CBI
Ministry of Foreign Affairs

Exporting fish and seafood to Europe

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Contents:

What competition do I face on the European frozen tuna market?

In the long term, the increasing scarcity of tuna will be of great importance to the competitive position of frozen tuna suppliers. As there are few substitutes for frozen tuna at present, and given that the demand for frozen tuna products is set to remain strong, overall competition in the market for frozen tuna is expected to increase. It is anticipated that the fishermen supplying the tuna will see their position strengthened.

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1 *. What are the opportunities and barriers when you try to enter the market?*

The entry barrier for frozen tuna exporters who want to enter the European Union is high. European legislation and requirements regarding the import of captured fish species in relation to food safety, traceability, and packaging are complex.

Companies that have access are generally the better-organised companies that offer sufficient transparency. Those with their own fishing vessels or those that maintain very close ties with smallscale fishermen or large industrial fishing vessels.

The European market's entry requirements will remain the same or become even stricter over the short to long term.

Tips:

+Cooperate with your buyers, to effectively comply with European requirements and thus maintain your position in the European market. Cooperation will also lower the cost of complying with European requirements.

+See our study about Buyer Requirements for Fish and Seafood for more information on European market requirements that you need to comply with.

+ITC's Market Access Map offers more information on market requirements worldwide

2 . *What are substitute products?*

Product competition for frozen tuna is low, because it is difficult to find good alternatives for frozen tuna fillets and steaks. However, the risk of substitution is increasing. This is particularly true for tuna used as an ingredient in processed products (e.g. salads), as for such applications there are less expensive alternatives for tuna. These include: lower-quality tuna, tuna in smaller portions, canned tuna, lower-value chicken or less expensive species of white fish.

Other circumstances that influence substitution of frozen tuna are:

In previous years, consumers in low-end market segments have switched to less expensive alternatives. This happened mostly in European countries with low or negative economic growth rates, like Spain and Italy.

- **Buyers are likely to shift to substitutes for frozen tuna if suppliers are unable to guarantee constant supply volumes.**
- **Supply scarcity can also occur for individual species (e.g. yellowfin tuna), leading buyers to shift to other (abundantly available) species (e.g. skipjack tuna).**

Tip:

+ Discuss with your buyers whether they are interested in value-added products, and discuss potential investment opportunities

+ You may be able to increase the market potential and value of your products if you are able to invest in value-added processing of your tuna

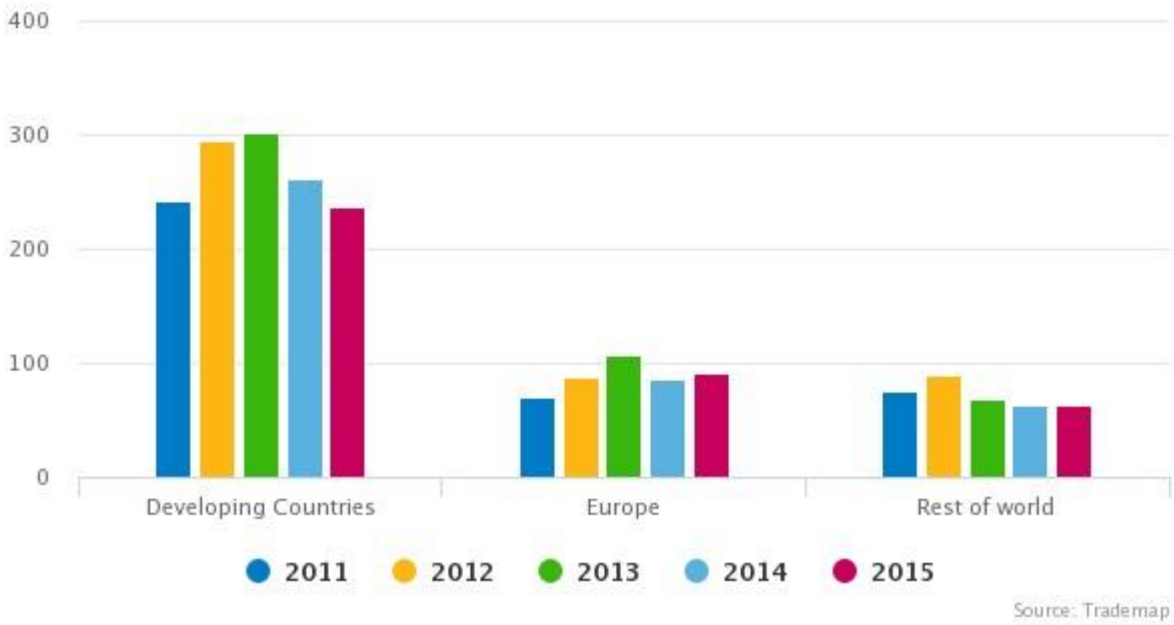
+ You must be able to guarantee constant supply volumes to your customers. If that is not possible alone, you must consider cooperating with other tuna suppliers

3 . Who are your rivals?

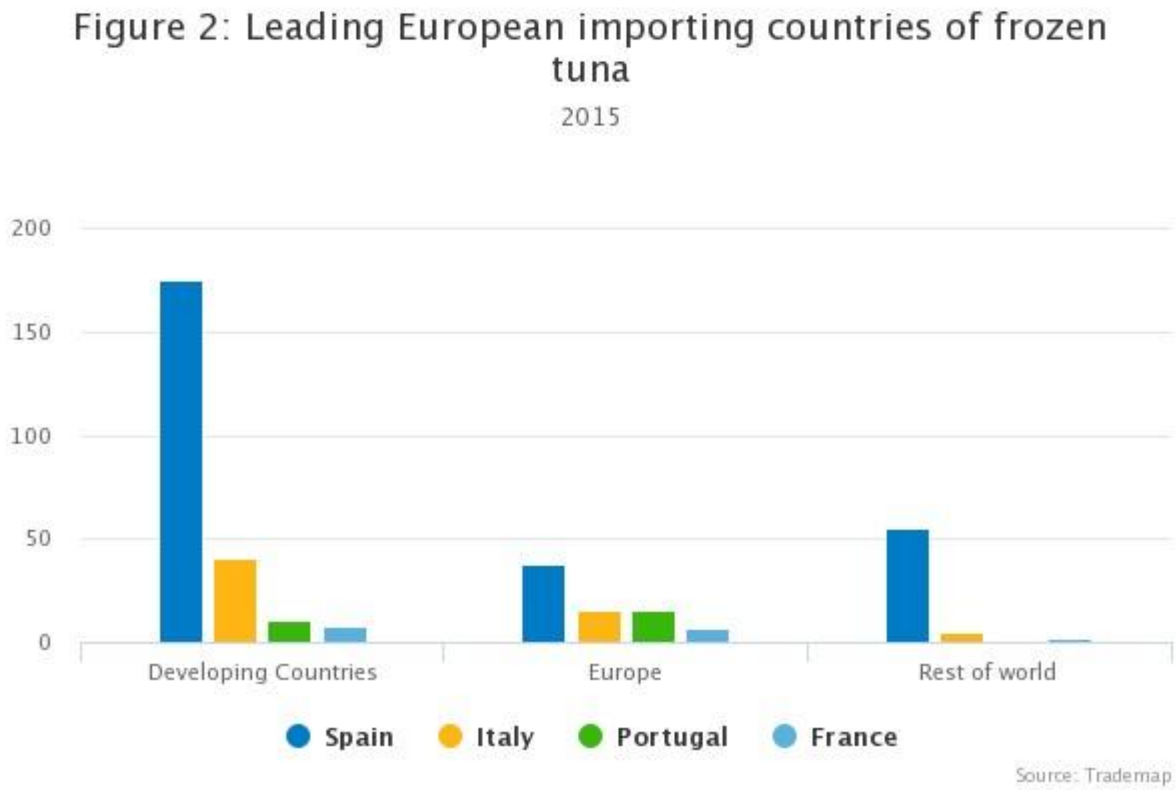
European imports

Tuna imports peaked in 2013. This peak was mainly due to high prices in combination with a relatively high volume. The decline in 2014 and 2015 was mainly caused by lower prices.
Most tuna exported to Europe is skipjack tuna.

Figure 1: European import of frozen tuna by main origin
(2011-2015)



Spain is the largest market for frozen tuna suppliers, followed by Italy. The import of frozen tuna from Developing Countries in 2015 reached €175 million in Spain and €41 million in Italy. These two countries mainly import from Developing Countries.
The small supply from 'Rest of world' is dominated by South Korea, the United States and New Zealand.

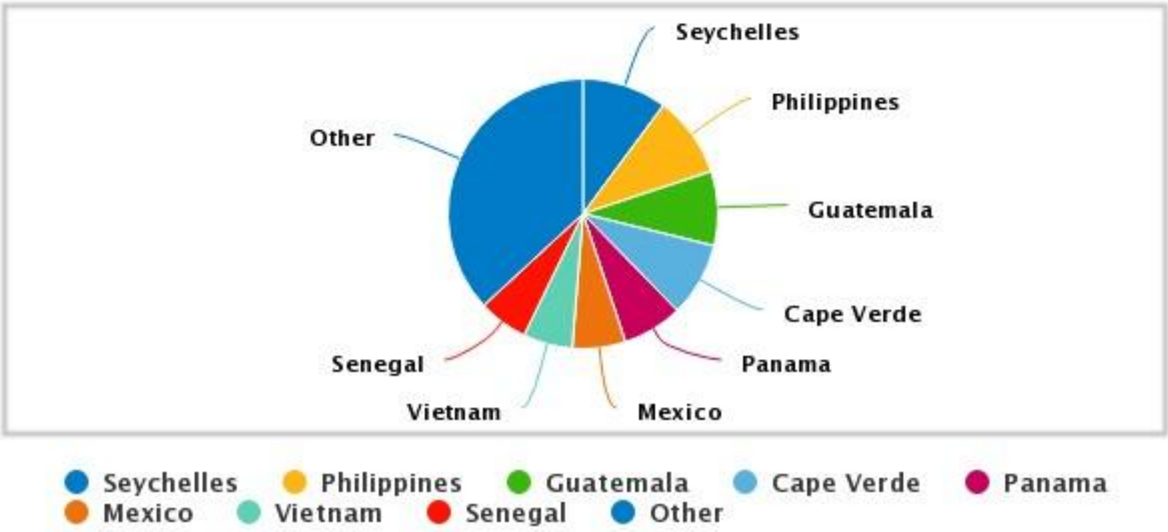


Supply from Developing Countries

Most frozen tuna sold in Europe comes from Developing Countries. Although tuna suppliers from Developing Countries are large in number, demand in Europe and other parts of the world is so high that competition between suppliers is low. Rivalry comes in particular from exporters in countries that have been granted preferential status within the EU's import tariff regime. This is because they can supply at lower prices than other suppliers from developing countries without preferential status in the EU. Most of the countries with preferential status export substantial volumes of frozen tuna to Europe, with a value between €5-25 million per year. These circumstances are expected to remain the same in the short to medium term. This also means that the pattern of supplying countries exporting to Europe will not change substantially. Frozen tuna imports from Developing Countries totalled €236 million in 2015. The main suppliers are Seychelles, the Philippines, Guatemala, Cape Verde and Panama. Together these countries represent 45% of the total imports from Developing Countries. The import from Seychelles and Guatemala expanded fastest, thanks to a growth of 200% and 163%, respectively, in four years' time. Other Developing Countries with good market shares are Mexico, Vietnam and Senegal.

Figure 3: Leading Developing Country suppliers of frozen tuna to Europe

2015



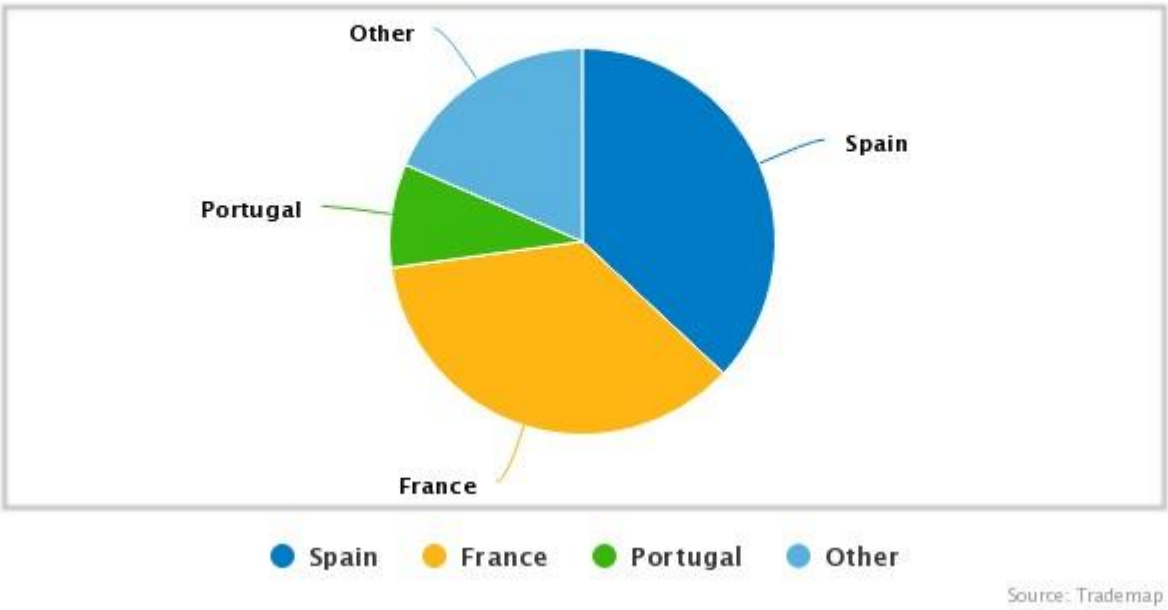
Source: Trademap

Rivalry is lowest in market segments with strong demand for sustainably-caught tuna, as the supply of sustainable tuna remains limited.

Trade within Europe

The import of frozen tuna from within Europe amounted to €92 million in 2015. This intra-EU trade is dominated by Spain and France. However the import value of Portugal is also increasing (+167% in four years).

Figure 4: Leading suppliers of frozen tuna within Europe
2015



Forecast

In the short to medium term, imported volumes and values of tuna to Europe are expected to remain relatively stable, but possible price fluctuations in the market may lead to either growth or a decline in imports. The pattern of supplying countries and main markets is also expected to remain more or less the same.
However, in the long term, the increasing scarcity of tuna will start to influence prices and probably European import volumes as well. Prices will go up, and eventually import volumes to Europe will go down.
In the future, tuna species are expected to become scarcer. As a result, rivalry between existing exporting companies for access to tuna is expected to increase. On the other hand, their position in relation to buyers will become stronger.

Tips:

+ Secure your supply of caught tuna, for example by developing long-term business relationships with fishermen

+ Secure your supply of tuna in general by choosing to source responsibly. See our study about Trends for Frozen Tuna for more information

+ Also see our study on Exporting Frozen Tuna to Europe for more information on supplying frozen tuna to Europe.

4 . How much power do you have as a supplier when negotiating with buyers?

There is a difference between the power held by buyers of high-value frozen tuna fillets and steaks, and that of buyers of frozen tuna in bulk. Buyers of high-value tuna products are less powerful, because of limited availability of these products. Buyers of tuna in bulk have more buyer power as there is much more availability of tuna in bulk.

Frozen tuna buyers tend to invest in long-term relationships with suppliers (e.g. contracts and sometimes also buy-ins) of good quality tuna products in order to secure their supply.

Buyer power in the European market for frozen tuna is expected to decline over the short to long term, due to:

- **Increasing scarcity of tuna**
- **Increasing demand for frozen tuna in the European Union**
- **Increasing demand for frozen tuna products in upcoming markets, such as the BRIC countries (Brazil, Russia, India and China)**

These developments are expected to weaken the position of European buyers and improve market opportunities for exporters from developing countries.

5 . How much power do you have as a buyer when negotiating with suppliers?

Although the power of frozen tuna buyers is relatively strong, the supplier power of the fishing companies that catch the tuna is even greater.

Supplier power in the frozen tuna market is strengthened by:

- **Supply shortage of (frozen) tuna. Suppliers of tuna are being approached by many different buyers and therefore enjoy a strong bargaining position.**
- **United efforts to influence the tuna price. For example, the World Tuna Purse Seine**

Organisation decided to reduce tuna fishing in an effort to stop tuna prices from weakening in mid 2015.

Fishing companies that catch tuna are increasingly involved in processing and export. Most large companies that catch tuna are already fully integrated and are also involved in processing and export.

Supplier power is predicted to grow further over the short to long term, given that tuna stocks will be under pressure and European buyers will face fierce competition while attempting to secure their supply.

Tips:

- Maintain good relationships with your buyers
- Make sure you get the best price and discuss with your buyers the options to realise higher added value

What trends offer opportunities on the European frozen shrimp market?

Despite diseases on shrimp farms affected trade negatively in 2015, overall imports in Europe went up by 1.9% in 2015. Also in 2015 and 2016, food safety, sustainability and supply chain transparency are very important issues for European shrimp buyers. To secure safe and sustainable supply of shrimp products, European buyers are shortening the length of their supply chains and investing in long-term relationships. There is potential for Developing Countries exporters if food safety and sustainability requirements are met.

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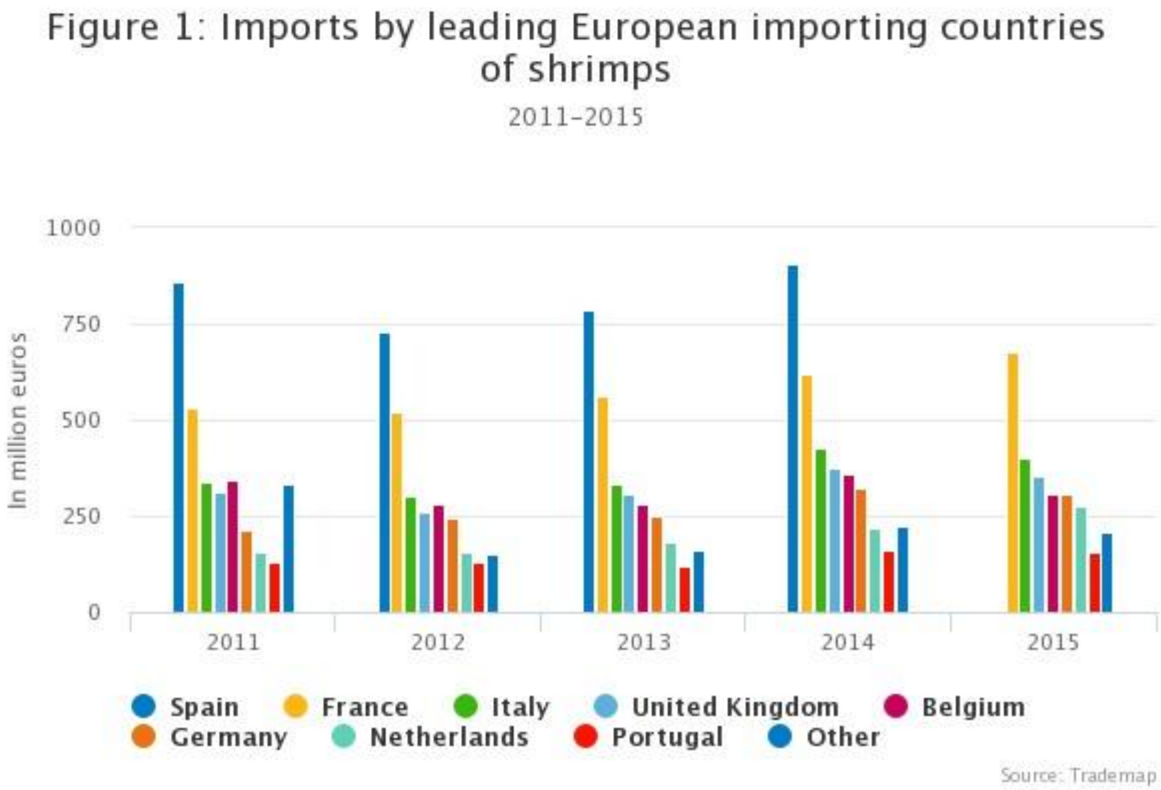
. Shrimp imports recovered slightly in 2015

In 2015, because of the Early Mortality Syndrome (EMS) outbreak among shrimp farms in Ecuador and India, European imports were on a lower level during the first part of the year. However, later in 2015 the situation improved and a strong growth in imports compensated for the drop in imports earlier in 2015. Overall, the Netherlands saw the sharpest rise in imports (+25% compared to 2014), followed by Spain and Italy (+10% and +9% respectively). Figure 1 below shows the development of imports over the period 2011-2015 in the leading European frozen shrimp markets.

Looking at the coming years, European import of shrimp is expected to grow by between 1-3% per year. This is based on two assumptions: 1) the leading shrimp production countries worldwide manage to control diseases and 2) the European consumption expenditure growth will continue to perform relatively well as compared to other countries and regions in the world.



Source: ITC Trademap (Extraction made in August 2016)

Tips:

For more information about trade developments in Europe, see our study about competition on the European cultured shrimp market.

For more information about specific shrimp types, see our studies about the European market for vannamei shrimp or the European monodon shrimp market.

. *Danger of disease outbreaks in shrimps is coming back*

The production of shrimps in 2015 was affected by the Early Mortality Syndrome (EMS) outbreak in important production countries including China, India, Ecuador and Vietnam.

The EMS outbreak caused supply shortages, high prices and deterioration in the position of traders. The lower production volume in 2015 was mainly due to production losses caused by the disease and to some extent caused by the reduced stocking density to avoid disease problems.

Fortunately, EMS started to diminish and prices have returned to normal and even to low levels in the beginning of 2016. However, in early 2016, Enterocytozoon hepatopenaei (EHP) was discovered in several shrimp farming countries in Asia. EHP is a micro sporedean disease that is hard to detect and to eliminate. The sixth

Aquaculture Roundtable Series (TARS) that takes place in August 2016 focuses on measures to avoid diseases and recovery solutions of the shrimp culture in Asia

Tips:

To avoid EHP, it is important that the entire production chain is clean (i.e. farms, waterways, and hatcheries). The impact of this disease can also be reduced by lower density stocks and by using lower salt levels. EHP can also be eliminated by high temperatures and freezing.

Other measures to prevent EMS are a strict control on water quality and regulation of the feeding program. And of course, contact your local seafood association for technical help in this matter.

. *More attention given to sustainability and responsible sourcing*

The shrimp farming sector, particularly in Asia, has received negative comments from Europe's media. The sector has been criticised for its negative impact on communities and the environment such as child labour in Thailand and pollution of groundwater and agricultural land. As a result, consumers' awareness of the negative social and environmental impact of shrimp farming is increasing. European buyers are therefore seeking out shrimp suppliers that are able to prove the sustainability and responsibility of their product.

Tip:

You can prove sustainability and responsibility in your product by means of certification such as GlobalG.A.P. and by underpinning your product with a responsible story. For instance, if you have any activities that protect the environment or support local communities, include these in your marketing strategy.

. Sustainability certification gains importance in the mainstream market

While particularly the organic and fair trade market are built on a set of certification requirements, in recent years certification trademarks have become common in the mainstream market as well. This is especially true in the case of large supermarket chains in Northern and Western Europe.
Currently, frequently required certificates are GlobalG.A.P. and Aquaculture Stewardship Council (ASC). Such certificates are the answer to the trend of increasing attention for food safety, sustainability and responsible sourcing.

The availability of ASC-certified shrimp in Europe has grown fast in the past few years. They became available in the Scandinavian market in late 2014, other countries in Northern and Western Europe followed in 2015. Worldwide, in the past few years numerous shrimp farms have gained ASC certification. Examples are farms in Belize, Honduras and Bangladesh.

Tips:

See our study about EU buyer requirements on the European fish and seafood market for more information.

- See our factsheet about the organic seafood market in Europe.
- If you intend to supply (or continue to supply) to leading European retailers, you might need to invest in sustainability certification. On the other hand, in Germany, which has a high degree of certification, organic food sales represent less than 5% of total food sales. For several buyers, GlobalG.A.P. continues to suffice.

In 2013, GlobalG.A.P and the Aquaculture Stewardship Council started to work together in order to harmonize their requirements. A step by step approach makes it possible to first become GlobalG.A.P certified and then work towards ASC certification. This can make it easier for you to work towards certification. If you want to get certified, it is recommended to utilise the combined audit checklists of ASC, GlobalG.A.P. and Global Aquaculture Alliance (GAA).

If you are interested in becoming ASC or GlobalG.A.P-approved, contact ASC, the Dutch Sustainable Trade Initiative or the GlobalG.A.P website for support and assistance.

. More uniform buyer requirements

In previous years, there was the huge difference in buyer requirements throughout the European Union. Now it seems that the European market is becoming more uniform. This is partly caused by the more stringent European Union regulations. And by the fact that retailers throughout Europe increasingly apply the same buyer requirements. At the same time, there are still considerable differences between markets in North-Western Europe and Central and Southern Europe.

The uniformity of the European market is likely to increase further by initiatives such as the Global Sustainable Seafood Initiative, which will benchmark certification initiatives and offers retailers a tool to work with more than one certification initiative.

. More value-added activities in supplying countries in the long term

The demand for ready-to-eat and easy-to-cook, value-added shrimp products is increasing. This is in line with the general increase in demand for convenience food. In addition, many consumers do not know how to prepare shrimp. Currently, only simple value-adding activities such as peeling and portioning are outsourced to processors in developing countries. However, as a result of price pressure, more complex value-adding activities will be outsourced in the long term. Such as the production of marinated shrimp.

Tips:

The European market provides opportunities for you, if you are able to produce value‐added shrimp products such as skewers or marinated shrimp.

Invest in value-adding processing in order to increase the value of your product. If possible in close communication with your clients/buyers.

Note that you need to obtain food safety certifications such as the British Retail Consortium (BRC) or International Featured Standards (IFS) for value-added products. This is because these products are sold through food retail or high-end food service channels.

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What competition do you face on the European frozen white fish market?

Owing to a large number of buyers and a large number of comparable products, competitiveness in Europe's white fish market as a whole is at a high level. However, the long-term increasing demand for white fish species in specific markets may result in increasing global competition for white fish products. This may be to the advantage of exporters from Developing Countries.

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1 . What are the opportunities and barriers when you try to enter the market?

For new exporters of white fish species, it is difficult to enter the European market, because:

- ***Prices are under pressure, as most of the white fish products are positioned in the lowend or middle-range segments (especially species like pangasius, tilapia and Alaska Pollock). There is a large supply of different white fish products, meaning that the risk of substitution is relatively high.***
- ***The quality and sustainability requirements are high among buyers. For cultured white fish these requirements relate to production conditions, while for captured white fish they focus on fishing techniques.***

It is unlikely that many new white fish species will be introduced to the European market in the short term.

Tips:

See our study about Buyer Requirements for Fish and Seafood for more information on European market requirements that you need to comply with

- ITC's Market Access Map offers more information on market requirements worldwide
- Entering the European market for frozen white fish is only doable for exporters that are able to:

1. Invest in the development of a market (or to find the right local partners)

2 . What are substitute products?

The risk of white fish being substituted by other products is generally low. Occasionally, poultry products can substitute cheap white fish products such as pangasius.
However, the risk for substitution by other white fish species is high. This is because there are several different species of cheap white fish that have comparable product specifications. Substitution is lower for white fish species in higher-end market segments, e.g. sea bass and sea bream.
Another development that has increased the risk of substitution is the increase of local European production of white fish. European policymakers and producers have encouraged this. Thus far, the success of local production has made Europe less dependent on imports, and it has suppressed the prices of white fish imports. Moreover, stocks of several species of white fish (many with MSC certification) are recovering in North-Western Europe, and this might also increase competition with white fish imports from overseas. A final source of competition involves Alaska Pollock certified wild white fish from outside Europe.
Levels of substitution between different species of cheap white fish are expected to remain high over the short to medium term. This is because the number of suppliers and species of white fish will remain high.

Tips:

- Try to find the market segment that matches your product specifications.
- Given that margins are low, it is important to gather price information about competitive species in order to negotiate prices.

3 . Who are your rivals?

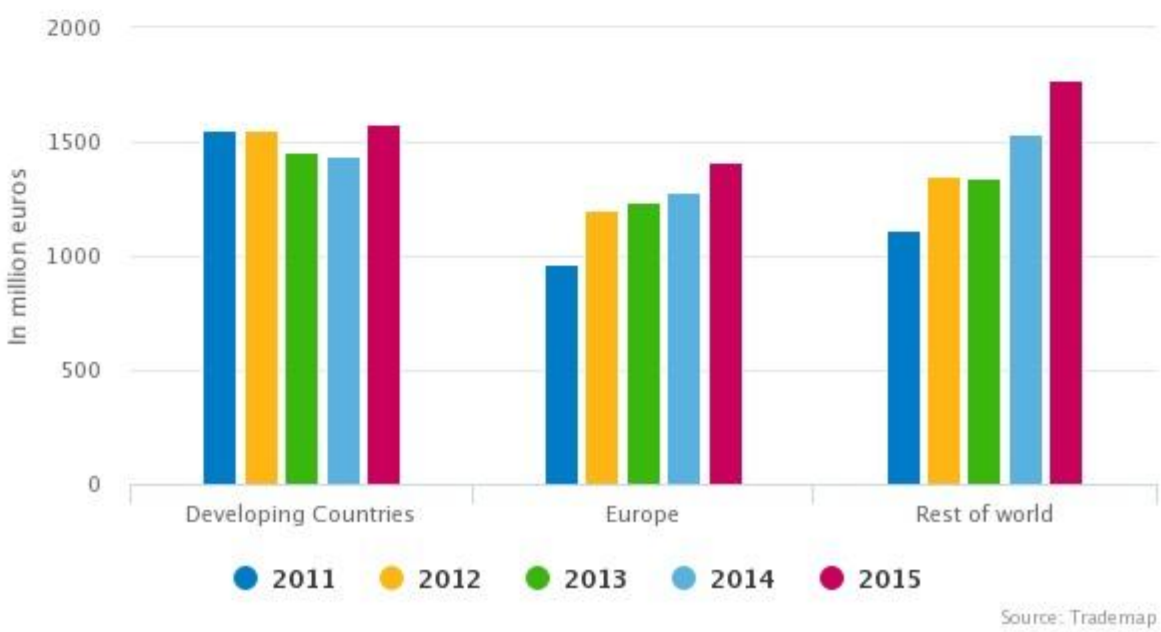
The European market for frozen white fish is competitive and the degree of rivalry is high. The main reason for this is that there are many suppliers of different captured and cultured white fish species, such as pangasius, tilapia, pollock, Alaska Pollock,

hake, hoki and cod. This high degree of rivalry is supported by the figures shown below on European imports and suppliers.

European imports

The import of white fish in Europe has been increasing every year. Most of the white fish imports come from Developing Countries and 'Rest of world'. In 2015, the imports from 'Rest of world' amounted to almost €1.8 billion, which is 15% higher than in 2014. Imports from Developing Countries also grew strongly in 2015. The major factor in import value growth is a growing volume in the period under review, although prices have been under pressure.

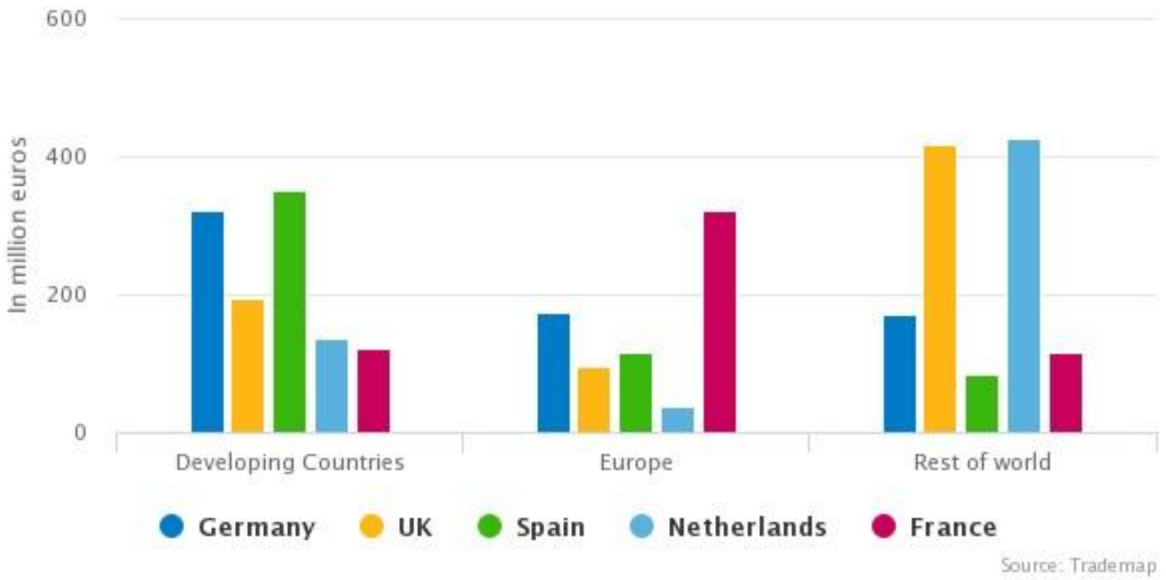
Figure 1: European import of white fish by main origin
2011-2015, in million euros



As shown in Figure 2, the supply pattern of white fish varies by country. Spain and Germany are the largest markets for white fish suppliers from Developing Countries. Imports of white fish from Developing Countries reached €352 million in Spain and €321 million in Germany. The UK and the Netherlands are large white fish import markets for 'Rest of World'. France imports a relatively large amount from other European countries.

Figure 2: Leading European importing countries of white fish

2015, in million euros



The level of differentiation within the European market for most of the white fish species is rather low. Most of these products are imported as frozen fillets or fish meat. Processing companies are able to switch between different white fish species at low cost.

Tips:

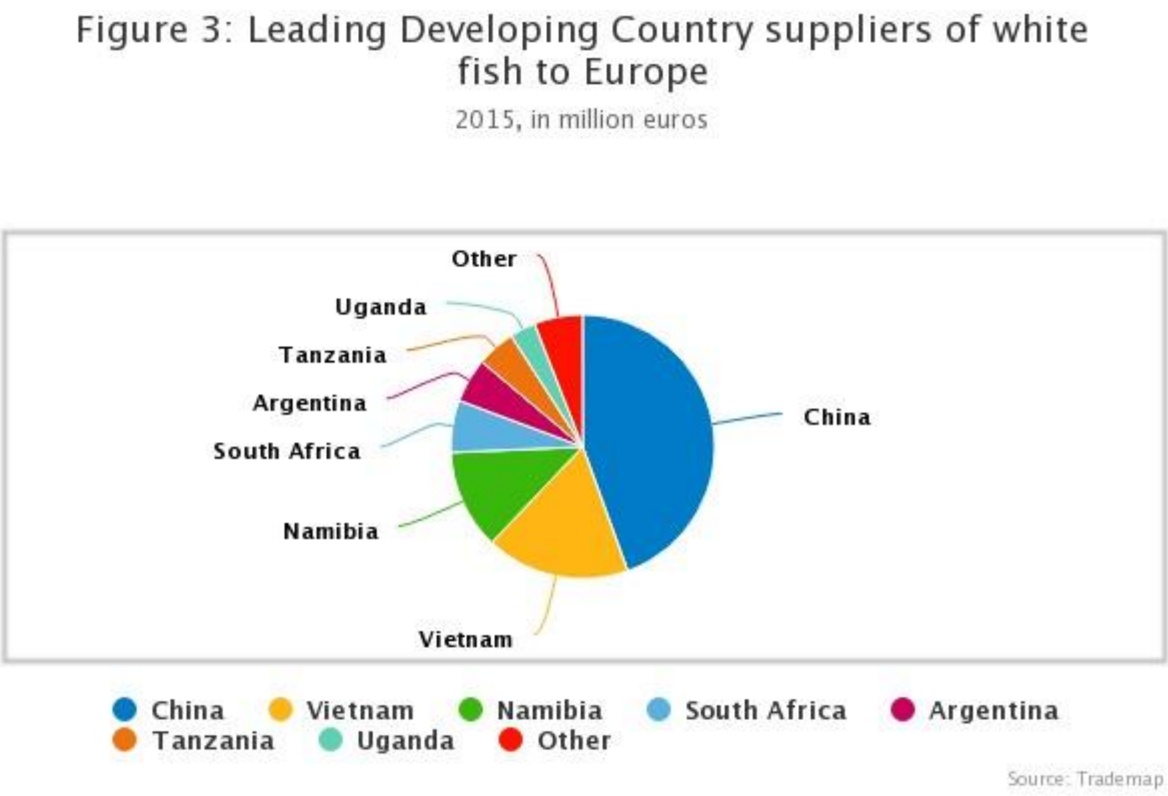
Differentiation in the white fish market is essential. Invest in a marketing plan in order to promote your products.

Innovative packaging, additional processing, freezing or product development are possible strategies for adding value to your products. Discuss with your customers which strategies might be beneficial.

4 . Supply from Developing Countries

White fish import from Developing Countries accounted for almost €1.6 billion in 2015. The main supplying Developing Countries are China (but this also includes a large volume of double-frozen Chinese fillets marketed under the name 'Alaska Pollock'), Vietnam and Namibia. Together these countries account for a 75% share of all European imports from Developing Countries. Vietnam is the second largest Developing Country supplier, and is the leading supplier of pangasius to Europe. However, Vietnamese exports to Europe decreased by 22% over four years. The

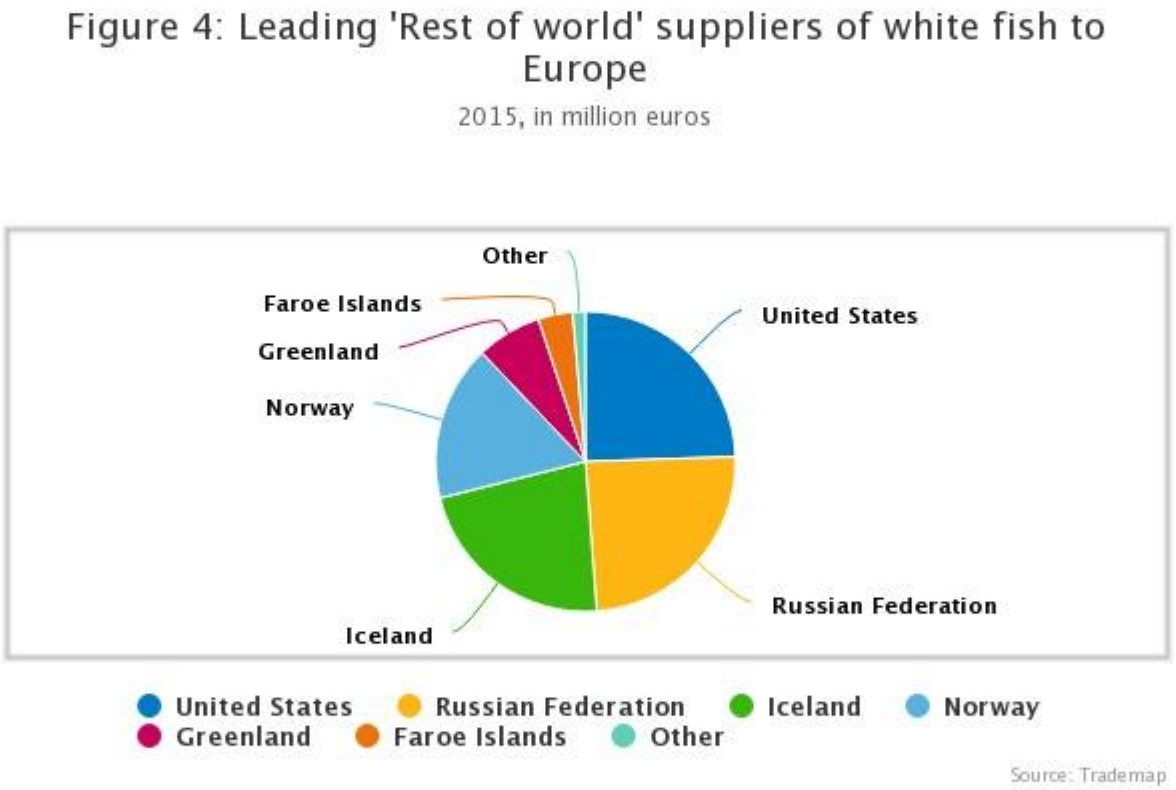
cause for this is pressure on pangasius consumption and prices in Europe. Namibia's exports to Europe mostly consist of hake.
Growing white fish suppliers are Tanzania and Uganda. Both countries export Nile Perch to Europe.



Tips:

See our study about [Trends for European frozen white fish](#) for trends about white fish.

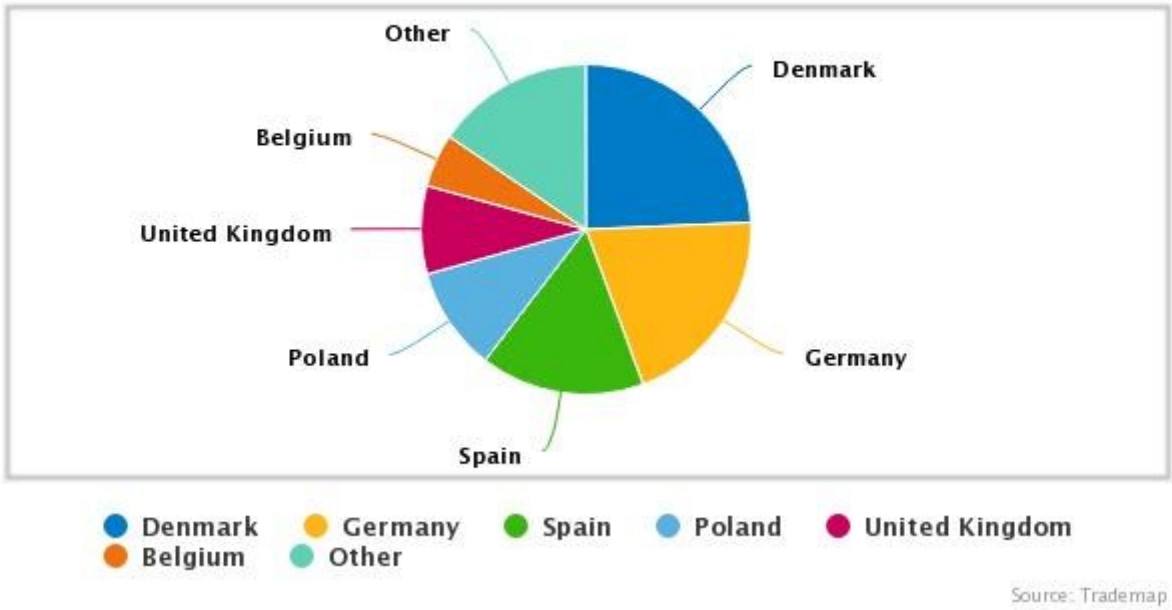
The European import of white fish from 'Rest of world' (Developed Countries outside Europe) amounted to almost €1.8 billion in 2015. The supply of 'Rest of world' mainly includes Alaska Pollock. It is dominated by the US, Russia, Iceland and Norway, and together these countries represent 88% of the imports coming from 'Rest of world'. The white fish supply of 'Rest of world' to Europe in 2015 increased compared to 2011, with Iceland and the Faroe Islands showing the highest growth.



Trade within Europe

White fish imports from within Europe totalled €1.4 billion in 2015. The main European suppliers are the Netherlands, Denmark and Germany. Together, these countries account for 58% of the total intraEuropean white fish supply. This trade within Europe includes a great deal of re-exports, particularly in the case of the Netherlands and Germany.
European countries that have performed strongly in terms of white fish exports within Europe are the Netherlands (113% growth in four years' time), the United Kingdom (+133%) and Belgium (+120%).

Figure 5: Leading suppliers of white fish within Europe
2015, in million euros



Forecast

The degree of rivalry is not expected to decrease in the near future, because both the demand for white fish and the level of competitiveness between the different species are set to remain high. Rivalry is coming not only from outside Europe, but also from countries such as Greece, where the production of cultured white fish has developed rapidly.
In the short term, rivalry is likely to remain weaker for:

- ***Certified white fish***
- ***Added-value white fish***
- ***White fish that has a transparent and/or traceable supply chain***

In the long term, rivalry will also increase for certified products, because the volume of MSC and ASC certified white fish is increasing rapidly.
The pattern of most imports coming from outside Europe is expected to stay the same in the short to medium term. The same also goes for the species coming from the various countries described above.

Tips:

Consider obtaining MSC or ASC certification, as the demand for MSC and ASC certified white fish is increasing rapidly

Cooperate with buyers and offer retail packaging. This is only possible in good cooperation and with IFS/BRC certified product

How much power do you have as a supplier, when negotiating with buyers?
Buyer power in the white fish sector depends on:

The specific white fish product The market segment.

High buyer power:

When the supply is high, in cases like pangasius or Alaska

Pollock Low buyer power:

Species for the higher-end market, such as red snapper and barramundi. This is due to a shortage of supply.

In the near future, supermarkets in several European countries are planning to sell only seafood products that have been MSC or ASC-certified. The dominant position of European supermarkets in the supply chain is expected to grow still further.
The implication of this development for exporters from developing countries is that if they do not supply certified products and obtain BRC/IFS certification, they will have to focus on market segments or markets in countries without such requirements. Examples of such markets or market segments are fast-food restaurants in the catering industry segment, or countries in Central and Eastern Europe.

Tips:

- Work in close collaboration with your buyer to meet the required
- product specifications

Gather information about product specifications within the different market channels and segments

5 . How much power do you have as a buyer, when negotiating with suppliers?

There is generally a shortage of high-value white fish species. From that point of view, farmed highvalue species, such as cobia, could have an interesting market potential.
For the white fish market in general, the power of suppliers will continue to depend strongly on market developments in the largest and also upcoming markets in the world. Strong demand growth in some specific countries like India and China can cause supply bottlenecks. Eventually this can give suppliers more power and better prices.
As long as demand for certified white fish exceeds supply, suppliers have a strong position against buyers. This is likely to remain the case in the coming years in Europe, as an increasing number of European supermarkets will be restricting themselves to selling only certified white fish products.

Tips:

Given that white fish products are sold in the high-end, middle-range and low-end segments, it is important for you to investigate which market segment has the greatest potential for the white fish that you supply.

Through what channels can I get frozen fish and seafood onto the European market?

The two main segments in the European market are retail and food service. In most cases, your trading partner will be an agent or a European importer. The length of supply chains is expected to become shorter in the future. This is because of increasing efficiency, quality requirements and sustainability issues. Owing to this development, it will become easier for you to do business directly with retailers and food service operators.

Which market segments to target?

This document focuses on the retail segment in Europe. The food-service segment (this segment covers the supply to restaurants, canteens, etcetera) represents a considerable share (between 55-60%) of seafood consumption in Europe. However, the food-service segment in Europe is relatively fragmented. Only a few food-service players operate on a multinational level, and the extent of food-service market segmentation differs considerably across countries.

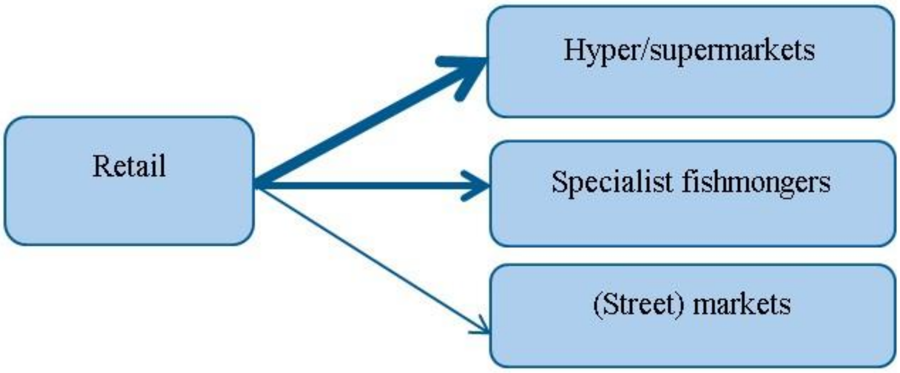
Retail Segment

Figure 1 below represents the three main categories of companies active in the retail segment. The retail segment is defined as all food retail and other shops that sell products directly to consumers for the use of those products at home. The trends discussed here apply generally to all seafood products. However, there may be differences in the case of specific products.

For more information about frozen seafood, see our studies about specific fish and seafood, for example about the European market for frozen tuna products or the European shrimp market.

As revealed in Figure 1, supermarkets are the largest market segment within the retail channel in Europe. In Europe in total, hypermarkets and supermarkets account for more than 90% of all seafood sales. Note that, in Central and Eastern Europe, the number of specialized fish vendors is quite small.

Figure 1: Main categories of companies in the retail segment in Europe



Hyper/supermarkets

The retail segment in Europe is dominated by a small number of large retail groups that own several supermarket chains. These retail groups have concentrated buyer organizations. It is estimated that Europe has approximately 600 different supermarket chains. Retailers such as Rewe in Germany operate different brands with different consumer target groups: Billa, BIPA, Merkur, and Penny. Other examples of large European food retailers are:

- ***Carrefour (hypermarket/supermarket based in France, > €100 billion turnover)***
- ***Metro AG (Germany, > €100 billion turnover)***
- ***Tesco (UK, ~€100 billion turnover)***
- ***Schwarz Group and Aldi GMBH (discount supermarkets, Germany)***
- ***Koninklijke Ahold N.V. (supermarket, the Netherlands).***

The various subsegments within the supermarket segment are listed in Table 1.

Table 1: Different market divisions for supermarkets within the retail segment in Europe

High-end	Exclusive supermarkets and organic supermarket chains	Market share: small, but increasing Quality: BRC, IFS Sustainability: organic, MSC, ASC, GlobalG.A.P. Quantity: low and medium volumes Presentation: small portion exclusive brands / designs, frozen and defrosted Purchase: processing importers, importers/wholesalers, increasing co-creation, which means that supermarkets work together with their suppliers on product development.

Middle-Range	Large supermarkets / hypermarkets	Market share: large and rather stable Quality: BRC, IFS Sustainability: GlobalG.A.P. (ASC, MSC) Quantity: high volumes Presentation: small portions, house brands, brands, frozen and defrosted Purchase: processing importers, increasingly direct
Low-end	Discount supermarkets	Market share: medium and increasing Quality: Legal requirements. Focus on quality requirements such as BRC, IFS. Sustainability: becoming important in countries like Germany, United Kingdom, Switzerland and the Netherlands. Focus on ASC and MSC. Quantity: high volumes Presentation: Medium-sized portions defrosted and frozen, recently also small portions and house brands. Purchase: importers/wholesalers, increasingly direct

Fishmongers and specialty shops

Fishmongers are occupying a growing niche within the European market. Their market share ranges from 30-50% in Spain to 10-20% in the United Kingdom. Fishmongers mostly position themselves as speciality shops and offer a wide range of products to their customers. In general, their range of products is more diverse than the range of products seen in large supermarkets.

Fishmongers primarily sell fresh products from European origin. The share of frozen tropical seafood products is relatively low. Fishmongers mostly purchase their tropical seafood products from specialist importers.

Street markets

Street markets only have a small market share in Europe. Their market share remains significant only in some parts of Greece and Spain. In general, vendors at street markets sell locally caught fresh seafood products. In some cases, they also offer defrosted imported seafood products, which are imported in order to complement their product range.

Trends in the retail segment

Increasing domination of supermarkets

Large supermarket chains and discount supermarkets dominate the retail channel segment. They represent a market share for seafood products of up to 80% in Northern and Western Europe. Specialist stores and street markets have somewhat higher market shares (50%) in Southern Europe (especially in Spain, Italy, and Greece). However, large retail chains in these countries are increasing their market share at the expense of fishmongers owing to the trend of one-stop shopping.

Tips:

Supermarkets increasingly dominate the retail segment. Quality and sustainability requirements for supermarkets are high. However, demand is relatively stable. Discuss with your European customer the action you should take to be a supplier for the supermarket segment.

You should perform market research on specific market access requirements for large supermarkets. You can obtain the bulk of this information from European importers or from purchase managers at European supermarkets. For more information, see our study EU Buyer requirements for fish and seafood for a general overview of requirements.

Consolidation in the number of supermarket chains

There are over 420,000 non-specialist food retail stores in Europe. Nevertheless, this market segment is increasingly dominated by a relatively small number of large retail chains with concentrated buyer organisations. Several of these chains operate in multiple European countries, and the largest ones have turnovers exceeding €100 billion.

The number of retailers is expected to decline further in the future. Large retailers, such as Carrefour or Ahold Delhaize are increasingly importing low and medium value-added products directly, instead of relying on importers.

Tips:

If you are able to offer high supply volumes, you should try approaching the buying agencies of large European retailers directly.

See our 10 tips for doing business with European buyers of fish and seafood and our 10 tips for finding buyers in the fish and seafood sector. These tips also offer more information on which topics are decisive for European buyers when searching for (new) suppliers.

Quality and sustainability focus

Large retail chains use strict quality and sustainability standards. They have strict delivery agreements about service, packaging, health and safety requirements. And they impose significant penalties if agreements are not met. BRC or IFS certificates are a requirement for doing business with at least the premium retailers.

Furthermore, Northern and Western European supermarkets in particular are increasingly committing themselves to selling sustainable seafood. And, as a minimum requirement, are demanding Global G.A.P and Aquaculture Stewardship Council (ASC) for cultured seafood and Marine Stewardship Council (MSC) for captured seafood. In recent years, the discounters have also started to demand the same sustainability requirements as high-end supermarket chains.

In addition, there is a variety of national or multinational certification initiatives throughout Europe that grant access to specific niche markets such as:

- ***Naturland for organically produced seafood***
- ***Label Rouge in France for organic shrimp and other seafood as well.***

Tips:

Discuss with potential European customers whether it is worthwhile investing in sustainability certification. Sustainability certification might offer you premium prices and access to several high-end markets in Europe.

See our factsheet about the organic seafood market in Europe.

Discounters' promotions

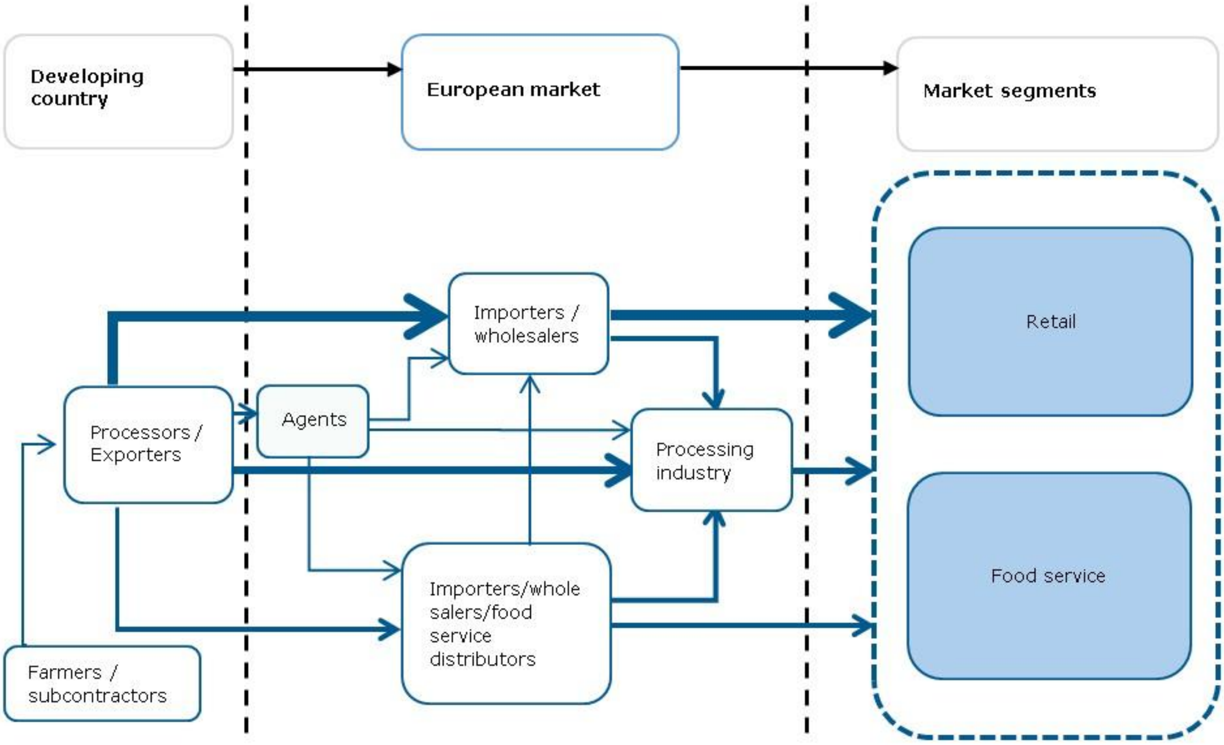
Several European discounters, such as Aldi and Lidl, are increasingly employing promotional campaigns for products such as pangasius. Discounters place advance bulk orders for special promotions. Special promotions often require high product volumes at the lowest available price. These types of promotion are expected to continue occurring, especially with regard to low and medium-value aquaculture products.

Tip:

If you are able to offer high product volumes at very low prices while maintaining good quality, offer these advantages directly to large European discounters.

Which market channels to target?

Figure 2: European market channels for frozen seafood products, 2016



Agents

Agents can represent your company in a particular market or country. They are usually in contact with potential buyers for your products. Agents may also work independently and act as contacts between your company and your buyers. Agents are appropriate if you lack contacts in the market. Sometimes, agents will also work for European buyers seeking to buy directly from suppliers in Developing Countries. Agents can also provide expertise on specific issues, such as requirements for accessing the European market.

Characteristics are:

- ***Agents establish contacts with overseas buyers or suppliers***
- ***Agents have a good knowledge of distribution channels, which means that you do not need to have extensive export experience***
- ***Agents can act as a substitute for your own sales force***
- ***Agents should be able to provide you with up-to-date market information, but this has to be stated in the contract***
- ***The commission of agents is generally between 2-3%***
-

An agent does not buy the product, so this leaves you with the full financial risk. At the same time your margin decreases, because an agent works on the basis of commission. However, you save on your own marketing costs and pay only in the event of success.

- *Agents can be very difficult to bypass once engaged, because their position is protected under European Union law.*

Importers

Importers are intermediaries engaged in importing and/or distributing goods in large volumes. Trading with an importer is of interest if you have no direct contacts with the retail or food service companies. Or if you cannot offer the low order volumes that retail or food service companies wish. Several importers often share containers with seafood products or may import containers with mixed products.

An importer is often the recommended trade channel, as importers:

- *Know the market and product specifications very well,*
- *Have different types of customers, which lowers your risks,*
- *Offer additional services, for example pre-financing.*

There are several types of importers:

- *Trading importers, who only trade the product without processing it further themselves. This category can be further divided into generalists (importing more than only seafood), and specialists (importing only seafood).*
- *Processing importers, who reprocess products before delivering to their customers.*

Processing importers generally deliver to higher market segments than trading importers. However, there are exceptions and there is an overlap between the two.

The Netherlands plays an important role in seafood trade, as many large seafood traders import their products through the Port of Rotterdam. From this point, imported seafood products are further distributed all over Europe.

Direct sourcing by retail and food service companies

Direct sourcing happens when retailers and food service companies purchase directly from the exporter. The number of exporters bypassing European importers has shown an upward trend.

This option is suitable for you if:

- *You can consistently supply high volumes at a competitive price*
- *You are able to comply with strict quality, food safety and sustainability requirements*
- *You are already familiar with the European market.*

Characteristics:

- *Various channels are available for market entry such as food processing industry, retailers and food service companies,*
- *Your margins are generally higher because of a shorter supply chain,*
- *High up-front investment and on-going support costs,*
- *High penalties in the event of non-compliance with contracts.*

Compared with retailers in Southern and Eastern Europe, retailers in Northern and Western Europe are more likely to buy directly from exporters.

Tip:

If you are a small-scale exporter, targeting small-scale specialist retailers instead of large retail companies may represent an opportunity.

Trends and characteristics of market channels

Consumption patterns differ throughout Europe

The market channels through which imported seafood reaches European consumers differ widely between the east, west, north and south of Europe. The market channels depend on:

- ***The seafood-consumption habits***
- ***The number of supermarkets and smaller outlets (such as fish vendors) in the individual countries.***

In Southern Europe, seafood consumption levels are higher. Consumption habits are also more traditional than in Northern and Western Europe. This is because the majority of Southern Europeans know how to prepare fish. Consumers in Northern and Western Europe generally have less experience with fish and prefer portioned and ready-to-eat products.

Tip:

Gather market information about developments in the European market, taking into account the diverse preferences throughout the different parts of Europe. You can use sources such as CBI's market intelligence platform and the market reports of Globefish for more information about the European seafood market.

The role of agents in the supply chain is declining

Increasingly, buyers need to have more control over the quality of the product. Therefore, buyers need to invest in direct relationships with suppliers and thus bypass agents more often. In some cases, depending on the product, agents will continue to keep their role as the facilitators of trading relationships between European buyers and exporters from Developing Countries. This is especially the case when:

- ***Services involving greater complexity are necessary, such as specific import***
- ***requirements. Buyers need to source low volumes from many small-scale suppliers to consolidate supply. This can be the case with wild warm water shrimp.***

Tip:

Choose the right type of trading partner for your products. The channels and partners required for value-added products differ from those needed for bulk products.

More direct sourcing by retailers

Large retailers and wholesalers, such as the Metro Group in Germany or Sligro in the Netherlands, are increasingly importing directly from Developing Countries. This is particularly true for large volumes of packaged fish with little added value. For instance pangasius or tilapia. Lower volume products, such as yellowfin tuna or clams, often continue to be sourced through importers.

Tips:

Supply chains are getting shorter. Making direct contact with large retailers or wholesalers might provide you with better margins and a more sustainable relationship with your customer. Although better margins may seem attractive, there are also disadvantages: direct trade relationships involve more responsibilities and greater risk. It is important to understand the legal implications of retail contracts.

If you manage to build trust in direct supplies to large retailers and wholesalers, these customers may then ask you to provide more complex production services for them.

Opportunities for joint ventures

Generally, importers in Southern Europe appear to be more willing to invest in processing and production activities in Developing Countries than importers in Western Europe. At the same time, several importers with overseas production activities are Spanish companies with facilities in Ecuador or other Spanish-speaking countries in Latin America.

In general, smaller European companies tend not to invest in joint ventures. However, while the European market is increasingly confronted with competition from emerging markets and supply is tight, European companies are increasingly interested in setting up joint ventures.

Please review our market information disclaimer.

What requirements do fish and seafood products have to comply with to be allowed on the European market?

As one of the largest markets worldwide, Europe can be an interesting target market for fish and seafood. But first, you need to fully understand the European Union's legal requirements that apply to your fish and seafood products. Understanding is the first thing, and after that follows the route towards compliance. Read further to better understand the legal requirements and additional requirements that European buyers may ask from you.

Contents of this page

1 . What legal requirements must your product comply with?

Fishery products must come from an authorised country

If you want to export fish to the European Union, your country must be on the list of approved countries. In order to become an approved country, the national authority must submit a formal request to the Directorate-General for Health and Consumer Protection of the European Commission.

The approval is granted based on your public health and control systems. This means your country must be able to ensure that the fishery products exported meet the strict health requirements of the European Union. If your country has been approved, it also has a competent authority in place, which further approves establishments and factory vessels. Approved establishments receive a unique identification code, usually referred to as "EU number".

Tips:

- Look at the list of approved countries and establishments and refer to section VIII to see if your country is on the list.
- Only the national authorities of your country can put forward your establishment for approval from the European Union. If your establishment has not been approved yet, you can contact your national authorities for further proceedings.

Fishery products must be caught by approved vessels (wild catch) or must be produced in registered farms (aquaculture)

To combat illegal fishing, a catch certificate must accompany fish imported or transhipped in the European Union. As an exporter, you must request the catch certificate for catches destined for the European Union. If a country fails to adhere to the European guidelines to prevent and eliminate illegal, unreported and unregulated (IUU) fishing, it risks a temporary ban from the seafood market in the European Union. In the past, this has happened to Belize, Cambodia, Guinea and Sri Lanka.

At the moment (May 2016), the Food and Agriculture Organization of the United Nations (FAO) is working on a global catch certificate to ensure responsible fishing throughout the world.

Tips:

- Read more about the catch certificate in the sheet on the control of illegal fishing in the EU Export Helpdesk, or at the European Commission website on illegal fishing

Fishery products must be accompanied by proper health certificates

Fishery products need health certificates that confirm they meet the standards for export to the European Union.

Tips:

- Take a look at model health certificates (scroll down to see them), or read more about health control in the EU Export Helpdesk.

Other rules and regulations

There are many other rules and regulations in effect for exporting fishery products into the European Union. General tips to deal with these rules and regulations are:

- ***Set up an administrative system that efficiently provides buyers with information about the precise sources of your products. Avoid working with intermediaries and local traders, unless you know how and from where they source the products that they sell to you.***
- ***To identify the requirements that your specific seafood products must meet in Europe and other countries in the world, refer to the Code of Practice for Fish and Fishery products from the Codex Alimentarius Commission (CAC). In the European Union, EU Regulations show strong parallels with the Codes of Practices from the CAC.***
- ***For a full list of requirements, including the ones mentioned below but also specific labelling requirements for fish, please consult the EU Export Helpdesk where you can select your specific product code under chapter 03 or 16.***

The most important rules and regulations are mentioned below:

Hygiene
Hygiene related regulations include the health standards of the fish, including contaminants and microbiological contamination (see below) and the implementation of HACCP. In addition, they include packaging and storage (e.g. controlled temperatures, also during transport). The implementation of HACCP is one of the measures you need to take, but the general hygiene of your establishment must also be good and is of key importance to potential buyers.

Tips:

- Read more about hygiene and health control in the EU Export Helpdesk.

Traceability and labelling

Stricter traceability rules for seafood products for the European Union went into effect in December 2014 (Directive No. 1379/2013). Under these rules, labels must provide precise information on the harvesting and production of the products. This applies to all unprocessed seafood, as well as to some processed seafood, regardless of whether it is pre-packed.

The new labelling system offers consumers the opportunity to select seafood harvested with more sustainable methods and from specific sources. One of the most significant changes concerns the requirement to specify the fishing gear used and the harvesting area.

Another recent change is that a list of allergens must be included in the label (Directive No. 1169/2011).

Tips:

- Take a look at examples of labels for fishery products, like this label for an unprocessed and pre-packed fresh fish product.
- Read more about the labelling of allergens in the Allergy Intolerance Guide - informal guidelines regarding the requirements of Regulation (EU) No 1169/2011 on the provision of food information to consumers. Annex 2 of the document shows the list of allergens.
- For additional information on labelling, refer to this EU Pocket Guide to the EU's new fish and aquaculture consumer labels.

Contaminants

Contaminants that may end up in the food product as a result of various stages in the process or environmental contamination are restricted by legislation. Contaminants covered include heavy metals lead, cadmium, mercury; dioxins and PCP; as well as PAHs. Fish destined for the European Union is generally tested before shipped, sometimes in the buyer's own lab, sometimes in recognized (independent) labs, in order to prevent costly border rejections.

Tips:

- Learn more about contaminants in the EU Export Helpdesk

Microbiological contamination

Microbiological contamination is the result of bacteria unintentionally introduced in the fish and forms part of the health standard of the fish as established in Regulation (EC) No 2073/2005.

An example of microbiological contamination is high histamine levels. This can be caused by poor temperature management and can be found in e.g. tuna and sardines.

Microbiological contamination can be prevented by proper hygiene measures, make sure you have these in place! In the case of histamine, for instance, instant cooling of the fish and proper temperature management at all stages should be introduced.

Just like contaminants, microbiological contamination is examined in the fish destined for the European Union. In many cases, processors have difficulty controlling microorganism levels in entry control. You should state minimum standards to their suppliers and perform entry tests.

Tips:

- Read more about microbiological contamination and health control in the EU Export Helpdesk.

2 . What additional requirements do buyers often have?

Food safety certification as extra guarantee

The most commonly requested food safety certification schemes for seafood products are IFS and (or) BRC. You will come across these schemes mostly in Northern and Western Europe. While the standards originally focussed on the food retail channel, they have also become accepted schemes in the food service channel (e.g. high-end restaurants and catering providers). Certification according to one of these schemes is important for entering the European Union. Both schemes are based on HACCP and are similar in several respects.

Tips:

- Obtaining BRC and/or IFS certification can improve your chances in the European Union. You should therefore start learning about these standards. You can read more about the respective schemes in ITC Standards Map: BRC and IFS.
- If you are planning to invest in processing equipment, you should consider the requirements in order to avoid expensive reconstruction if you obtain certification in a later stage.
- Beware of the time needed and the costs involved in the preparation phase. The most expensive and difficult part of the certification involves preparation for meeting the standard. The actual certification fee is usually only a fraction of the costs associated with certification.
- You could consider to making use of a certifying service provider. These providers usually offer both pre-certification and certification services.

3 . What are the requirements for niche markets?

Eco-labelling, a growing niche market

Eco-labelled seafood products have quickly gained market share in several European markets in recent years. Countries in Western and Northern Europe (e.g. the Netherlands and Germany) are the leading markets for eco-labelled seafood. In the Southern and Eastern markets of Europe, ecolabelling still plays a limited role.

For wild-caught fishery products, MSC is the major certification scheme. ASC is the most important certification scheme for aquaculture. Other consumer eco-labels for

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fishery products are, for example: Friend of the Sea, Dolphin Safe, RSPCA Freedom Food and GLOBALG.A.P. Friend of the Sea Add-On Module for Aquaculture.

While the importance of eco-labelling is expected to increase in the coming years, this division between the European markets is expected to remain the same. In many Western and Northern European countries, supermarkets have committed to only selling eco-labelled fishery products. For example, in 2015 about 50% of the supermarket shelves in Germany were already filled with ecolabelled fishery products. Also in the years to come, the increase in demand for eco-labelled fishery products is expected to come mostly from supermarkets.

Tips:

- Although eco-labelling is often expected to offer higher margins, it should be considered primarily as a 'market guarantee', even in difficult times. This means that demand for ecolabelled seafood is less volatile than demand for conventional seafood.

- As many players in the Northern and Western parts of Europe are interested in ecolabelled products, becoming certified offers market opportunities in these countries. For more information refer to the websites of the respective certification schemes and/or read more about these schemes in ITC´s Standards Map: MSC and ASC.

- For a full overview of certification schemes in the fisheries sector, consult the Standards Map database.

- Also look at what 'organic' means according to EU legislation as explained in the EU Export Helpdesk.