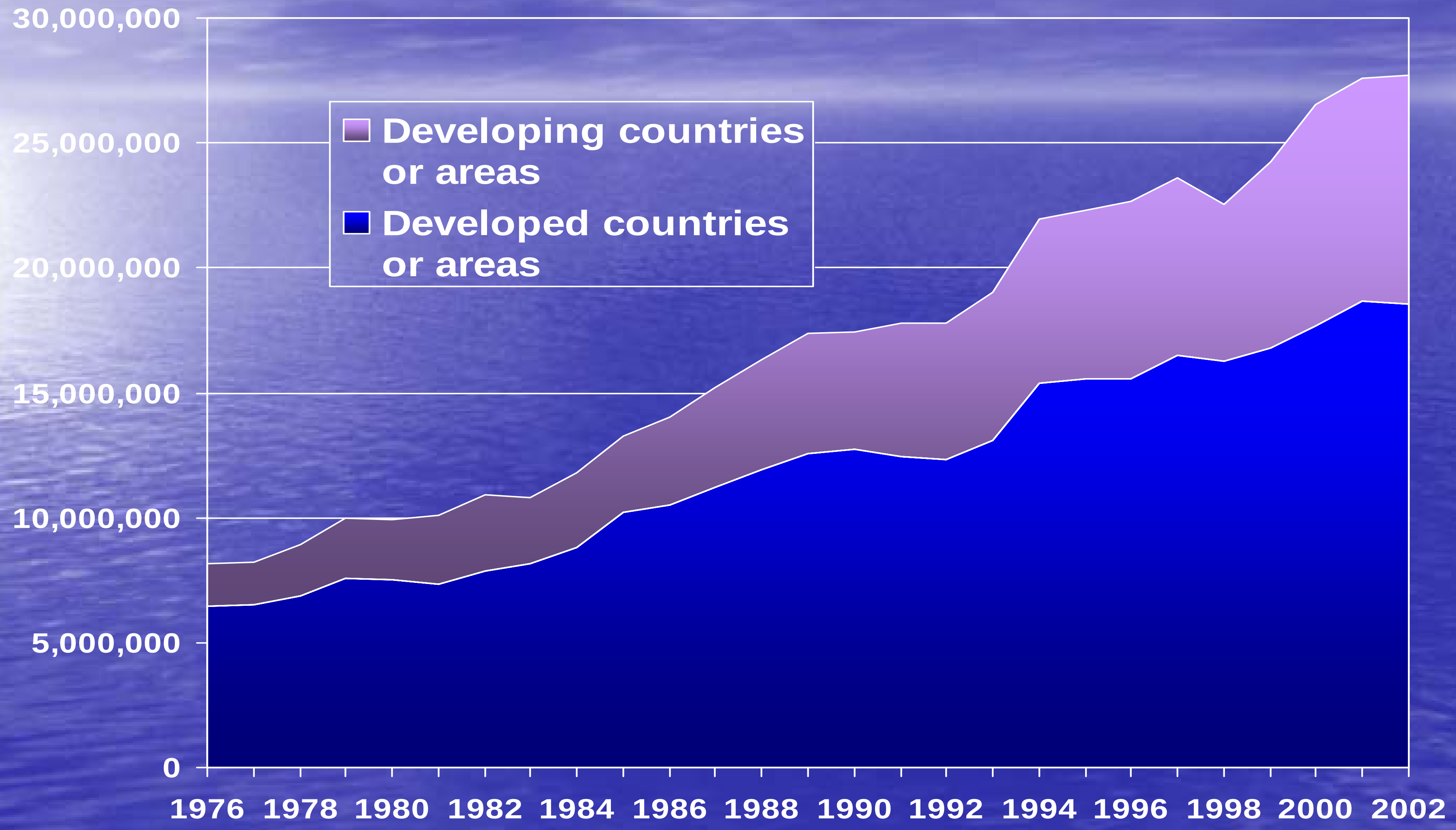
# Species Exported in 2002 (Value)



# Net export earnings by commodity
## (developing countries)

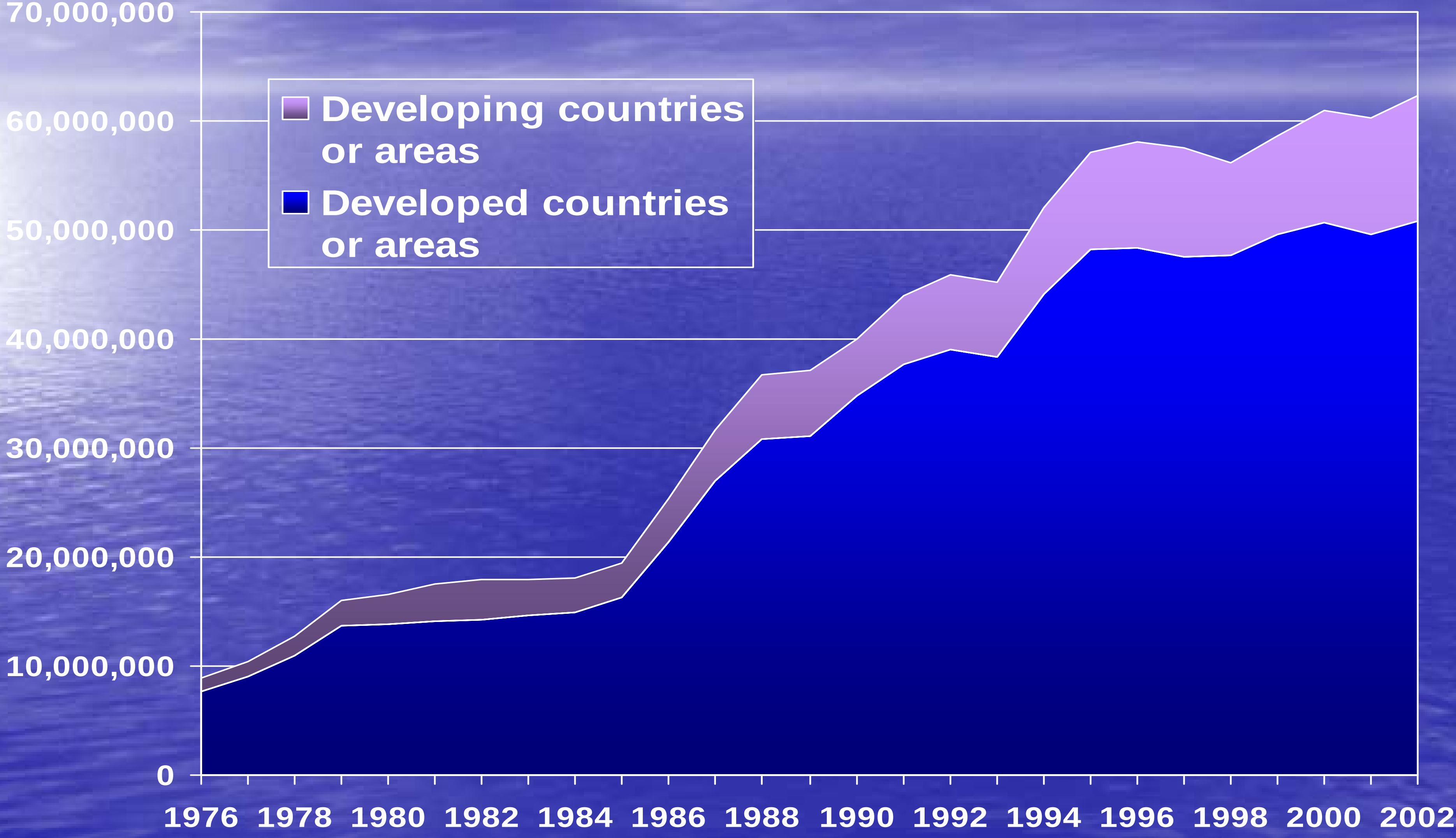


# World Fish Trade: Import Quantities
## - in tons -

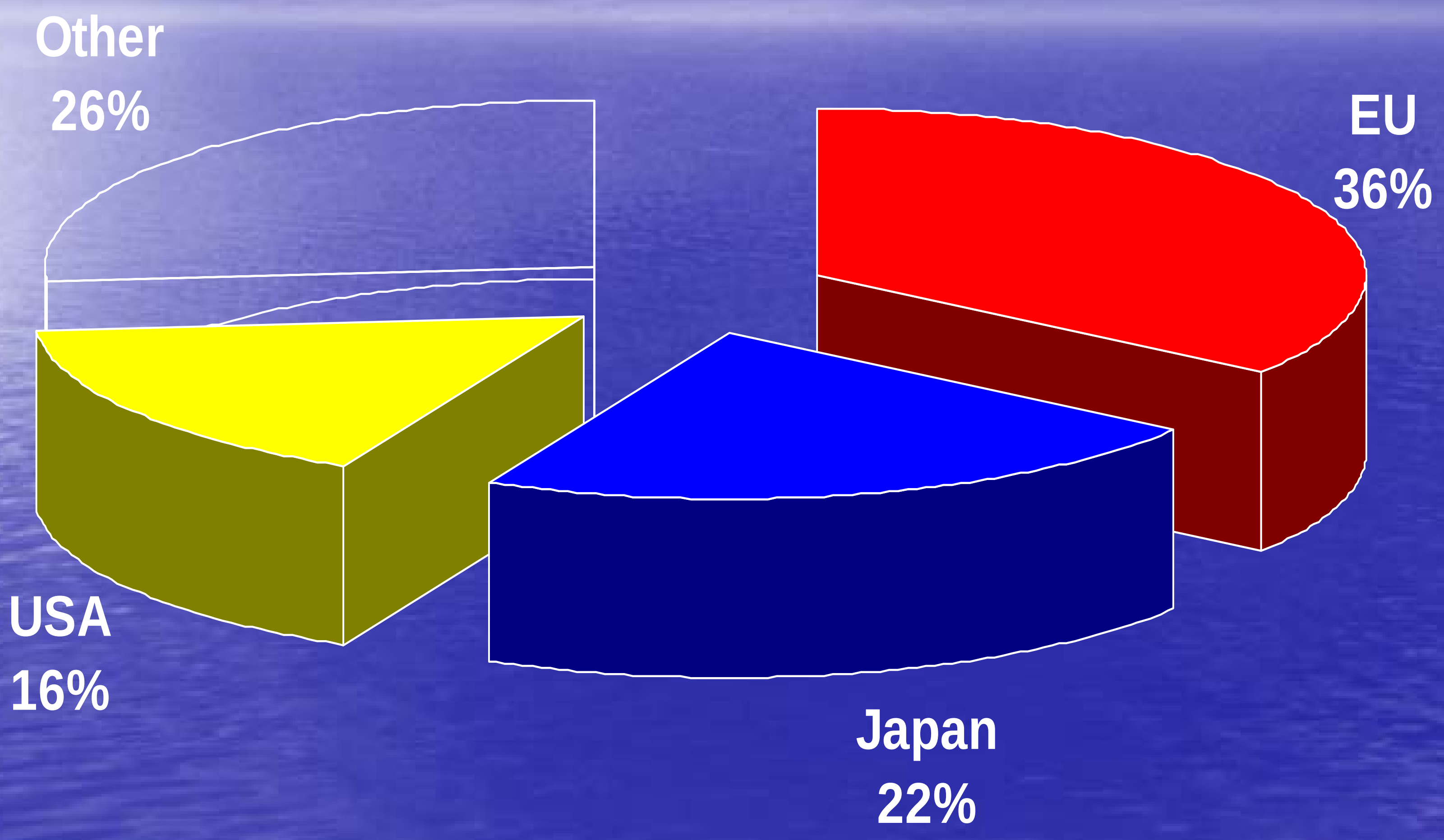


# World Fish Trade: Import Value

## - in 1,000 US$ -



# Main Importers 2002 (Value)



# Aquaculture - Issues

- Growth: fastest growing sector of world food production
- Issues mostly driven by consumer needs and perceptions which force government action
- Food safety
  - Stricter labeling
  - Traceability for food safety reasons
  - Antibiotics-feed-ingredients
- Environmental concerns
  - Eco-labels
- Trade issues
  - WTO
  - trade liberalization but also more trade-related disputes between countries
- Production: New fish demand must be met by aquaculture

# Organic – its role today

- We have seen total aquaculture production grow, approaching 50 million tonnes
- Organic production: limited
  - 10,000 – 25,000 tonnes ?
  - Today, much less than 1%
  - However, growth is strong

# Organic food

- Organic seafood a sub-market of the organic food market

- Growth in organic food market: + 5-20 % per year

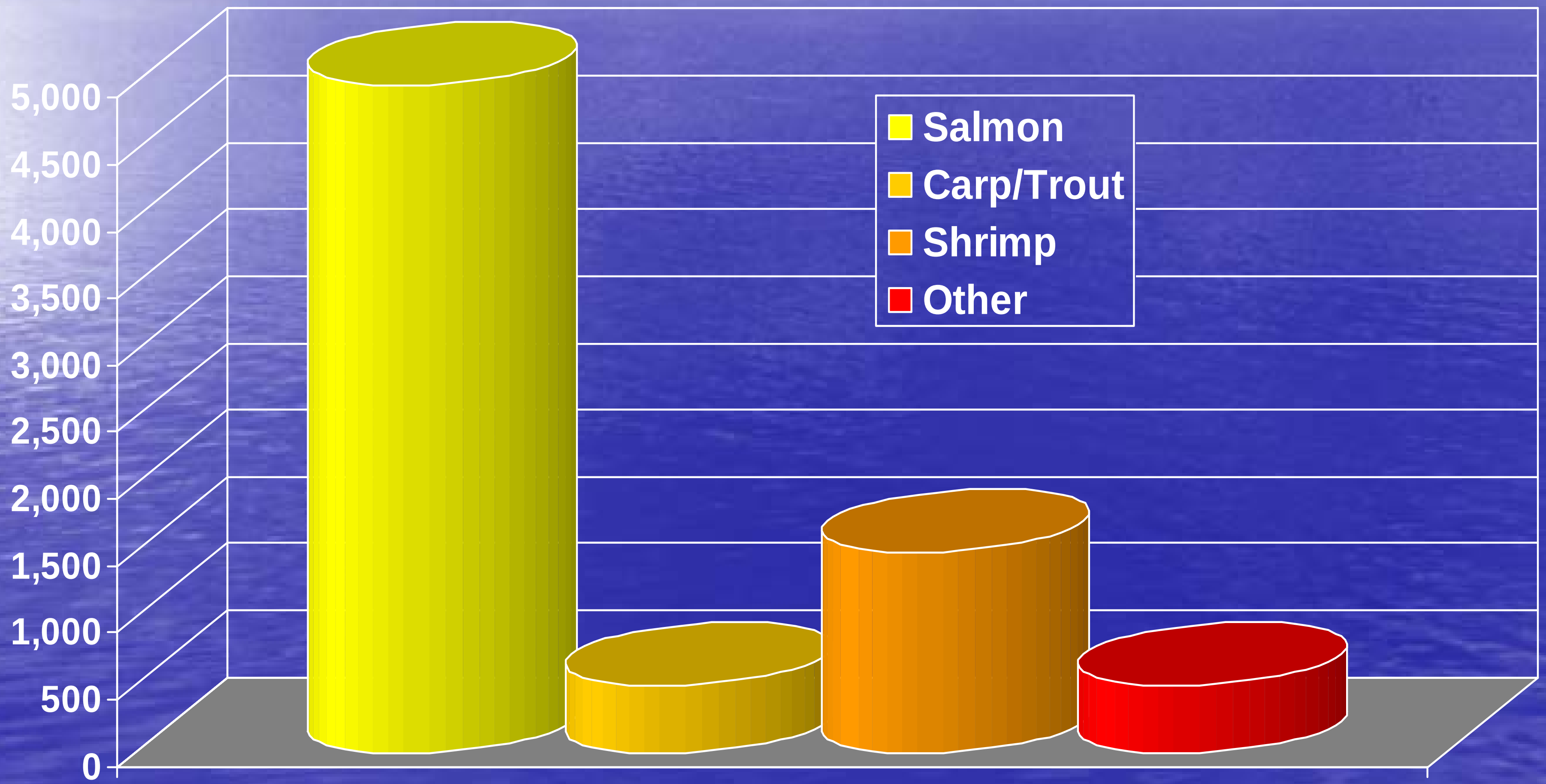
# Organic Food Markets

| MARKET | ESTIMATED RETAIL SALES (US$ billion) | ESTIMATED ANNUAL GROWTH 2003-2005 (%) |
|---|---|---|
| Germany | 2.8-3.1 | 5-10 |
| UK | 1.6-1.8 | 10-15 |
| Italy | 1.3-1.4 | 5-15 |
| France | 1.2-1.3 | 5-10 |
| USA | 11.0-13.0 | 15-20 |
| Canada | 0.9-1.0 | 15-20 |
| Japan | 0.4-0.5 | 20 |

Source: International Trade Centre, 2002

# Organic Aquaculture Production in 2003

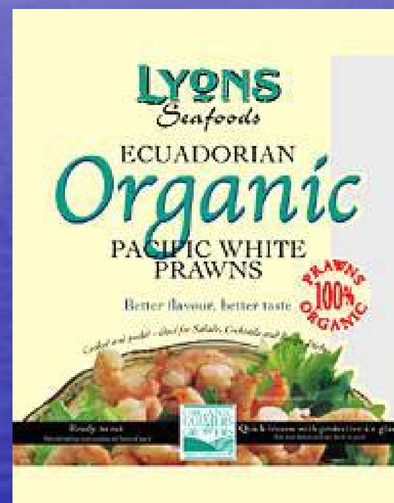
## - estimate, in tons -




Source: Naturland

# Main Organic Aquaculture Production

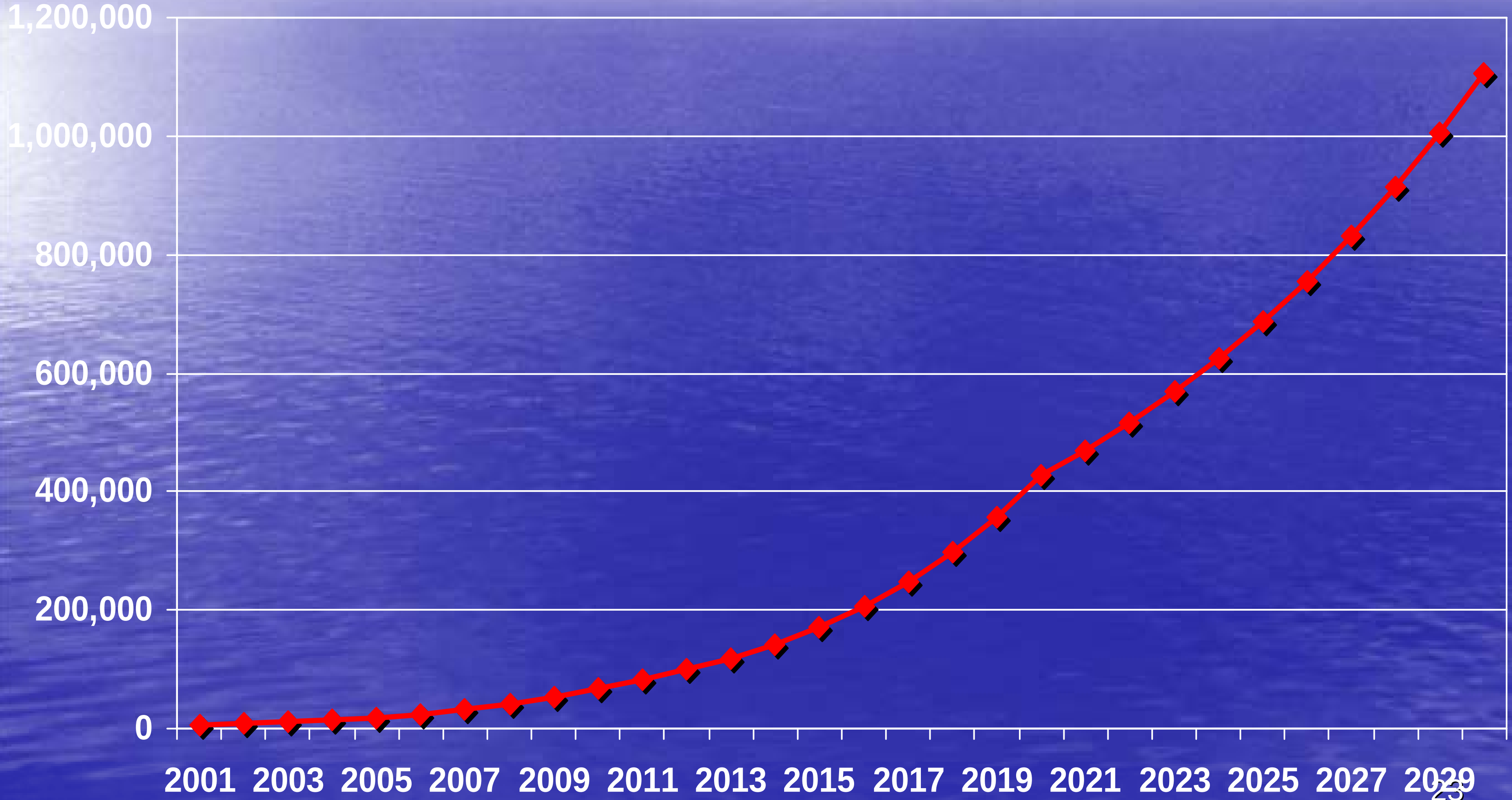
# Some Organic Aquaculture Products



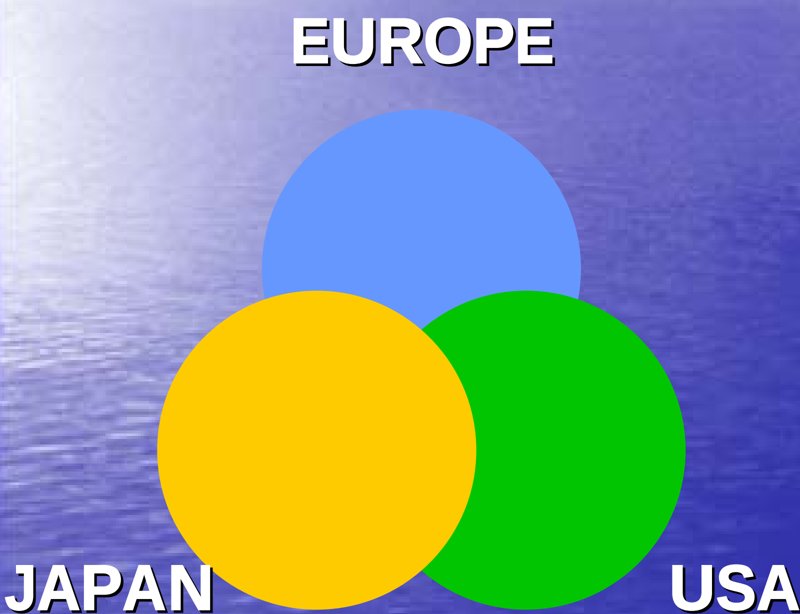
# Outlook - Organic Aquaculture Products

- in tons -



# Organic Food and Drink Markets

## - figures for 2002 -



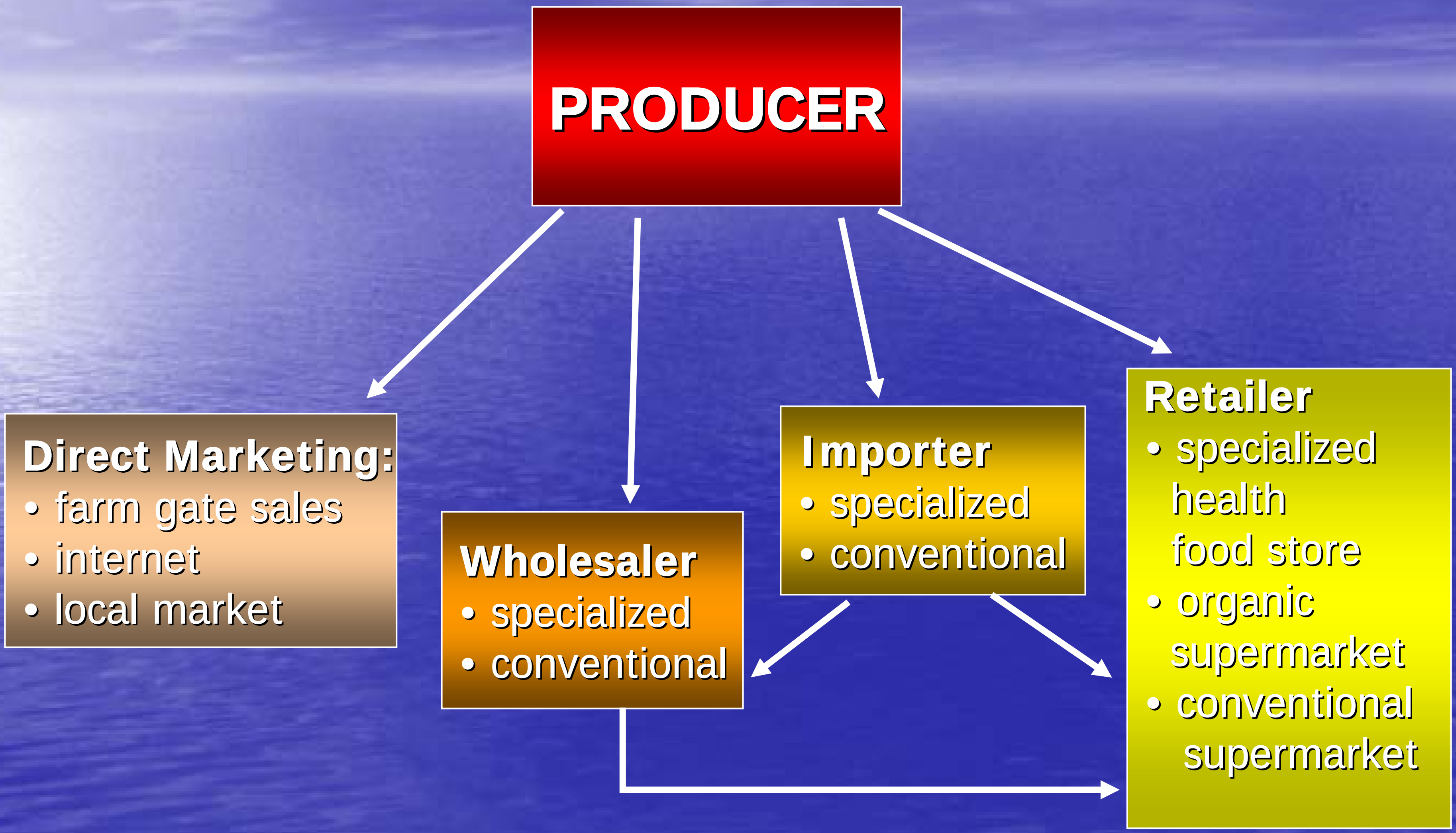

- **WORLD:** US$ 23 Billion
- **USA:** US$ 11.85 Billion
- **EUROPE:** US$ 10.5 Billion
  - → **Germany:** US$ 3 Billion
  - → **UK:** US$ 1.5 Billion
  - → **Italy/France:** US$ 1.3 Billion each
  - → **Switzerland:** US$ 0.8 Billion
- **JAPAN:** US$ 0.5 Billion
- **Latin America:** US$ 0.1 Billion
- **Oceania:** US$ 0.2 Billion

# Product Life Cycle


Introduction Growth Maturity Decline

- **Organic Aquaculture products**
- Organic vegetable/fruit products
- non-organic aquaculture products

# Organic Distribution Channels



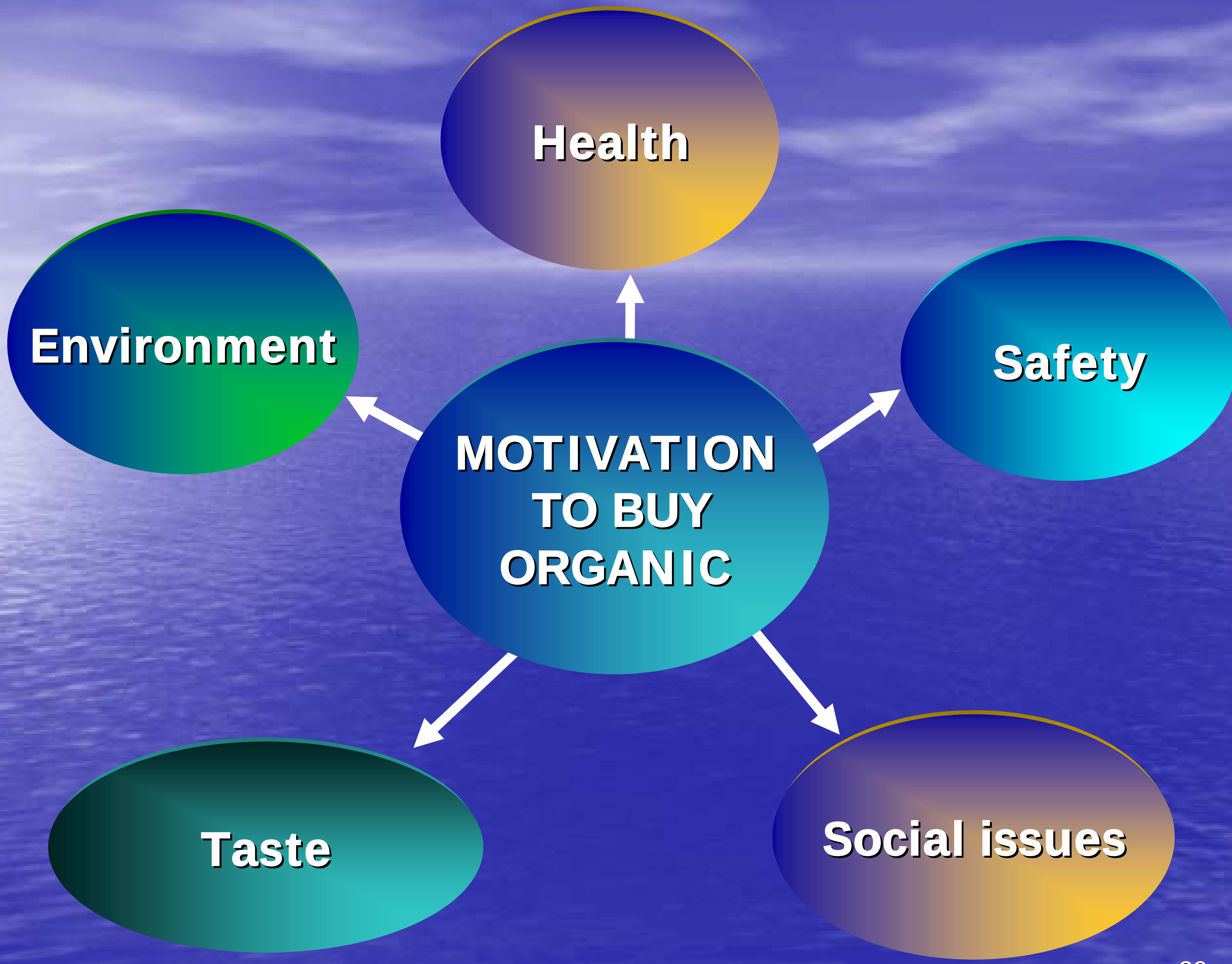
# The Consumer

- Who are the consumers ?
- Why do they want organic ?

# Organic Consumers

**ORGANIC CONSUMERS**

| 'HEAVY USERS' | YOUNG FAMILIES WITH SMALL CHILDREN and OLDER PEOPLE | OCCASIONAL CONSUMERS |
|---|---|---|
| **Motivation**<br>➢ Environment concern<br>➢ Health concern<br>➢ Ethic aspects | **Motivation**<br>➢ Health concern<br>➢ Environment concern<br>➢ ' Consumer-friendly' | **Motivation**<br>➢ Life Style aspects<br>➢ Gourmet/Quality considerations<br>➢ Health concern |
| **Purchase Location**<br>➢ Traditional Health<br>➢ Food Stores<br>➢ Local markets | **Purchase Location**<br>➢ Traditional Health Food Stores<br>➢ Conventional supermarkets<br>➢ Organic supermarkets<br>➢ Local markets | **Purchase Location**<br>➢ Conventional supermarkets<br>➢ Organic supermarkets |


Health
Environment
Safety
MOTIVATION TO BUY ORGANIC
Taste
Social issues

# What about prices ?

- We know that most consumers are price conscious (“demand is elastic”)
- Organic products carry a cost premium and a price premium
- What is the limit ?

# Organic Food Consumer Behaviour

Most European consumers are price sensitive:

56% accept a premium of more than 15%

33% accept a premium up to 15%

11% do not accept any premium

# Organic Food
# Consumer Behaviour

How many European consumers buy organic?

17% of consumers buy regularly

51% of consumers buy organic once in a while

32% of consumers never buy organic

# What are today's main obstacles to growth?

- Lack of uniform standards – a problem for producers and for consumers
- Narrow product and species range (but growing)
- Slow penetration into mainstream distribution channels (but encouraging signs in some markets - COOP)

# A myriad of aquaculture standards

- BioErnte (Austria)
- BioGro (New Zealand)
- BioSuisse (Switzerland)
- Naturland (Germany)
- KRAV (Sweden)
- Red Label (Denmark)
- Soil (UK)

# Solution to standards ?

- CODEX on organic food products in general
  - Still nothing on organic aquaculture
- European Union: pan-European standard ?
  - Organic agriculture standards under review now
  - Seafood to be integrated into new standards
  - When ?
    - 2006 ?

# Also Opportunities

**Good consumer acceptance**

**Lack of supply, in volume and in range of species**

**Fair trade concept – producer involvement**

“

**Stakeholder participation in standard setting**

# Conclusions I

- World fish trade is growing
- Exports of aquaculture products are growing
- Organic seafood: production limited but strong growth
- Problem of getting into mainstream distribution channels
- Scale is necessary in sales and marketing: Critical mass to get retail and consumer attention

# Conclusions II

- Today: Myriad of standards creates consumer confusion
- Needed: International standards
  - Major markets: EU initiative (world # 1 market)
  - USA: ??? (wild vs farmed, lack of standards)
  - Japan: ?
- Organic: future important sub-sector in aquaculture
- To reach potential: develop both supply and demand side
- Creates important benefits for producers and for consumers

# EPILOGUE

- Maybe raised more questions than answers ?
  - I have mentioned some aspects of the sector and raised some general issues
  - Indicated weaknesses but also some strengths

- Next presentations will bring the discussion forward with more concrete information and show the way ahead

# Where Do We Come From? What Are We? Where Are We Going?

P. Gauguin

Ca’m o’n  qui’ vi

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THANK YOU

FOR YOUR ATTENTION