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Spain

Fishery Products

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Report Highlights: Prospects for U.S. seafood exports to the Iberian Peninsula (IP) market will likely remain good through 2006. In particular, frozen U.S. seafood prospects remain bright even though Spanish frozen imports will likely fall below record 2003 levels.
(CM2PM3LR2SH6)

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

FAS/Iberia forecasts that U.S. seafood exporters will continue to increase market share in the IP market this year and next. We expect the U.S. market share to increase to just over 2.1 percent for calendar year 2006, leaving plenty of room for progress in this very important seafood market.

There are several important factors that will influence/encourage U.S. exports to the IP. The main factors are as follows: Spanish per capita seafood consumption, already one of the highest on earth, will recover from a drop during 2004, which we believe can be traced to the contaminants scare recorded early in 2004 in a Science magazine article that received a lot of press coverage here on the IP; the relative weakness of the U.S. Dollar vis-à-vis the Euro and many of the currencies of other fish exporting countries continues to allow U.S. exporters to price competitively in the IP market; northern European salmon producers have recently imposed minimum export prices; and, the quality of U.S. seafood vis-à-vis European farm raised seafood has become even more important since the Science magazine article suggesting elevated contaminant levels in some farm-raised seafood.

The total allowable catches (TACs) for many fish species on the IP have been reduced, while blue whiting TACs were increased considerably during 2004 and 2005. Our understanding is that the blue whiting TACs were increased, because the EC took unilateral action to raise them after negotiations with northern neighbors failed to produce acceptable TAC levels. While we are forecasting that the increased blue whiting TACs for Spain will increase landings, they will not negatively affect the forecast for demand for U.S. seafood, because the blue whiting is generally used in the production of fish meal. We are forecasting that the TACs will be set lower for 2006, because we believe a negotiated settlement regarding blue whiting will be reached.

Exports of frozen U.S. cod, tuna, hake, pollock, and salmon will likely increase through 2006. Interest in U.S. cod is up in the IP as many importers and consumers come to recognize the quality (equal to or better) than European cod. We expect this trend to continue. Frozen tuna is used by the canning industry and U.S. export prospects appear to be tied to price and availability of worldwide sources. However, we do expect U.S. exports to grow this year and next. For salmon, competing in the chum salmon market with Chile, China, and other exporters will continue to be difficult. However, local smokers and other processors are beginning to recognize the quality of Alaska wild salmon, and we expect the demand to increase. Wet-salted Alaska pollock is also doing well in the production of surimi.

Efforts to showcase the quality of U.S. seafood will help U.S. exporters increase their market share on the IP. Conxemar, the second largest seafood show in Europe has proven an excellent starting point for showcasing U.S. quality and developing IP importer contacts. In addition, the efforts of IP-based representatives to highlight U.S. quality will continue to play an important role to improve U.S. exporter prospects in this market.

Spain
Fish Supply and Demand

Year	2000	2001	2002	2003	2004	2005*	2006**
Port Landing (2003*04*)	921,782	928,937	851,429	840,000	875,000	950,000	850,000
Total Allowable Catches				233,793	256,878	375,835	277,000
Aquaculture (2004*)	312,057	313,061	328,337	313,112	350,000	360,000	380,000
Imports	1,265,661	1,438,602	1,385,152	1,514,749	1,422,122	1,522,000	1,565,000
Imports Fresh	237,877	252,413	261,574	264,278	247,369	252,000	255,000
Imports Frozen	333,113	410,885	393,852	419,399	342,006	400,000	402,000
Imports From the United States	21,926	26,711	25,499	28,285	28,694	32,000	33,000
Frozen Imports (U.S.)	7,044	9,715	10,268	15,855	14,538	16,000	16,500
Salmon	2,829	1,716	1,550	1,663	1,300	1,400	1,500
Cod	120	539	202	2,361	4,305	4,800	5,200
Tuna	1,349	3,716	5,577	7,905	4,915	5,800	6,500
Hake	1,618	2,417	1,463	2,788	3,029	3,200	3,500
U.S. market share (percent)	1.73	1.86	1.84	1.87	2.02	2.10	2.11
Supply	2,499,500	2,680,600	2,564,918	2,667,861	2,647,122	2,832,000	2,795,001
Exports	794,145	910,427	802,405	843,495	827,726	835,000	840,000
Human Consumption (2004*)	1,301,550	1,422,120	1,486,000	1,497,210	1,450,000	1,555,000	1,580,000
Other* (not otherwise specified)	403,805	348,053	276,513	327,156	369,396	442,000	375,001
Demand	2,499,500	2,680,600	2,564,918	2,667,861	2,647,122	2,832,000	2,795,001

* Estimate **Forecast

Data Sources: MAPA, GTA,